Document of The World Bank

Report No: ICR0000644

IMPLEMENTATION COMPLETION AND RESULTS REPORT (IDA-33660 IDA-3366A MULT-23844)

ON A

CREDIT IN THE AMOUNT OF SDR 4.2 MILLION (US\$ 5.6 MILLION EQUIVALENT)

AND A

GLOBAL ENVIRONMENTAL FACILITY GRANT IN THE AMOUNT OF US\$ 4.1 MILLION

TO THE

REPUBLIC OF MOZAMBIQUE

FOR A

COASTAL AND MARINE BIODIVERSITY MANAGEMENT PROJECT

DECEMBER 2007

AFTEN: Environment and Natural Resources AFTS2: Angola, Malawi, Mozambique, Zambia and Zimbabwe Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective December 12,2007)

Currency Unit = **Meticais** 24.47 MZN = **US\$** 1 **US\$** 1.58 = **SRD**

FISCAL YEAR [January 1 – December 31]

ABBREVIATIONS AND ACRONYMS

CAS	Country Assistance Strategy
CDS	Sustainable Development Center
CMBMP	Coastal and Marine Biodiversity Management Project
CPI	Investment Promotion Center
CPS	Country Partnership Strategy
DANIDA	Danish International Development Agency
DCA	Development Credit Agreement
DGA	Development Grant Agreement
DINATUR	National Directorate of Tourism
DNFFB	National Directorate of Forestry and Wildlife
DO	Development Objective
EMCBP2	Environmental Management Capacity Building Project 2
GEF	Global Environment Facility
GoM	Government of Mozambique
ICM	Integrated Coastal Management
ICR	Implementation Completion and Results
IDA	International Development Association
IDP	Integrated Development Plan
INIA	Agriculture Research Institution
MACEMP	Marine and Coastal Environment Management Project
MICOA	Ministry of Coordination of Environmental Affairs
MITUR	Ministry of Tourism
MTR	Mid-term Review
NGOs	Non-Governmental Organizations
PARPA	Poverty Reduction Strategy Paper
PDD	District Development Plan
PDF	Project Development Fund
PDO	Project Development Objective
PES	Social and Economic Plan
PIU	Project Implementation Unit
SDP	Strategic Development Plans
SDPs	Spatial Development Plans
TFCA	Transfronteir Conservation Areas
TASAF2	Tanzania Social Action Fund 2

UEM		Eduardo Mondlane University
WB	,	World Bank
XDR		Special Drawing Rights

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MOZAMBIQUE Mozambique Coastal and Marine Biodiversity Management Project

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A. Basic Informati	ôn a state						
Country	Mozambique	Project Name:	Coastal and Marine Biodiversity Management Project				
Project ID:	P070305,P035919	L/C/TF Number(s):	IDA-33660,IDA- 3366A,MULT-23844				
TCR Date:	08/28/2007	ICR Type:	Core TCR				
Lending Instrument:	TAL,SIL	Borrower:	GOVERNMENT OF MOZAMBIQUE				
Original Total Commitment:	XDR 4.2M,USD 4.1M	Disbursed Amount:	XDR 4.2M,USD 3.6M				
Environmental Categ	ory: B,B	Focal Area: B					
Implementing Agence Ministry of Coordinat Cofinanciers and Oth	ies: ion of Environmental Aff ier External Partners:	airs - MICOA					

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В.	Key	Dates	4
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B. Key Dates				
Coastal and Marine	Biodiversity A	Ianagement Project	- P070305	
Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	0 7 /28/1997	Effectiveness:	01/25/2001	01/25/2001
Appraisal:		Restructuring(s):		05/05/2003 09/22/2003
Approval:	06101/2000	Mid-term Review :		04/21/2003
	 In the second sec	Closing:	06/30/2005	06/30/2007

Process	Date	Process	Original Date	Revised / Act		
oncept Review:	07/28/1997	Effectiveness:	en per en Frankriker, se het de	01/25/2001		
Appraisal:	03/27/1999	Restructuring(s):		05/05/2003 09/22/2003		
Approval:	06/01/2000	Mid-term Review:		04/21/2003		
		Closing:	06/30/2005	12/31/2007		

C. Ratings Summary C.1 Performance Rating by ICR

Outcomes	Moderately satisfactory					
GEO Outcomes	Moderately satisfactory					
Risk to Development Outcome	Significant					
Risk to GEO Outcome	Significant					
Bank Performance	Moderately satisfactory					
Borrower Performance	Moderately satisfactory					

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Quality at Entry	Unsatisfactory	Government:	Moderately unsatisfactory
Quality of Supervision:	Satisfactory	Implementing Agency/Agencies:	Moderately Satisfactory
Overall Bank Performance	Moderately satisfactory	Overall Borrower Performance	Moderately Satisfactory

C.3 Quality at Entry and Implementation Performance Indicators

Coastal and Marine Biodiversity Management Project - P070305

Implementation PerforMance	Indicators	Q \G Assessments (u.anv)	Rating:
Potential Problem Project at any time (Yes/No):	Yes	Quality at Entry (QEA)	Unsatisfactory
Problem Project at any time (Yes/No):	Yes	Quality of Supervision (QSA)	Satisfactory
DO rating before Closing/Inactive status	Moderately Satisfactory		Moderately Satisfactory

Coastal and Marine Biodi	versity Manageme	nt Project - P035919	
Implementation Performance	Indicators	QAG Assessments (if any)	Rating:
Potential Problem Project at any time (Yes/No):	Yes	Quality at Entry (QEA)	Moderately unsatisfactory
Problem Project at any time (Yes/No):	Yes	Quality of Supervision (QSA)	Satisfactory
GEO rating before Closing/Inactive Status	Moderately Satisfactory		Moderately Satisfactory

D. Sector and Theme Codes		
Coastal and Marine Biodiversity Management Proje	eri - 19070305	
	Original	Actual
Sector Code (as % of total Bank financing)		
General agriculture, fishing and forestry sector	2	2
General education sector	10	10
Other domestic and international trade	33	33
Other social services	8	8
Sub-national government administration	47	47
Theme Code (Primary/Secondary)		
Biodiversity	Primary	Primary
Environmental policies and institutions	Primary	Primary
Export development and competitiveness	Secondary	Secondary
Participation and civic engagement	Secondary	Primary
Water resource management	Primary	Primary
Coastal and Marine Biodiversity Management Proj	ect - P035919	
	Original	Actual
Sector Code (as % of total Bank financing)		
General agriculture, fishing and forestry sector	31	31
Other domestic and international trade	3	3
Other social services	45	45
Sub-national government administration	21	21
Theme Code (Primary/Secondary)	terreretet en	n an an an an Arabara an Arabara.
Biodiversity	Primary	Primary
Environmental policies and institutions	Primary	Primary
Export development and competitiveness	Secondary	Secondary
Participation and civic engagement	Secondary	Secondary
Water resource management	%—	. Primary

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- P0*0305 At Approval Callisto Madavo Philippe H. Le houeron Charlotte Bingham magaam	odiversity Management Project At ICR Michael Baxter Marjory-Anne Bromhead Indumathie V. Hewawasam Aniceto Timoteo Bila	Constal and Marine B Positions Vice President: Sector Manager: Project Team Leader: ICR Team Leader: ICR Team Leader:

F. Results Framework Analysis

Project Development Objectives (from Project Appraisal Document)

The development objective of the CMBMP was to carry out on a pilot basis, an integrated approach to sustainable development in the project areas, including: strategic and protection of conservation measures with regional economic development; establishment and protection of conservation areas; initiation of conservation oriented community biodiversity protection; raising public awareness of the importance of biodiversity for insure and measures; and establishing best practice for environmentally and conservation issues and measures; and establishing best practice for environmentally and biodiversity friendly development.

Revised Project Development Objectives (as approved by original approving authority)

Global Environment Objectives (from Project Appraisal Document)

The global environmental objective of the CMBMP was to promote sustainable development in selected coastal districts of Mozambique's northern provinces and to protect coastal and marine resources in a network of protected areas.

Revised Global Environment Objectives (as approved by original approving authority

Indicator	Baseline Value	Original Farget Values from approvat do tuments)	Formally Revised Target Values	Armal Value Achieved ah Completion or Target Years
Indicator 1 :	Strategic Development P districts in the Project Ar	lans endorsed and und eas by the fourth Pr of	ler implemen ect Year	tation in at least two
Value (quantitative or Qualitative)	No development plan	SDPs being constantly updated and used for provincial development and conservation area identification and delimitation		Strategic Development Plans approved in all four districts and under implementation in two districts (Mossuril and Palma)
Date achieved	07/01/2003	0613012007		06/30/2007
Comments (incl. % achievement)	100 % achieved.			
Indicator 2 :	All neat- concessions issu compliance with SDPs b said plans, whichever is a	ed in at least two distr y the fourth Project of earlier	ricts of the Pr r after 6 mon	oject Areas are in. ths of endorsement of
Value (quantitative or Qualitative)	No concessions in compliance with SDPs	New concessions issued in at least two districts of the Project Areas arc in compliance with SDPs by the fourth Project or af ter 6 months of endorsement of said plans, whichever is earlier		No new concession issued after completion of SDPs.
Date achieved	07/01/2003	06/30/2007		06/30/2007
Comments (incl. % achievement)	Not achieved. This output SDPs, which were only of did not allow sufficient to achievement of this outp plans to give concessions	at was dependent on the completed March 2007 ime to implement activity ut. However, some dis s.	te successful 7. The late co vities that wo stricts are usi	completion of the impletion of the SDPs ould have enabled the ng the macro-zoning
Indicator 3 :	Management Plan for at Borrower and under imp	least one identified co lementation by the en	nservation and of the third	rea is endorsed by the I Project year
value (quantitative or Qualitative)	No management Plans for the conservation areas	Management Plan or submitted to the Council of Ministers		Two conservation areas identified, .demarcated and management plans prepared, and

(a) PDO Indicator(s)

Date achieved	07/01/2003	06/30/2007	provided 06/30/2007
		0 < 100 10000	provided
Value (quantitative or Qualitative)	No training program in the targeted regions	Community awareness raising and capacity building completed in 25 communities	members trained (including communities and resource users and traditional leaders); eight scholarships for Masters Degree
		0	More than 450 community
Indicator 6 :	Training Program for Par by the end of the fourth I	rt D of the Preject develop Project Year	ed &idunder implementation
(incl. % achievement)	Achieved and exceed the	initial target of five comm	nunities.
Date achieved	07/01/2003	06/30/2007	06/30/2007
Value (quantitative or Qualitative)	No micro-projects	At least five community development projects identified	More the 50 community projects implemented
Indicator 5 :	At leastfive community Year	development projects iden	tified by the end of the Project
Comments (incl. % achievement)	Partially achieved. The c the government to start in a broader coastal zone m prepared in January 2004 ecosystems is currently t and includes also small s	onstruction of the Research mplementation marine and anagement program monit 4 with the project support. aking place in the six distri- cale fishing.	h Center in Pemba enabled to coastal ecosystems as part of oring and evaluation plan The monitoring of marine ict of Cabo Delgado Province
Date achieved	07/01/2003	06/30/2007	06/30/2007
		-hermionni	in some coastal districts of Cabo Delgado province
Value (quantitative or Qualitative)	NO M&E system in plac	M&E endorsed e and fully operational	M&E and biological monitoring plans prepared and marine and coastal ecosystem initiated
Indicator 4 :	Monitoring and Evaluation operational by the end of	on Plan prepared by Mid-T Third Project Year	Ferm Review and fully
Comments (incl. % achievement)	Achieved. Two conserva management plans prepa province by MICOA, and the new conservation pol	ation areas have been dema ared. The establishment pla d sent to MITUR who is waiting they to assign them a categories.	rcated and respective ns have been also approved at aiting for the completion of ory.
Date achieved	07/13112003	06/30/2007	approved by the Borrower. 06/30/2007
			11 ,1

(incl. % achievement)	public awareness covered	all Part D beneficiaries		
I ^{ndicator 7} :	Increased Involvement of NGOs in monitoring and implementation of the Project by the end of the fourth Project Year			
Value (quantitative o r Qualitative)	Very little involvement of NGOs	f Increased involvement of NGOs	More than 35 NGOs and community organizations were involved in the project activities including implementation and monitoring.	
Date achieved	07/01/2003	06/30/2007	06/30/2007	
Comments (incl. % achievement)	Achieved. There was no s were involved.	pecific target set by the indicator b	out about 35 NGOs	
Indicator 8 :	Improved coordination ac evidenced by the # of reco of the Borrower's Nationa	hieved by the fourth Project Year a orded agreements from regular man of Steering Committee	among stakeholders nagement meetings	
Value (quantitative or Qualitative)	No regular meetings	Improved coordination achieved stakeholdamsong	Good coordination achieved at provincial and district level. At least one coordination meeting a month took place to coordinate implementation at provincial level involving MICOA, MITUR and	
Date achieved	07/01/2003	06/30/2007	Planning. 06/30/2007	
Comments (incl. % achievement)	Partially Achieved. Apart from coordination with government institutions some international NGOs such as IUCN supported the project in selecting and demarcating the two conservation areas. National level coordination was less effective than provincial and district.			

(b) GEO Indicator(s)

	Original Target Formally Actual Value Values (from Revised Achieved at
IIIIIIAAUG	approval Target Completion or documents) Values Target Years
Indicator 1 :	Institutional capacity evaluated as sufficiently improved to allow broader implementation

Value (quantitative or Qualitative)	Very little capacity	Provision of about 10 scholarships for higher level or university degrees	Several instruments produced to support decision making and management systems, in addition to human resources training that included scholarships and community training programs
Date achieved	09/24/2004	06/30/2007	
Comments (incl. % achievement) Indicator 2 :	Achieved. The project p capacity of the sector, a changes more likely in t Management Strategy, a marine and coastal polle circulation of vehicles in project built the Pemba monitoring of marine ar communities and indust Area and number of glo	but in place instruments that I and made the realization of in the future. Special attention i and the regulation for preven ution. This regulation include in the coastal areas and in the Research Center that is alread and coastal ecosystems to add tries in the Mozambique. bally significant habitats and	ad strengthened institutional stitutional reforms and s given to Coastal Zone tion and protection against es also restrictions for beaches. In addition, the dy undertaking biological ress issues that affect
Value (quantitative or Qualitative)	No data available		Two conservation areas demarcated of global importance demarcated and the process of establishment is well advanced.
Date achieved	09/24/2004		
Comments (incl. % achievement)	Partially achieved. For example, the Mitibane forest is about 350,000 ha of coastal marine habitat consisting of sea-grass beds beaches, mangrove and coral reefs. This area is of regional and global significance and it was consequently targeted for protection and management. Concrete steps have been taken towards gazetting the Rovuma River National Reserve in Palma, and extending the existing Matibane Coastal Forest reserve in Mossuril.		

(c) Intermediate Outcome Indicator(s)

Indicator	Original Target ValueFormally RevisedActual ValueBaseline ValueValues (from approvalRevised Total Value
Indicator 1 :	documents) Target Yardes Target Years To contribute to the overall development of a coastal zone policy, strategy and program.

Value (quantitative or Qualitative)	, No program	Design and implementation of a National Integrated Coastal Zone Management	Coastal zone management strategy and the regulation for prevention and protection against marine and coastal pollution prepared and under implementation
Date achieved	09/24/2004	06/30/2007	
Comments (incl. % achievement)	Achieved. The policy instruments were completed: The coastal zone management strategy, and the regulation for prevention and protection against marine and coastal pollution. Both instruments are under implementation. The regulation includes also restrictions for circulation of vehicles in the coastal areas and in beaches.		

1. Project Context. Development and Global Environment Objectives Design

1.1 Context at Appraisal

The project was appraised in March 1999 at the time when Mozambique was undertaking ambitious reform programs, which led to increased investment in many sectors, including agriculture, mining, tourism, energy, and industry. Mitigation measures were necessary to ensure that the rapid investment increase in these sectors would not lead to a rapid degradation of natural resources, and that the natural resources were appropriately managed. Ensuring sustainable development was therefore a priority, and appropriate capacity building at provincial and local levels was particularly important. A clear framework with well defined processes for investment, planning negotiations agreements and investment with communities was critical for attracting environmentally sustainable private sector investments in the coastal area.

Key issues in the coastal zone included unmanaged coastal development, in particular illegal tourism operations; unclear user rights; overexploitation of fisheries; loss of supporting coastal ecosystems such as mangroves; lack of community involvement in decision making and management; breakdown of local resource management systems; pressure caused by refugees and resettling populations; weak institutional and limited financial capacity to manage coastal resources; unclear legal framework in the management of certain coastal and marine resources; and overlaps and gaps in institutional mandates and jurisdictions exacerbated by limited coordination. The situation was worsened by the inadequacy of the protected area system, which did not protect and ensure sustainability of valuable resources, especially considering the diversity of habitats and economic importance of littoral zone.

The project was designed to test an integrated coastal marine biodiversity management approach in Cabo Delgado and Nampula provinces, in northern Mozambique. The project was specifically aimed at testing the following.

Mechanisms for integrating economic development aspirations of provincial governments and **local** communities with the requirements of biodiversity conservation at the provincial and district level;

Institutional arrangements for **developing** coastal and marine resource planning and management at provincial and local levels;

Mechanisms to bring selected **globally significant** ecosystems **and** species under effective protection, including developing and implementing management plans, and piloting mechanisms for their sustainable use; Participatory process for developing and implementation of local natural resources management plans outside official conservation areas, including capacity building;

Mechanisms to enhance public awareness and understanding of biodiversity conservation and sustainable use concerns, particularly among decision makers and resource users, including understanding of current threats, possible solutions and current and future social, economic and development options; and

 Policies, institutional and legal framework for coastal and marine biodiversity conservation and management, including furthering definition of respective roles and responsibilities of government, NGOs, communities and private sector stakeholders and definition of conservation classification systems.

The Coastal and Marine Biodiversity Management Project (CMBMP) was strategically aligned with the government strategy, defined by the National Environment Management **Program** (1994), which identified the need for integrated coastal zone management as one of the five priorities. The Bank Country Assistance Strategy (1997-1999) focused on poverty reduction and recognized that prospects for sustainable growth were linked to rural development, coupled with sound management of natural resources.

The pilot was aimed at contributing to the Country Assistance Strategy (CAS) strategic pillars by focusing on: (i) private sector; (ii) improving governance and empowerment; (iii) increasing human capabilities; and (iv) strengthening development partnerships. In particular the project aimed at establishing an enabling framework for minimizing potential environmental and social risks for private sector development; promoting environmentally and socially acceptable development of coastal and marine resources, including the identification of alternative income-generating activities for target beneficiaries; and promoting stakeholder participation in development planning systems.

1.2 Original Project Development Objectives (PDO) and Key Indicators (as approved)

The development objective of the CMBMP was to **carry** out on a pilot basis, an integrated approach to sustainable **development** in the project areas, **including**: strategic integration **of** conservation measures with **regional** economic **development**; establishment and protection of conservation areas; initiation of **conservation** oriented community activities; building of the capacity of stakeholders responsible in the Project Areas for biodiversity protection; raising public awareness of the **importance** of biodiversity conservation issues and measures; and establishing best **practice** for environmentally **and** biodiversity friendly development.

Key indicators:

- Strategic Development Plans endorsed and under implementation in at least two districts in the Project areas by the fourth Project year;
- All new concessions issued in at least two districts of the Project areas are in compliance with **SDPs** by the fourth Project year;
- Management Plan for at least two identified conservation area is endorsed by the Borrower and under implementation by the end of the fourth Project year;
- Biological Monitoring Plan prepared by Mid-Term Review and fully operational by the end of the third Project year;
- At least five community development projects identified by the end of the third Project year;

- Bid Documents prepared and the training under part D of the project completed by the end of the third Project year, and concessionary process underway with at least 2 potential investors by the end of the third Project year;
- Training Program for Part D of the Project developed and under implementation by the end of the third Project year; Increased Involvement of NGOs in monitoring and implementation of the Project by the end of the third Project year;
- Increased Involvement of NGOs in monitoring and implementation of the Project by the end of the third Project year; and
- Improved coordination achieved by the third Project year among stakeholders evidenced by the number of recorded agreements from regular management meetings of the Borrower's National Steering Committee

1.3 Original Global Environment Objectives (GEO) and Key Indicators (as approved)

The global environmental objective of the **CMBMP** was to promote sustainable development in selected coastal districts of **Mozambique's** northern provinces and to protect coastal and marine resources in a network of protected areas.

Key indicators:

Institutional capacity evaluated as sufficiently improved to allow broader implementation; and

 Area and number of globally significant habitats and species under some level of restricted use increased

1.4 Revised PDO (as approved by original approving authority) and Key Indicators, and reasons/justification

No formal revised PDO

1.5 Revised GEO (as approved by original approving authority) and Key Indicators, and reasons/justification

No formal revised GEO

1.6 Main Beneficiaries

The main beneficiaries of this project are estimated at 470,000 dwellers of the six coastal districts of **Palma**, and Mocimboa da Praia (Cabo **Delgado** Province), **Nacala-Velha**, **Nacala-Porto**, **Mossuril**, and **lha** de **Moçambique** (**Nampula** Province) in northern Mozambique. The primary target group encompasses the local communities in the vicinity of the protected areas, or key habitats of targeted species, users of local natural resources such as **fisherman**, selected managers of **local natural** resources including public sector agents and decision makers at all levels, private sector; and non-governmental organizations.

1.7 Original Components (as approved)

Component 1 Strategic Development Plans (US\$1.7 million of which US\$0.2 GEF)

The main objective of the Strategic Development Plans (**SDPs**) component was to provide provincial governments and the pilot districts with strategic planning tools to facilitate **conservation** and sustainable development planning at provincial and district levels. Five main activities were planned as part of the SDPs: (i) land use capacity assessment; (ii) social assessment; (iii) incorporation of biodiversity values including designation of key conservation areas and appropriate use **and management** regimes for areas of remaining natural **habitat** and biological corridors; (iv) integration into a single strategic development plan for each pilot area; and (v) review and adoption of SDP by local and provincial government and stakeholders.

Component 2 Biodiversity Conservation and Sustainable Community Development (US\$3.6 million; US\$3.4 GEF)

The objective of this component was to focus on establishing and strengthening the management of protected areas in two conservation areas of global importance, biological **monitoring**, and **community** development **fund**. This component had the following three sub-components: (i) conservation and management; (ii) biological monitoring; and (iii) community participation and development.

Conservation and Management. This sub-component was designed to focus on implementation of biodiversity conservation, and management in the Quirimbas and Nacala-Mossuril conservation areas. The project objective was to support the gazettement of two conservation areas by rationalization and zoning their boundaries for appropriate use, based on ecological and social assessments undertaken during the preparation stage of the Project Development Funding (PDF). The project was also designed to finance technical assistance; preparation and implementation of detailed management plans for the marine conservation areas and their buffer zones; community land demarcation; limited equipment arid infrastructure (such as guard posts and boundary markets); and appropriate training and capacity building for park staff and communities no work together on co-management of natural resources and development of revenue generating mechanisms.

Biological Monitoring. This sub-component was designed to support ecological surveys and monitor key indicator species (e.g. turtles and **dugongs**) and habitats (e.g. coral reefs) to determine what impact the project has on biodiversity protection. Monitoring was to be undertaken both within the key marine conservation areas and in adjacent coastal and marine habitats. Under this component, training was to be provided to local communities to build capacity for data collection, relevant to the establishment of management guidelines for key marine resources. Data on migratory species would contribute to the Ministry of Coordination of Environmental Affairs (MICOA) existing databank and would be shared with other regional agencies as part of regional monitoring programs.

Data on the condition and recovery sf coral reef was to be relayed to Global Coral Reef monitoring network.

Also, in support of the coastal zone management decentralization strategy and monitoring and evaluation system, the project included support for the establishment and operation of two field station.

Community Participation and Development. This sub-component was designed to support community-based micro-projects that directly or indirectly would promote conservation of biodiversity. Grant financing for micro-projects was to be complemented by 10 percent community or local level contributions. The micro-projects were to target communities within, or in the vicinity of the key conservation areas of Quirimbas and Nacala-Mossuril as well as other biologically important areas identified as compatible with the management objectives of the conservation areas, and technically feasible.

Component 3 Private Sector Development (US\$1.3 million; US\$0.1 GEF)

The objective of this component was to identify one of the two pilot project areas that would be suitable for a substantial private sector investment (e.g. ecotourism investment with a target value of US\$10 million to US\$30 million). The aim was to pilot a real example of how the principles used to create strategic development plans can translate into, and leverage a much larger investment in the area covered by **the Plan**. The proposed tender was to attract private sector investment into the project area and serve: as an incentive for local, provincial and national governments to adopt the integrated SDP approach. The GEF component was aimed at supporting environmental, social, commercial and legal expertise needed to translate biodiversity management and social expectations of the local community into specific aspects of the technical **specifications** of bidding documents. Since **technical** specifications were to control directly the way the development would be designed, constructed **and** operated, environmental and **social** sustainability was anticipated.

Component 4 Training and Public Awareness (US\$0.7 million)

Training. The training **component** was to focus on **building** capacity for the following stakeholders: (i) technical staff of the implementing agencies, particularly at the provincial level; (ii) communities and local users of natural resources; (iii) local **government staff** and other local **administrators** (traditional leaders, religious leaders, local **NGOs**, etc); and (iv) decision makers in general. Three categories of training were planned: short-term, medium, and **long-term** training **each** with its focused group.

Public Awareness. This sub-component was designed to target two of the four target groups, namely decision makers and local resource users. This was done because these two groups were considered the most critical in raising awareness concerning the **need** for biodiversity management in the pilot **areas**.

Component 5 Project Management and Monitoring and Evaluation (US\$2.4 million; US\$0.4 GEF)

Project Management. The project was to finance equipment purchase, and the costs of operational and incremental staff involved in project coordination and management at the central and local levels. As there were many players involved in the management of coastal zone resources, the project was to support regular coordination meetings and communications between components, by undertaking activities under the project as part of the management component. The project was also to support costs associated with coordinating meetings of the sustainable development council (annually), the interinstitutional technical committee for coastal zone (quarterly), the project technical committees, and local coordination committee (monthly).

Monitoring and Evaluation. This sub-component was to **support** the development and implementation of monitoring and evaluation mechanisms, necessary to meet both the overall program **as** well as project specific requirements. This component was specifically designed to: (i) assess the **overall** effectiveness of the project development objectives; (ii) **evaluate the** effectiveness in achieving project specific outputs and development objectives; (iii) incorporate and **expand** ecological indicators for the broader project areas including assessing the Impact at the landscape level (building on component 3.2); (iv) monitor social conditions the status in the pilot areas, measured against the baseline established in component 1; and (v) advise on the most effective institutional structure for the **future** collection and **evaluation** of monitoring data concerning the state of the **coastal** zone.

	Table 1.1. Revised Components: Main Changes and Reasons, MTR, April 2003				
Original component	Reasons for Changes	Revised			
0		Component			
		F			
Component 1 Strategic Development Plans	It was restructured to include policy and localized integrated development planning functions, to ensure consistency with: i) the district planning process supported by the Government and IDA at local level; and ii) a programmatic approach and integration with coastal management program supported by DANINDA in Gaza and Inhambane provinces by the Sustainable Development Center (CDS) based in Xai-Xai.	Integrated Development Planning			
Component 2 Biodiversity Conservation and Sustainable Community Development	Revised and re-oriented to: (i) align with emerging priorities of the country as articulated in PARPA and other development strategies; and (ii) integrate biodiversity conservation into economic development through the establishment of community based conservation areas using participatory Integrated Coastal Management (ICM).	Biodiversity Conservation and Community Development			
Component 3 Private Sector	This component was dependent on the successful adoption of the Strategic Development Plans and	Dropped at MTR			

1.8 Revised Components

Table 1.1. Revised Components: Main Changes and Reasons, MTR, April 2003

Development	follou-up activities related to the definition of tourism decelopment zones. The delays in implementing component one (SDP) led the team to a decision for the cancellation of this component and recommended the government to concentrate on finalizing the different aspects of the SDPs to ensure that they would be fully integrated in the district planning. The cancellation was consistent with the recommendation of the MTR.	
Component 4 Training and Public Awareness	Merged with component 5 to streamline all administrative functions including financial management procurement, monitoring and evaluation, training and awareness within the project coordination unity under MICOA	Training, Public Awareness. Project Monitoring and Coordination
Component 5 Project Management Monitoring and Evaluation	Same as above. Merged with component 4	Same as above

1.9 Other significant changes

Other Significant Changes. Three other **significant** changes were made. First, the **Bank** approval of **government** request under component two to construct one big research center in Pemba instead of two small research stations. The main technical justification was to concentrate **technical**, human and **financial** resources, to be able to provide a center of excellence for marine and **coastal** management of **international** standing that addresses issues of importance for coastal **communities** and industries in Mozambique; Second, under project management it was agreed to limit national level activities to (i) policy and program coordination; and (ii) provision of administrative and service functions to provinces especially in financial management, procurement, monitoring and evaluation, **training** and awareness. The project level activities were to be implemented at the provincial level, supported by technical advisory **services from** Sustainable Development Center (**CDS**) and other partners as needed. Third, the **PDO** and GEO were also adjusted at MTR to reflect the changes in coinponents and are presented in the Table 1.2 below.

Table 1.2.	Changes of PDQ	and GEO indicators	at MTR
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PDO and GEO indicators at Appraisal,	Changes after MTR
March 1999	September 2003
Strategic Development Plans endorsed and under	Strategic Development Plans endorsed and
implementation in at least two districts in the	under implementation in at least two districts in
Project Areas by the fourth Project Year	the Project Areas by the fourth Project Year
AH new concessions issued in at least two districts of the Project Areas are in compliance with SDPs by the fourth Project	All new concessions issued in at least two districts of the Project Areas are in compliance with SDPs by the fourth Project or after 6 months of endorsement of said plans, whichever

	i <u>s earlie</u> r
Management Plan for at least <u>two</u> identified	Management Plan for at least <u>one</u> identified
conservation area is endorsed by the Borrower	conservation area is endorsed by the Borrower
and under implementation by the end of the	and under implementation by the end of the <u>third</u>
fourth year Project year	<u>Project year</u>
Biological Monitoring Plan prepared by Mid-	Monitoring and Evaluation Plan prepared by
Term Review and fully operational by the end of	Mid-Term Review and fully operational by the
third Project Year	end of third_Project Year
At least five community development projects identified by the end of the Project Year	At least five community development projects identified by the end of the Project Year
Bid Documents prepared and the training under part D of the project completed by the end of the third Project year, and concessionary process underway with at least 2 potential investors by the	Dropped
Training Program for Part D of the Project	Training Program for Part D of the Project
developed and under implementation by the end	developed and under implementation bv the end
of the third Project Year	of the fourth Project Year
and implementation of the Project by the end of	and implementation of the Project by the end of
the third Project Year	the fourth Project Year
Improved coordination achieved by the third	Improved coordination achieved by the <u>fourth</u>
Project Year among stakeholders evidenced by	Project Year among stakeholders evidenced by
the # of recorded agreements from regular	the # of recorded agreements from regular
management meetings of the Borrower's National	management meetings of the Borrower's
Steering Committee	National Steering Committee
Institutional capacity evaluated as sufficiently improved to allow broader implementation	tit capacity evaluated as sufficiently improved to allow broader implementation
Area and number of globally significant habitats	Area and number of globally significant habitats
and species under some level of restricted use	and species under some level of restricted use
increased	increased

Project Extension. There was one extension of IDA credit, **and** two of GEF Grant. The first extension of the IDA Credit and GEF Grant **was** on November 8,2004 for two years. The aim of Credit and Grant extensions was to ensure that **the** project met its objectives. The two-year extension was important to ensure that the DO **was** achieved. There was no further extension of the **IDA** Credit, and the pro-ject closed on June 30, 2007. The second extension of the GEF Grant was on June 28, 2007, to enable the **completion** and strengthening of **community** micro-projects, and **support to** the acquisition of equipment for the Research Center.

Funding *Reallocation*. During the implementation, the Development Credit Agreement (DCA), and GEF Development Grant Agreement (DGA) were revised three times each to reallocate the funds among expenditure categories.

IDA reallocation: The first reallocation was in January 2003, to include under category 2, training in addition to consultant services and clarify the meaning of operating costs; the second reallocation was in June 10, 2004, to cover the expanded design of the center to cater to the research needs of all the coastal provinces of Mozambique, and an expected increase of costs on the transportation of materials, from Maputo to Cabo Delgado Province; and the third reallocation was on May 2006, to cover costs of the construction of the research center given that the civil works costs were higher than expected. The Pemba Research Center was already under construction, and both the project team and GOM agreed that, in order to achieve the PDOs, its construction, as envisaged, was crucial.

Category	Original Allocation VDB	Dates of Reallocation of IDA funding		
Anocation ADK	January 2003	June 2004	May 2006	
Works	300,000	300,000	1,280,000	2,090,000
Consultants' services (including audit) and	1,950,000	2,000,000	1,570,000	1.3 15,000
training				
Operating costs	1,900,000	1,900,000	1,300,000	795.000
Unallocated	50,000	0	50,000	0
Total	4.200,000	4,200,000	4,200,000	5,200,000

Reallocation of GEF Grant: The first reallocation was February 2004 to fix the XDR into United States Dollar amount; the second on July 2004 to include under category 2, training in addition to consultant services; and the third on June 2007 to enable the finance of micro-projects during the extension and until the project closes on at end of December 2007.

Category	Original Allocation XDR	Reallocation US Dollars		
		February 2004	July 2004	June 2007
Works	75,000	99,000	99,000	6,000
Consultants' services (including audit) and training	1,500,000	1,984,000	1,500,000	1,640,000
Operating costs	300,000	397,000	397,000	427,000
Goods	375,000	496,000	1,200,000	1,200,000
Micro-projects	850,000	1,124,000	904,000	827.000
Total	3,100,000	4,100,000	4,100,000	4,100,000

Table 1.4. Reallocation of GEF Grant

2. Key Factors Affecting Implementation and Outcomes

2.1 Project Preparation, Design and Quality at Entry

Lessons & Earlier Operations taken into Account. The background analysis that underpinned the project preparation correctly reflected the lessons learned from Bank's portfolio, in particular fiom the Transfionteir Conservation Areas Project (TFCA). Key lessons were incorporated in the design of this project, mainly on the need for: (i) intergovernmental coordination, (ii) early consultation with key stakeholders, (iii) institutional and human capacity and the need for decentralized implementation, and (iv) timely provision of counterpart funding by the government to ensure financial sustainability.

The project objectives were relevant and aligned with sector strategy as well as with the Country Assistance Strategy (CAS). The PDO focused on assessing sustainable development approaches and developing instruments such as integrated development plans, institutional capacity building at provincial and local levels for sustainable management of natural resources and biodiversity conservation. The community involvement in the management of natural resources was timely tested. However, associated PDO indicators were process and output based. Also, the project lacked a results framework approach to link project interventions to results through operational, clear and measurable indicators.

Although the project looked at the lessons learned fiom previous Bank projects, its design was complex and required considerable capacity, and its implementation required coordination with different agencies at the national level. More than six different implementation agencies were involved at the **central** level (DINATUR, CPI, INIA, UEM, **DNFFB**, and MICOA). In addition they had very limited coordination history among them. Consequently, soon after the project started, these institutions experienced problems in working together, and associated with lack of clear incentives and direct benefits, they withdrew fiom the project, leaving **MICOA** alone with little experience in project management and operational work

Risk and Risk Mitigation Measures. The Project Appraisal **Document** rated as substantial the overall project risk. Two elements were conclusive for this assessment: i) possible resistance to coordination between implementing institutions leading to emphasis on **sectoral** objectives; and ii) concession tender could not attract **sufficient** interest fiom investors as a **result** of its location, perception of national stability, and investment climate or other hindrances to investment in the project area. The risk assessment was correct in both cases, but the mitigation plan to involve all institutions in the project design, as well as the communication on the implications of Strategic Development Plans (SDP) for reducing investor interest *risk* as part of the promotional strategy, did not yield the intended results. **Apparently, this** resulted from lack of direct incentives such as direct access to resource management by the institutions involved. Regarding **concession** tender, the project did not reach that level of implementation because considerable time **was** spent to complete the SDP. Consequently the private sector component was dropped at the mid-term review. The PAD could also have

discussed the sustainability of the SDP, and how lessons learned for this pilot would be applied. The project could have included a policy reform to provide legal basis to recognize the SDP in the district planning process

2.2 Implementation

Two factors played an enabling role for project implementation. First, there was a clear identification of the project **geographica**l area and beneficiaries. Second the decentralization of the project implementation **from** central level to **provincial** and local level institutions.

There were also several issues that adversely affected the quality of implementation: (i) lack of counterpart **funds** for more than a year after Credit **and Grant** effectiveness; (ii) delays with regard to getting the Strategic Development Planning **consultancy** underway and the dependency of other components on the outputs **from** the Strategic Planning; (iii) lack of ownership of the project by partner agencies; (iv) lack of familiarity with the Bank procedures regarding procurement, disbursement and financial management; and (vi) exposure of the implementing agencies to the World Bank procurement and financial management procedures.

The Bank team brought these issues to the attention of government during supervision missions, and at the mid-term review an agreement was reached to restructure the project to achieve the following goals: (a) streamlining to ensure more realistic outputs within the remaining time frame of the project implementation; (b) decentralization at provincial and community level; (c) integration with coastal and marine resource management programs supported by other donors; and (d) identification of innovative mechanisms for ensuring sustainability of activities initiated under the project after closure of the project

Factors Subject to Government Control

Provision of Counterpart Funds. Provision of **counterpart funds** has been a problem from the beginning and throughout the implementation period of **CMBMP**. In the first year of implementation the project was not registered at the National Budget and therefore **was** not eligible for counterpart **funding**. Towards the end of the project, more than a year **had** passed before the government made available **counterpart funding** to pay the contractor involved in the construction of *the* research center in Pemba. *These* delays **affected** substantially project implementation, and on **all** occasions the Bank team brought the issue to the attention of government. The **government** met its obligations but in most cases with substantial delays.

Lack of Ownership of the Project by other Agencies Involved. Despite efforts made at the design to ensure effective participation by partner implementing agencies, soon after effectiveness, they experienced problems in working together and withdrew from the project. At the mid term-review the Bank team recognized the need for decentralization of project implementation to the provinces and districts where incentives were much clearer.

Factors Subject to Implementing Agency Control

Lack of Management Experience. Lack of management experience of the PIU was a constraint. This could have been addressed more **proactively** through the training component, and **improve** the capacity for the implementing agency for procurement and financial management. The training component could have been used also to improve the familiarity with the Bank procedures regarding procurement, disbursement and financial management; as well as the exposure of the implementing agencies to the World Bank procurement, and **financial management** procedures. The **Bank** team brought these issues to the attention of **government**, and in addition arrangements with the country office to provide more support to the PIU on disbursements and **financial** management issues.

Implementation Delays. Disbursements fell considerable behind schedule at the beginning of the project. As of December 2002 only 13% of the resources had been spent (8 % from IDA and 21% from GEF), but it **caught** up substantially by the fourth quarter of 2005. Initial delays were **caused** by **lack** of adequate coordination of the project with different levels of government, weak implementation of the community development **fund**, and inadequate provision of counterpart funds.

2.3 Monitoring and Evaluation (M&E) Design, Implementation and Utilization

M&E Design. The Project was designed in 1999/2000 before the Bank introduced the results framework template. Therefore, the project followed the old model. Therefore, most of the KPI were outputs but aligned with the CAS and Coastal Zone Management Plan. The project had nine PDO indicators at the design and two GEO. At MTR the PDO indicators were reduced to eight and GEO were not changed. However, most of the indicators continued to be output oriented rather than outcomes.

M&E Implementation. The development of an **M&E** plan started late in 2003. In addition to late start, the project **M&E** developed a **comprehensive M&E** approach and integrated coastal zone management which was not part of the project. A draft plan was produced in January 2004 and revised in July. But while this **was** seen as a good **framework** for **overall** coastal zone management, the project felt it needed more specific M&E against the project **PDOs** and outputs. This plan was presented in draft form in April 2005. Therefore, there was a rather significant time gap between the **start-up** of project activities and the finalization of a comprehensive **M&E** system and this prevented capture of most of the learning.

2.4 Safeguard and Fiduciary Compliance

This was a category B project and the **safeguard** and fiduciary issues were filly complied with by the project. Substantial weakness in the financial management was noted in 2001 and 2002. Following supervision inputs **from** the **Bark** there was in general a marked improvement in quality and **compliance** with guidelines in the financial management reports.

2.5 Post-completion Operation/Next Phase

The government put together post-completion measures that include partnership with donors and other development agencies to capitalize some of the lessons learned from the implementation of CMBMP, provide adequate capacity to district administrators to use SDPs, and secured equivalent of US\$340,000 from the Budget for 2008 activities for the Research Center.

There is no follow-up operation, but the **government** made requests to donors to capitalize the experience and lessons learned fiom the **implementation** of community development initiatives (micro-projects) under the **CMBMP**, to design new a program with national focus on improving management of fishing in the coastal zone.

Post-completion arrangements include provision of capacity to district administrations in all for districts to use the SDPs as a tool to prepare the **district** annual plan (PES), and the district strategic plan (PDD).

Related to Pemba Research Center, a 5-year business plan has been prepared, and the government approved its constitution which gives it **an** adequate level of autonomy and less dependency on government budget. The constitution also gives the research center enough independency and flexibility to sign agreements locally and internationally, as well as access to a range of potential financial sources of funding. As a result, the Research Center signed in 2007, a 5-year **agreement** (2008-2012) with the University of **Bangor**, UK, to establish a national center for aquaculture and applied marine science research which, apart from bringing resources, will address the current lack of facilities in Mozambique and in the region.

It is estimated that the Center will require about US\$400,000 per annum to cover expenses for its normal functioning and for 2008 the government secured 9 million Meticais (US\$340,000) from the budget to cover administrative and recurrent expenditures for the Center. Since second quarter of 2007 the Center is run by a management commission and this arrangement will continue until the government approves the human resources plan that was proposed under the business plan. One of the tasks of the commission for 2008 is to mobilize adequate resources to cover the balance fiom the government budget.

While the constitution of the Center is flexible, with **potential** to become a sustainable entity by mobilizing **revenues** at the national, **regional** and **international**, there is need **for** adequate management capacity, given the **level** of investment **realized** and the amount of resources required for maintenance.

3. Assessment of Outcomes

3.1 Relevance of Objectives, Design and Implementation

The **CMBMP** objectives are still relevant to **Mozambique's** development priorities as defined by the Poverty Reduction Strategy Pager (**PARPA** TI), and the Country Partnership Strategy (CPS 2008-11). The CPS focused on poverty reduction through sustainable and broad-based growth (Pillar III). The CPS recognizes that economic growth is closely related to significant investments to **unleash** the potential of the rural economy, coupled **with** sound **management** of the **natural** resource base and capacity to respond to disasters.

3.2 Achievement of Project Development Objectives and Global Environment Objectives

The overall achievement of the project development objective and global environment objectives is moderately satisfactory. The achievement by component is summarized below and includes: completion of SDPs in all four pilot districts that incorporates biodiversity dimension and are under implementation in two districts (**Palma** and Mossuril); demarcation of two conservation and preparation of management plans and approval by **government**; **construction** of the research center and start biological monitoring of marine ecosystems including small scale fishing; successful implementation of more than 50 community development projects; and strengthened environmental management capacity of communities and local government for sustainable management of natural resources.

Component 1 Integrated Development Plans

The implementation of the integrated development plans component was **successful** in many aspects and the achievement of the project is rated as moderately satisfactory. It was designed to provide provincial and district **administrations with** strategic planning tools to facilitate sustainable use of coastal and marine resources. **Three** major instruments have been produced under this component: i) **successful** completion of spatial development plans in all four pilot districts; ii) **completion** of a coastal management strategy; iii) the project supported the preparation, completion and implementation of the regulation for prevention and protection against **marine** and coastal pollution including restrictions for circulation of vehicles in **the** coastal areas and in the beaches.

The completion of the SDPs in all four pilot districts Palma, Mocimboa da Praia (Cabo Delgado Province), Mossuril, and Nacala-Porto (Nampula Province) and subsequent approval by provincial government and district administration, is assessed as the major achievement under this component. In addition, two SDPs for Mossuril and Palma districts are under implementation. All four SDPs incorporate biodiversity values of key conservation areas and management plan. Social assessments were undertaken during their preparation and included participatory assessment of community use and dependence on natural resources, and a demographic and social attitude survey. However,

the completion of SDPs was delayed and consequently prevented implementation of other project activities. The completion of the first SDPs was originally scheduled 24 months after project effectiveness (October 2003), but due to implementation delays, the first SDPs were only completed near the end of project implementation, March 2007. The delays in completion of the SDPs had direct implication on the implementation of other project activities, especially the private sector component that was dropped at mid-term review due to its dependency on the SDPs.

There is no doubt that the **SDPs** are **valuable** instruments for the provincial and district authorities and will strengthen the current **planning** process **underway** at the district, namely the preparation of the **annual** PES and **district** strategic plans (PDD) as is the **case** of **Mossuril** and **Palma** districts. But the lack of adequate legal status within the planning framework puts their future use in doubt, or at least at the personal desire or understanding of the district administrators. The project could have benefited from policy and institutional reform to provide legal basis and **recognition** of the SDPs as a legal entity in the district planning **process**. Currently it is nut clear what **legal** basis these plans will be given.

In addition to the SDPs the project supported the preparation of other instruments such as Coastal Zone Management Strategy, and the regulation for prevention and protection against marine and coastal pollution. This regulation includes also restrictions for circulation of vehicles in the coastal areas and in the beaches.

Component 2 Biodiversity Conservation and Community Development

This component achieved partially its objectives and it is rated **moderately satisfactory.** The objectives were to support the **establishment** of **two** biodiversity conservation **areas** of global importance and to strengthen protected **area** management; to **support** biological monitoring; and community development **fund**. The achievement by sub-component is summarized below.

Conservation Areas Management. This sub-component achieved satisfactorily its objectives. Two biodiversity **conservation** areas of recognized global importance have been identified and **demarcated**. The process of **establishment** is well advanced. A **draft** proposal for the establishment of **two** conservation areas and the respective management plans were approved by respective provincial and district governments in March 2007. The **proposals** were subsequently submitted by MICOA to Ministry of **Tourism (MITUR)** for definition of the conservation category. The next stage is submission to the **Council** of **Ministers** for **approval**. The **two** proposed conservation areas are in **Mossuril (Nampula)** and **Palma** (Cabo Delgado) districts. **MITUR** expressed concerns about the potential resettlement, but the potential resettlement issues were adequately covered in the Resettlement Policy Framework by the project.

MITUR together with MICOA **and** other partners are formulating a new conservation policy which will result in the definition of new categories for conservation areas. The policy will offer greater flexibility in land use, greater empowerment to local

communities and more opportunities for the private sector. Since none of the existing categories under the current legal framework for conservation areas is considered appropriate for the areas proposed under the project, mainly because of the communities living inside of the areas, the **government** decided that **gazettement** should wait until the new policy is approved. This situation might present some challenges for declaring these areas as conservation **areas** after the project closes, and these concerns have been presented to government by the Bank team.

Biological Monitoring. The objective of this sub-component was partially achieved. The sub-component was designed to support **ecological** monitoring of key indicator species and habitats to determine what impact the project **had** on biodiversity protection including the construction of two small research stations.

At the mid-term review, the Bank approved a request from the government to construct one big center instead of two small research stations. The main technical justification for this option was to concentrate technical, human and financial resources. The total cost was US\$3.9 million representing a substantial increase from the SDR300,000 estimated at appraisal. In addition to the technical justification, the Bank approved the construction of the center also based project savings as a result of the changes introduced at MTR. The savings originated from Category 2 (consulting services) and Category 3 (operating costs). Decentralization of the project decreased operating costs producing savings of approximately XDR 500,000 under Category 3. In addition, dropping the private sector component made savings on consultants producing further savings under Category 2. These savings were reallocated to fund the research center. The Research Center was built and equipped in Pemba and it is intended to conduct high quality marine and coastal research programs, and regular monitoring and assessment of marine ecosystems that address issues of importance for coastal communities and industries in Mozambique. Additionally, it will provide environmental education, which will contribute positively to the lives of coastal communities in Mozambique.

The Center initiated its activities in April 2007, and as part of the biological monitoring of the coastal zone, **and** in coordination with Institute for Fisheries' Research is undertaking monitoring of **small** scale **fishing** in the six **coastal** districts of the Cabo Delgado Province. Other biological monitoring activities are planned for 2008 to be **funded** by government budget and will be implemented together with UEM. During 2007 the Center also undertook one regional training **programs funded** by the Western Indian Ocean Marine Science Association involving **30** participants **from** Kenya, Mauritius, Mozambique, and Tanzania.

The Pemba Research Center will provide a center of excellence for marine and coastal management of international standing that addresses issues of importance for coastal communities and industries in Mozambique. It will provide a facility for Mozambican organizations and individuals as well as **regional** and international researchers and scientists. The products that it will **offer** are **applied research** projects and contracts, **consultancy** services, laboratory analysis, research facilities and space for visiting

scientists, office space and facilities for external parties, courses, conference facilities, aquarium, museum and visitor center.

The current arrangements for the sustainability of the center are satisfactory. They include the legal status of the center which gives it enough autonomy from governmenl. and flexibility to mobilize resources. As a result the Center signed an agreement with the University of Bangor, UK, for the establishment of aquaculture and the development of a training program. This program will be funded by Nuffield Foundation for the establishment of a field laboratory in Pemba. The program will improve infrastructure by providing a national center for aquaculture and marine research training that is currently lacking in Mozambique. It will contribute to human capacity development in several ways. The specific results from this partnership include. establishment of the Nuffield laboratory; training of three staff at a Masters level to support the delivery of the course in Pemba, development of course content, teaching materials and delivery of short courses; master level research programs initiated and completed at the Center; externally funded, higher level research projects utilizing the Center.

Community Participation and Development. The overall implementation of the microprojects is satisfactory. This sub-component was designed to support delivery of microprojects that directly or indirectly promote biodiversity conservation. After a slow startup, this component gained significant momentum after the mid-term review with simplification of procedures for communities to apply for the matching grants. In the last two years of project implementation, more than 50 micro-projects were approved and delivered to communities in all six districts of the project area, benefiting more than 1800 households. Interviews with communities and government officials undertaken during the preparation of this report support the view that the implementation of micro-projects reduced unsustainable exploitation of natural resources by local communities by providing them with alternative sources of income. The Project succeeded in stimulating nine different types of activities with no single activity capturing more than 40% of the available funding envelope. The success in providing piloted examples of income diversification opportunities thus provides a positive outcome of the project.

The economic analysis are provided in the Annex 3, and the collective financial IRR on income generation micro-projects is estimated to be 32.7%; including all investments and a pro-rata share of project management overheads would place the financial IRR of this activity at 23.3%.

Despite high IRR, this sub-component is not a given **higher** rating than satisfactory due to sustainability after the Project closes. Some micro-projects in industry, fishing and tourism were implemented towards the end of the project, and it is likely that many of them will fail without further project support. Extension services are necessary to sustain the return on micro-project investment. However, the CMBMP will close with no ability to provide a few years of critical monitoring and operating support for the investments. Discussion with the Aga Khan Foundation, a very active institution in northern Mozambique, indicates the potential for MICOA to partner with the Foundation and other parties to help identify an after care program for micro-projects. The likely program path

would be to facilitate a transition period for the micro-projects where they would be given technical support and access to micro-financing to enable them to continue their activities on a more business-oriented and sustainable basis.

Component 3 Private Sector Development

The Private Sector Development Component was not rated, but it was designed to pilot how the principles used to create the **SDPs** can translate into, **and** leverage, private investment in the area covered by the strategic development plan. But it was dropped at MTR due to: (a) delays in completing the spatial **development** plans; and (b) the **influx** of private investors in all of the districts. The spatial development plans were delivered only in March 2007, three months before IDA credit closed. There was also an unexpected influx of private sector in the **districts** before the completion **of the SDPs**, **and** different government departments also had different visions on priorities for the districts; **e.g.**, MICOA favored **conservation** practices; fisheries wanted to promote fisheries; provinces and district governments wanted rural development and community livelihoods. With delayed SDPs it was difficult to **get** a common vision. The private sector component was the one that was dropped by taking out the indicator in the DCA.

Component 4 Training, Public Awareness, Project Monitoring and Coordination

The overall implementation is satisfactory. It was designed for the training of technical **staff**, communities and district offices. Several communities involving more than 450 people were trained on sustainable management of natural resources **as** well as leadership and community conflict **management**, among other activities. More than 40 district facilitators were trained in community awareness and capacity building; and more than 25 communities befitted from training workshops in the project area. Lastly, eight government employees were provided **Masters' Degree** courses in environment and natural resources management, among other training.

3.3 Efficiency

An economic analysis (see Annex 3) of the Project was undertaken that encompasses the IDA- and GEF-funded activities under the assumption that all activities will have been completed by 31 December 3007.' The economic analysis is limited to analyses of readily identified economic benefits; the lack of baseline information and absence of a results framework within project monitoring prevents a reliable estimate of avoided costs from being made. Also, the cancellation of the private sector component prevented realization of any of the substantial employment and efficiency benefits (>\$30 million) that were identified at project appraisal. The economic analysis thus focuses on: (i) the economic efficiency gains from the micro-projects; (ii) the cost-effectiveness of delivery of micro-projects; (iii) the potential effectiveness of the Project as a whole in capturing

¹GEF financing will close at 31 December 2007 to permit completion of micro-project investments.

future economic benefits associated with marine and coastal conservation; and, (iv) financial sustainability of key investments in micro-projects and the Biodiversity and Marine Research Centre.

Micro-project Economic Viability. The **Project** generated a portfolio of 52 micro-projects financed at an aggregate level of about US\$700,000 over the Project life, plus an additional in-kind contribution from beneficiaries valued at US\$70,000. Of these, all micro-projects were designed for direct income generation, although some included some form of long-term investment (e.g., mangrove rehabilitation, habitat restoration) that would improve local welfare or would support other income generating alternatives. The collective financial IRR on just those designed for income generation is estimated to be 32.7%; including all investments and a pro-rata share of project management overheads would place the financial IRR of this activity at 23.3%. This excludes the social benefits associated with reported (but not substantiated through monitoring) avoidance of non-sustainable activities in the coastal areas.

Cost Effectiveness of Micro-project Delivery. The average cost overheads associated with the micro-projects are 29% of delivered **funds**; given that this is the smallest **fund** surveyed, this compares favorably with similar micro-project funds elsewhere in the region delivered through WB/GEF channels: Uganda: 26% (EMCBP2); Tanzania: 24-33% (TASAF2, MACEMP); Mozambique: 18% (Zambezi Valley Smallholder Development Project).

Potential Future Benefits of Effective Coastal Protection. Although the Project failed to realize the explicit protection of key coastal habitats, it did put some systems and plans in place that make realization of such benefits in the future more likely. At this stage, however, there is no reliable basis for estimating the total economic value of natural habitats in the target area. At the time of project preparation, these were conjectured to form part of a potential US\$500 million tourism industry annually. Capturing even a portion of this benefit still requires commencing implementation of the management plans of Palma and Mossuril conservation areas'' and giving the SDPs a legal standing that confers some certainty aver tenure and resource use (by communities and potential private sector investors). At this stage, the Project has not yet realized these key preconditions hence none of these potential benefits can be directly ascribed to the IDA or GEF investments.

Financial Sustainability. Project impact on **financial sustainability** for **the country** as a whole is likely negative. The Project generated no new revenue streams during the Project life, and income streams realized through the micro-projects are minor and themselves at risk (because the Project will close with no ability to provide a few years of critical monitoring and operating support **after** the investments have been made). The

⁺ Indeed the two specific areas include the Rovuma River National Reserve in Cabo Delgado, and an extension to the existing Matibane Coastal Forest Reserve in Nampula. Both of these new areas are yet to be gazetted pending finalization of Government decisions on how to treat resource access.

ongoing annual monitoring and extension support costs for these micro-projects are US\$35,000 for two years after project closure and about US\$9,000 annually thereafter. The Research Centre remains a potential direct cash liability; although it has some flexibility in securing its own funding, its recurrent operational requirements (excluding depreciation) are estimated to exceed US\$350,000 annually.

3.4 Justification of Overall Outcome and Global Environment Outcome Rating

Rating: Moderately Satisfactory

The overall outcome **rating** is moderately satisfactory. The project met most of PDO and GEO indicators designed to *carry* out – on a pilot basis – an integrated approach to sustainable development in the project area. The project achieved successfully seven out of eight PDO indicators set in the DCA. The two GEO indicators were also achieved. The only PDO indicator that was not achieved is related to establishments of new concessions for private sector in compliance with SDPs. The **Coastal** and Marine Biodiversity Management Project was designed around four components **and** cll remain relevant in the context of costal zone management strategy for Mozambique, PARPA II and the Bank CPS.

Although the project achieved most of the project indicators **two** factors were conclusive for the moderately satisfactory rating: First, due **to** late completion of some key project activities, the project will close with no ability to provide a few years of critical monitoring and operating support **after** the investments have been made. This is especially relevant for the SDPs, community micro-projects, and research center. Second, the project was designed as a learning project, with periodic reporting and review meetings for dissemination **of the** lessons **learned** but an inadequate monitoring and evaluation system prevented capture of most of the **learning**.

3.5 Overarching Themes, Other Outcomes and Impacts

(a) Poverty Impacts, Gender Aspects, and Social Development

In general, **CMBMP interventions** are **likely** to have had **some poverty** alleviating impact through improved capacity of the government and better planning for allocation of resources. In addition there were more than 450 community members and leaders that benefited **from** training through the public awareness campaigns. **Annex 3** provides an analysis of **CMBMP** with poverty reduction as well as the likely extent sf its impact.

During the project life itself, however, it provided only a modest improvement in poverty reduction within selected communities; it fell far short of its potential impact through mobilizing additional private sector resources. Within the Project's stated beneficiary population (470,000 coastal dwellers in six **coastal** districts of **Nampula** and Cabo Delgado provinces) the **total direct** impact on incomes is estimated to be at most US\$6.2 million over the life of the **Project, representing only** 0.6% of the **local** income on an annualized basis. The permanent income generated by the micro-projects represents approximately 0.1% of total beneficiary income. It should be noted, however, that the
micro-projects were successful in stimulating a wide diversity of **alternative** income generating activities. **Many** such funds tend to see 80% of their financing spent on only one or two repetitive activities but the Project succeeded in stimulating nine different types of activity with no single activity capturing more than 40% of the available **funding** envelope. The success in providing piloted examples of **income** diversification opportunities thus provides a positive **outcome** of the project.

(b) Institutional Change/Strengthening

This project targeted institutional strengthening that included capacity building in decision support systems (such as spatial development plans), in management systems (such as conservation area management plans), and in human resource training for communities, and government at the national, provincial, and district levels.

The project put in place instruments **that will** strengthen institutional **reform** and capacity building for the sector and make realization of institutional reforms and changes for rational **use** of the natural resources more likely in the **future**.

The project has also contributed to enhanced staff performance and communities as results of training. This includes training on leadership and conflict management, basic techniques for coastal zone management for technicians and district administrators.

(c) Other Unintended Outcomes and Impacts (positive or negative)

The construction of the Research Center in Pemba worked as a tourism investment anchor **project**. Due to increased accessibility of the area where the research **center** was built, and the expansion of electricity, there is increased land occupancy by tourism operators. While increase investment in area is beneficial and there is now increased pressure on land and **care** should be **taken** to avoid pressure on the environment, marine and other **natural** resources in the area.

3.6 Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops

No beneficiary survey was undertaken.

4. Assessment of Risk to Development **Outcome** and Global Environment Outcome

Rating: Significant

The risk of the Development **Outcome** and **Global Environment** Outcome is significant for two reasons.

First, one of the major outputs of this project was the completion of the **SDPs**. But, despite their potential use to **improve** territorial planning and **allocation** of resources, there are some issues **with** the replication of the model **in** the **country** due to the following

reasons: (i) limited human and financial resources; (ii) weak technical and institutional capacity to meet future demand for SDPs; (iii) need to clarify the roles of each sector in the application of the SDP methodology; and (iv) requirement to enforce the SDPs as legal instrument.

Second, is related to **sustainability** of community **development** initiatives (micro-projects). There is also no doubt that micro-projects were successful in stimulating a wide diversity of alternative income generating activities. And discussion with local authorities, local government and beneficiaries themselves, indicate that community development activities have contributed to **shift** communities away **from unsustainable** exploitation of natural resources by **providing** alternative **ways** of **livelihood**. **Bt** as discussed, sustainability of the community development initiatives such as fishing, industry and tourism after project closes represents a significant risk.

5. Assessment of Bank and Borrower Performance

- 5.1 Bank Performance
- (a) Bank Performance in Ensuring Quality at Entry

Rating: Moderately Unsatisfactory

The lack of human capacity for project implementation and management was evident from the project design stage. Although the **Bark** team **undertook** social and economic analysis during the preparation, the design of various components – particularly the strategic development planning, and private sector development components – failed to **carefully** address these dimensions in the project design. Consequently, the spatial development plans were delayed, and only completed at the end of the project. The private sector component dropped at the **mid-term** review given its dependency on **successful** adoption of the spatial **development** plans.

The project was complex and had many institutions involved that had no previous coordination experience among them, and thus required considerable coordination capacity on the part of the implementing agency. Simpler design adjusted to the implementation capacity could have improved implementation **and** project outcomes.

(b) Quality of Supervision

Rating: Satisfactory

The Bank's multi-disciplinary team that supervised the project was professional and proactive, and the frequency of missions was **satisfactory**. During **supervision** missions, the team focused on issues that affect implementation, **identifying** solutions, **documenting** and referring them to management attention. The Bank worked closely with the government counterpart to address the problems, and the team closely monitored procurement and financial management, conducting post-procurement review activities. Financial management was safeguarded and monitored, and was generally satisfactory. Having the **TTL based** in the **country** office had a significant impact to ensure speeded

clearance of disbursement and procurement requests from government. This contributed in part for the turn out of the project after the mid-term review. There were frequent supervision missions, and the team paid attention to details and the proactive stance that the supervision team took ensured effective implementation of the MTR recommendations to achieve the intended **PDO**.

It was unfortunate that the Bank team was unable to take much stronger position after the MTR to address the monitoring and evaluation system. This could have included a project restructure and put in place a revised results framework with clear and measurable PDO outcome indicators.

(c) Justification of Rating for Overall Bank Performance

Rating: Moderately Satisfactory

The relevance of the project objectives is significant to Mozambique given the size of the coastal line and the need for sustainable management of the coastal marine and biodiversity conservation. The Bank played an important role in developing and implementing this Project and in helping the Government of Mozambique (GoM) to proceed with the design of the Coastal and Marine Biodiversity Management Project, the Coastal Zone Management Strategy, and the preparation of SDPs set the basis for rational management and use of coastal space. The construction of the Research Center in Pemba enabled the government to start the implementation marine and coastal ecosystems monitoring as part of a broader coastal zone management program monitoring and evaluation plan prepared in January 2004 with the project support. The community development, training and awareness also set the basis effective management and protection of coastal marine and biodiversity species. Basic design issues and low level of readiness negatively affected the implementation of the project. The project could have benefited from better guidance at the mid-term review to improve monitoring and evaluation. Intensive supervision by the Bank team mainly in the last two years contributed significantly to the achievement of the PDO

5.2 Borrower Performance(a) Government Performance

Rating: Moderately Unsatisfactory

The overall Government performance was **moderately unsatisfactory.** Four major shortcomings could be noted: (i) lack of adequate provision of **counterpart funding** affected negatively **the** project performance throughout its implementation. In the first year of project implementation, the project was not eligible to counterpart **funding** since it was not registered at budget with the Ministry of Finance; (ii) delays in hiring the consultant for the implementation of strategic development plan component **affected** negatively the project; (iii) changes of Ministry **staff** following national elections **affected** it negatively; and, (iv) implementation agencies **withdrawal** from the project and weak. oversight **affected** it **negatively**. **As** oversight institutions **for** the project implementation, the sustainable development council was scheduled to meet annually, and the inter-

institutional technical committee for the coastal zone was to meet quarterly. These bodies never met.

(b) Implementing Agency or Agencies Performance

Rating: Moderately Satisfactory

The performance of the implementing agency was **moderately satisfactory.** At the beginning of the project, the central institution did not have a clear strategy of interinstitutional coordination and provision of stakeholder engagement. After the mid-term review, the implementing agencies **performance** improved as a result of a better division of responsibilities between national and provincial level institutions. The participation of provincial district government was very positive and was crucial to achieve the PDO.

(c) Justification of Rating for Overall Borrower Performance

Rating: Moderately Satisfactory

The overall Borrower performance was **moderately satisfactory.** Government had very good technical support mainly at the provincial and district levels, and this **was** decisive for project delivery and achievement of the development objective. The performance of the implementing agency and the willingness to quickly address identified problems resulted in the increased capacity **at** the provincial **and** district levels and compensated for the weak performance recorded in **the** beginning of **the** project.

6. Lessons Learned

The following lessons arise fiom a review of the CMBMP experience:

- Monitoring and evaluation system should be integral part of the design. The project structure and objectives had a focus on learning, but the lack of an adequate M&E system prevented to capture some of the lessons learned during implementation. From the identification the Bank should support the implementing agencies in establishing and maintaining a valid M&E system, in case of insufficient capacity.
- Modest objectives and indicators for small pilot projects. This project was designed as pilot which objective to test sustainable development mechanism involving conservation and economic activities. The project had altogether 10 indicators which were difficult to achieve given the economic and political situation of the country at the time. Small project should have modest objectives and indicators.
- Multiple implementing agencies make implementation difficult. The number of agencies involved in implementation increased the complexity of the project and

its coordination, and made the implementation difficult. Project design should be kept simpler for a low capacity environment.

Linkage between integrated development planning component with policy reform. A combination of integrated development planning outcomes with policy reform would have been beneficial to the project **outcomes**, by setting the legal or administrative basis for the use of spatial development plans after the project closes.

7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners (a) Borrower/implementing agencies

The Borrower has provided a comprehensive assessment of the **CMBMP** project experience and outcomes as well as lessons learned. From the inputs received, there **does** not appear to be any implications for the ICR report.

(b) CofinanciersNo cofinancers(c) Other partners and stakeholders

Annex 1. Project Costs and Financing

(a) Project Cost by Component (in USD Million equivalent) Coastal and Marine Biodiversity Management Project - P070305

Components	Appraisal Estimate	Actual/Latest Estimate (1 SD	Percentage of
		millions)	whiten
INTEGRATED DEVELOPMENT PLANNING BIODIVERSITY	1.50	0.66	44
CONSERVATION AND COMMUNITY DEVELOPMENT	0.20	3.60	1800
PRIVATE SECTOR DEVELOPMENT	1.20	0.00	0
TRAINING, PUBLIC AWARENESS, PROJECT MONITORING AND COORDINATION	2.70	1.72	64
Total Baseline Cost	5.60	5.98	107
Physical Contingencies	0.00		
Price Contingencies	0.00		
Total Project Costs	5.60	5.98	107
PPF	0.00		
Front-end fee IBRD	0.00	1 1	
Total Financing Required	5.60		
Coastal and Marine Biodiversit	v Management Projec	t - P035919	
Components	Appraisal Estimate (USD millions)	Actual/Latest Estimate (USO millions)	Percentage of Appraisal
INTEGRATED DEVELOPMENT PLANNING	0.20	0.56	280
BIODIVERSITY CONSERVATION AND COMMUNITY DEVELOPMENT	3.40	- 2.05	60
PRIVATE SECTOR DEVELOPMENT	0.10	0.07	70
TRAINING, PUBLIC AWARENESS, PROJECT MONITORING AND COORDINATION	0.40	1.50	375
Total Baseline Cost	4.10	4.18	102

0.00			
0.00			
4.1	4.18	102	
0.00			
0.00			
4.1	4.18	102	
	0.00 0.00 4.1 0.00 0.00 4.1	0.00 0.00 4.1 4.18 0.00 0.00 4.1 4.18	0.00 0.00 4.1 4.18 102 0.00 0.00 4.1 4.18 102

(b) Financing

Source of Funds Financi	Appraisal f Estimate ig (USD	Actual/Latest Estimate (USD	Percentage of Appraisal
Borrower	0.08	0.95	119.00
International Development Association (IDA)	5.60	5.98	107.00
P035919 - Coastal and Marine Biodiversity M	anagement Proje	ect	
	Appraisal	Actual/Latest	

		*****	(XX & C & KE & (K_ & & C & C & C & C & C & C & C & C & C	
Source of Funds	1; pe of Financing	Estimate (USD millions)	Estimate (USD millions)	Percentage of APbr#IS#I
Borrower		0.00	0.00	.00
Global Environment Facility (GEF)	- 	4.11	4.18	102.00

Annex 2. Outputs by Component

Component 1 Integrated Development Planning

This component supported the preparation of spatial development plans (**SDPs**) in the four pilot districts, and **key outputs** are the following:

Sub-	Activities/Process	Outputs
component		
Sub- component Integrated Development Planning	 Activities/Process Spatial development plans process: Assessment. analysis and compilation of available information; Revision of the methodology of the district development planning process; Review the development plan for Mossuril (produced in the context of decentralized plan and finance program); Review all the stakeholders in the decentralize planning and Finance program; Data collection at the 4 districts; Revision and completion of the plans for Mossuril and Nacala a Velha, includes: Diagnosis reports by the district planning technical teams; 2 Workshops consultation and information with provincial and local stakeholders; and Identification of tourism infrastructures. 	 Outputs Inception report describing methodology produced June 2006 Database collection and dynamic GIS database produced for four districts and delivered to MICOA August 2006 Final Spatial Analysis report produced end September 2006 Consultation workshops delivered Draft SDP reports presenting growth poles for each district prepared and presented to MICOA on March 19, 2007 Other outputs include Thematic mags produced: geologic, topographic, geomorphologic, infrastructures, rare or in danger vegetation maps, actual use of land, rare or in danger fauna, agricultural activity maps. Environmental sensitivity maps, more specifically, geologic sensitivity, slope analysis, fauna and vegetal sensitivity maps of alternative agriculture produced. 4 district workshops for presentation and validation of thematic maps Growth poles identified for the 4 districts
		 districts 4 district seminars for presentation and validation of the proposed growth
		poles

	 Land use proposals 1 national seminar for the presentation of the results on the pilot 4 Spatial Development Plans prepared and delivered to the districts with clear indication of growth poles. Provincial workshops for the presentation and delivery of SDPs
Review and adoption of the SDPs by local and provincial government and other stakeholders	 4 Workshops for presentation and analysis of profile delivered Additional data collected Environmental plan, action plan and budget produced Approval of plans at province and district level Adoption by provincial government
Social assessment, including participatory assessment of community use and dependence on natural resources, demographic and social attitude survey.	 Strategic environmental assessments produced Conservation areas and tourism areas defined in a participatory process Economic and social analysis report produced Strategic environmental impact of the macro-zoning and rules for the use of resources in the 4 districts Resource use reports produced and delivered to provinces in the four target districts Resource use reports approved by the by provincial governments
Incorporation of biodiversity values including designation of key conservation areas and appropriate use and management regimes for areas of remaining natural habitat and biological corridors	 Coastal management strategy produced and submitted to the Council of Ministers for approval Decree on the circulation of vehicles and use of coastal zone resources approved Agriculture: 4 district workshops for presentation and validation of thematic maps Growth poles identified for the 4 districts 4 district seminars for presentation and

	 poles Land use proposals 1 national seminar for the presentation of the results on the pilot 4 Strategic Development Plans prepared and delivered to the districts with clear indication of growth poles. Provincial workshops for the presentation and delivery of SDPs
Integration into a single strategic development plan for each pilot area	 1 seminar in each province to launch the project (all intervenient in the use and management of coastal and marine resources) 1 (per province) training seminar on methodology for the preparation of environmental plans (technical teams) data collection in all coastal districts 2 Environmental Profiles produced
Review and adoption of the SDPs by local and provincial government and other stakeholders	 1 (per province) workshop for presentation and analysis of profile Additional data collection Environmental plan, action plan and budget produced Workshops for analysis and approval of environmental plans Approval of plans Adoption by provincial government
Production of an Oils Spill and trajectory model for marine hazards	 Consultancy contracted Workshop with stakeholders Site visits for data collection Inception report Workshop for analysis of the inception report and steps forward Interim report Small workshop for analysis of the report and follow up Consensual third party consultancy to arbitrate contractual conflicts Termination of contract as per recommendation of the report.

Component 2 Biodiversity Conservation and Community Development

This component supported the establishment and strengthening of protected area management in two conservation areas of global importance, biological monitoring, and a community development fund. This component had three sub-components: (i) conservation and management; (ii) biological monitoring; and (iii) community participation and development. The key **outputs** are the following:

Sub- components	Activities	Outputs
Conservation Areas Management	Management plan for an existing conservation area	 Management plan for Matibane forest reserve produced, which includes: Inventory of forest, wildlife resources. Best practices guidelines Annual clearance of paths in the reserve and in buffer zones
	Establishment of conservation areas and analysis of legal, regulatory and institutional issues; ecological and social assessments; and community consultations	 Two conservation areas proposed: Provincial workshop consultation New conservation areas identified Preliminary biological studies for new conservation areas produced Community and institutional consultation involving local NGOs Management plans for new conservation areas produced Gazetting proposals for the new conservation areas produced I national seminar for presentation and consultation on the proposed conservation areas Gazetting proposals and management plans approved by provincial governments Gazeting proposals and management plans submitted to the Council of
	Actions toward the establishment of a TFCA between Tanzania and Mozambique	 Ministers for approval. Task force with Tanzania formed to promote a TFCA Agreement in principle to start actions toward creating conditions for an agreement

Biological Monitoring	Provision of technical advisory services for ecological surveys and monitoring of turtles, dugongs and other indicator species	- Monitoring plan produced, April 2005
	Provision of training to local communities to build capacity for data collection	 2 provincial seminars involving district and provincial institutional stakeholders and community members delivered
	Establishment of one research	Biological Marine and Coastal Research
	center in Pemba to assist in	Centre constructed and equipped
	biological monitoring	
		 Business plan produced to confirm the demand for a field station/research centre, its potential use and better location Production of promotion materials: website, video, pamphlets Research and education equipment provided (centre fully equipped) Inauguration of the Centre by the President April 2007 International seminar realized in the centre to publicize it – December 2007. Cooperation arrangements with IIP, UEM and faculty of oceanography UEM June 2003

Community	Matching grants to micro-projects	52 community development initiatives
Participation		implemented in the project areas,
and		benefiting directly more than 1800
Development		households
-		- Operation manual produced
		 Reproduction and dissemination to the
		districts and communities of
		simplified and summarized operation
		manual
		- 4 training workshops and capacity
		building for micro-enterprise
		development and facilitation of
		relations between local communities
		and the private sector
		 Training workshops in elaboration of
		projects for members of community
		and district institutions
		- Training workshops in basic financial
		management for members of
		community associations
		 4 training workshops in natural
		resources community management
		(participatory management)

Component 3 Private Sector Development

This component was dropped at mid-term review. It was designed to identify one of the two pilot project areas that would be suitable for a substantial private sector investment (e.g. ecotourism investment with a target value of between US\$10-30 million).

Sub-	Activities	Outputs
component		
	Concession of areas to private sector	None - outputs under this component were formally dropped at the mid-tern review

Component 4 Training and Public Awareness and Management

The training component was to **focus** on building capacity for the following stakeholders: (i) technical staff of the implementing agencies, particularly at the provincial level; (ii) **communities** and local resources users; (iii) **local** government **staff and** other **local** administrators(traditional leaders, religious leaders, local NGOs, etc); and (iv) decision makers in general. Three categories of training were planned: short-term, medium, and **long-term** training each with its focus group. The project was to **finance** purchase of equipment, and operational and incremental **staff** costs of the project coordination and management at the central and **local** levels.

Sub- components	Activitieslprocess	Outputs
Training	Short-term training workshops for technical staff of implementing agencies, communities and local resource users, traditional leaders, religious leaders, local NGOs and local government staff, and other local administrators (workshops on biodiversity management)	 Training needs assessment produced 489 people trained: leadership and conflict management for community leaders, institutional staff, and members of provincial and district institutions, administrators, decision makers coastal management – basic technicians, workers from district administration, community ,members, and local NGOs (Nampula e Cabo Delgado. Sofala and Zambézia) coastal management – decision makers, high level institutional staff, district administrators community leaders NGO's leaders
	Short Term training	 35 implementing agency staff benefited from English courses 3 persons in regional program on the management of sustainability: principles and practice of sustainable development pyramid Ecological, economic and social aspects of sustainability. 2 persons in Natural resources and poverty alleviation – Challenge and opportunities for the management of sustainability in Mozambique.

	Long term		8 scholarships for Master Degree on environment and natural resources management provided
Public Awareness	Carrying out of a public awareness campaign targeting decision makers and local resource users including information workshops, publication of a coastal zone newsletter and local language radio broadcasts		Awareness raising campaign strategy produced 2 training of trainers workshops (1 in each province) 4 training of trainees workshop (1 in each district) Awareness activities implemented in the districts – school work shops, community meetings, theatre, etc. Site visits 5 local language radio broadcasts (two in Nampula and 3 in Cabo Delgado); environmental content music in 3 local languages (Emakua, Kimwany and Swahili) Posters, calendars, t-shirts, music and slides on the project objectives for community level dissemination produced 4 theatre groups (two in Nampula and 2 in Cabo Delgado) Cross-fertilization groups – 7 initiatives: 5 inside Mozambique and 1 with Tanga in Tanzania involving 15 members
Project	Local Level		Provincial and district steering committees created (1 in Nampula and 1 in Cabo Delgado)
		-	to approve plans and analyze reports
Manit		· .	Manitaring and as 1 (1 1
and Evaluation	Establishment of a monitoring and evaluation system, including data collection and processing on		produced in April 2005
	environmental and biodiversity aspects	-	Team established and training in data collection provide

Annex 3. Economic and Financial Analysis

(including assumptions in the analysis)

This Annex provides a discussion and analysis of selected issues relating to the economic and financial performance of the Project. The annex treats:

- Project economic impacts, focusing on quantifiable indicators associated with activities that directly generated verifiable benefits
- Project poverty impacts, focusing on cash income impacts (in lieu of consumption impacts) within the target beneficiary population
- Project financial sustainability impacts, focusing on potential financial exposure created by Project investments.

A3.1 Economic Impacts

A3.1.1 Introduction

At the time of appraisal, the project was foreseen to have a number of beneficial economic impacts, including employment generation, reduction of non-sustainable uses of the resource base, and diversification of incomes. Some of **thee** impacts **would** have direct financial and cash benefits, while other economic benefits might be les readily quantifiable. The PAD did not project or calculate an anticipated NPV or IRR for the US\$9.7 million project cost as many of the costs were for institutional capacity building and public awareness, with no readily identifiable or **capturable** benefits. Moreover, the pilot nature of the project makes economic analysis at the outset less important as experimentation in pilot activities is routine, with economic **efficiency** and **cost** minimization of secondary concern.

Some of the largest tangible benefits **identified** during the **appraisal** were an anticipated US\$10 to 30 million injection into the economy from private sector through concession sales. The largest intangible benefits **involved protection** of coastal values in general, which – for Mozambique as a whole – were speculated to be of the order of US\$500 million annually.

A3.1.2 Caveats and Assumptions

While it is normally wore reliable to **conduct economic** analyses **after** the fact, there are a number of factors that **complicate the economic analysis** in **this** case. These are:

- The absence of baselines and lack of a results framework for impact monitoring presents few verifiable indicators for economic analysis. This means that any economic analyses are subject to less certainty, and in many cases it is not possible to determine the incremental economic impacts of the Project.
- This style of project often generates some of the most significant impacts after the project is completed. The time scales involved with institutional capacity development and with the protection of critical habitats and ecosystems are usually of the order of decades. This suggests that even if a results framework is available, the impacts may not be evident from monitoring that occurs within the Project implementation period.
- The complexity of the project dictates that different activities cannot and (should not necessarily) be treated using the same analytical techniques. It is not

appropriate to calculate a single NPV or IRR for the entire Project. The analysis thus focuses on selected areas.

In conducting this analysis, common assumptions that are consistently used are:

- Costs include not just direct project expenditures but also government commitments and community contributions in-kind valued at market prices.
- Benefit and revenue streams generally focus on those realized during the project and are projected forward (past the project closing dates) based on the extant production processes (in the case of micro-projects) or protected ecosystem values.

Analyses relied on project design documents (PAD, MTR), monitoring and implementation supervision reports (ISRs), and relevant consultancy outputs generated during project execution (e.g., the December 2005 business plan for the Biodiversity and Marine Research Centre). Macroeconomic and similar information relied on indicators available through the World Bank databases related to Mozambique and its provinces. For comparison purposes, information was supplemented by project information from similar projects in the region, including the following.

- Uganda Second Environmental Management Capacity Building Project (EMCBP2). Supports environmental management efforts at central, district and community level, with complementary support to other government line agencies; includes small grant schemes to address community-based priorities. Tanzania Marine and Coastal Environment Management Project (MACEMP). Supports marine park establishment, offshore fisheries management, and coastal district planning on the Mainland and Zanzibar; includes grants through coastal village fund delivered using demand driven model.
- Tanzania Second Social Action Fund (TASAF2). Supports infrastructure and income earning demand driven projects addressing key MDG indicators; also used as a conduit for addressing other specific priorities relating to coastal management, HIV/AIDS and forestry.
- Mozambique Market Led Smallholder Development in the Zambezi Valley. (MLSDZV). Supports farm-based and market development for smallholder farmers in the Zambezi Valley; complementary investments improve prospects for sustainable land management and decrease vulnerability to climate change.

A3.1.3 Coastal Benefits and Impact of Institutional Strengthening

Much of the financing of the project was targeted for institutional strengthening, including capacity building in decision support systems (such as spatial development plans), in management systems (such as conservation area management plans), and in human resource training. At this time, none of these plans are being implemented, hence no direct benefits of improved management can be ascribed to the Project interventions.

It is clear, however, that coastal ecosystems do have great potential value, and any capacity building potentially removes barriers to the realization of such values. In the targeted provinces, for example, there **are 350,000** ha of coastal marine habitat consisting of **seagrass** beds, beaches, mangrove and coral reefs. Some of these **areas** are of regional and global significance and are consequently targeted for eventual protection and management. Concrete steps have been taken towards gazetting the **Rovuma** River

National Reserve in Palma, and extending the existing Matibane Coastal Forest reserve in Mossuril. Steps towards implementing management plans for these areas are also underway. Spatial development plans are in place to assist future economic planning in these areas. The implementation of a series of alternative income generating micro-projects close to these areas also represents an important step to gaining local respect for the need to protect coastal resources and their associated values.

The general literature on total economic value can potentially put a value to these areas. Normally, the values are a **function** of direct and **indirect** uses (such as recreational values, sustainable fisheries, coastal protection and other ecosystem **function** values); plus non-uses (such as existence and bequest values). Estimation of these **values** is beyond **the** scope of this analysis, but it is notable that similar exercises in the region have generated significant values for various riparian and coastal functions. For example, the **Zambez**i Basin Wetlands and its ecosystem functions support economic **activities** worth some US\$150 million annually for local **residents**.³ Similarly, in South Africa diverse areas of marine habitat **bordering terrestrial** conservation areas have been valued in the literature at US\$155–161/ha/yr⁴; these estimates include recreational values and fish spawning habitat values. If such estimates were transferable to the Cabo Delgado and Nampula coastal marine areas, the combined value would be in the neighborhood of US\$55 million annually.

A3.1.4 Analysis of Micro-projects

The project successfully delivered 52 micro-projects in the two provinces, across a broad range of activities. The total delivered value of these is US\$700,000, with an additional US\$70,000 representing a 10% in-kind community contribution.⁵ Of the total funding, 40% went to Cabo Delgado and 60% went to Nampula. A summary list of micro-projects by investment category is provided in Table A3.1.

³ Seyam IM, Hoekstra AY, Ngabirano GS, Savenije HHG, 2001. The value of freshwater wetlands in the Zambezi Basin. Value of Water Research Report Series No.7. Delft Cluster and the Netherlands Centre for River Studies (NCR), Delft. (Estimate adjusted to 2006 US\$ for comparison with Turpie et al. 2006.)

⁴ Per hectare calculations based on: Turpie J, Clark B, Hutchings, K. 2006. The economic value of marine protected areas along the Garden Route Coast, South Africa. World Wild Fund far Nature – South Africa.

⁵ Actual disbursements to micro-projects as at October/2007 were MZN 16,413,823 million or approximately US\$656,553 at an exchange rate of 25 Mozambique Meticais (MZN)/US\$. An additional amount of approximately US\$254,041 remains undisbursed to project closing. For analytical purposes, the total funding is taken to be US\$700,000.

CARODE					
	LGADO	NAMPU	LA	PROJE	СТ
Value (US\$)	People	Value (US\$)	People	Value (US\$)	People
) \$0	O	\$14,058	294	\$14,058	294
\$31,201	46	\$0	0	\$31,201	46
\$19,409	33	\$4,088	62	\$23,496	95
\$28,168	48	\$68,590	140	\$86 , 759	180
\$125,559	142	\$132,672	508	\$258,231	650
\$46,958	81	\$127 , 133	179	\$174,091	260
\$14,513	15	\$0	0	\$14 , 513	15
\$8,165	75	\$36,917	155	\$45,082	230
\$0	0	\$9,122	51	\$9,122	51
\$263,973	432	\$392,580	1389	\$656,553	1821
40%	24%	60 %	76%	100%	100%
	Value(US\$) Value(US\$) \$0 \$31,201 \$19,409 \$28,168 \$125,559 \$46,958 \$14,513 \$8,165 \$0 \$263,973 40%	Value(US\$) People) \$0 0 \$31,201 46 \$19,409 33 \$28,168 48 \$125,559 142 \$46,958 81 \$14,513 15 \$8,165 75 \$0 0 \$263,973 432 40% 24%	Value (US\$) People Value (US\$) \$0 \$14,058 \$31,201 46 \$0 \$19,409 33 \$4,088 \$28,168 48 \$68,590 \$125,559 142 \$132,672 \$46,958 81 \$127,133 \$14,513 15 \$0 \$8,165 75 \$36,917 \$0 0 \$9,122 \$263,973 432 \$392,580 40% 24% 60%	$\begin{array}{c ccccc} Value (US$) & People \\ Value (US$) & People \\ \$0 & 0 \\ \$14,058 \\ 294 \\ \$31,201 & 46 \\ \$0 & 0 \\ \$19,409 & 33 \\ \$4,088 \\ 62 \\ \$28,168 & 48 \\ \$68,590 \\ 140 \\ \$125,559 \\ 142 \\ \$132,672 \\ 508 \\ \$46,958 \\ \$1 \\ \$127,133 \\ 179 \\ \$14,513 \\ 15 \\ \$0 \\ 0 \\ \$14,513 \\ 15 \\ \$0 \\ 0 \\ \$9,122 \\ 51 \\ \$0 \\ 1389 \\ 40\% \\ 24\% \\ 60\% \\ 76\% \end{array}$	Value (US\$) People Value (US\$) People Value (US\$) People Value (US\$)) \$0 0 \$14,058 294 \$14,058 \$31,201 46 \$0 0 \$31,201 \$19,409 33 \$4,088 62 \$23,496 \$28,168 48 \$68,590 140 \$86,759 \$125,559 142 \$132,672 508 \$258,231 \$46,958 81 \$127,133 179 \$174,091 \$14,513 15 \$0 \$14,513 \$45,082 \$8,165 75 \$36,917 155 \$45,082 \$0 0 \$9,122 51 \$9,122 \$263,973 432 \$392,580 1389 \$656,553 40% 24% 60% 76% 100%

Summany of Micro-projects

Table A3 1

40% 24% 60% 76% 100% 100% Because the micro-project investments have not been completed at the time of this analysis, the financial analyses of these projects was based on similar sectoral projects in neighboring areas. The economic returns from fishery and small-scale industry projects were assumed to be comparable to that in Tanzania in MACEMP project areas.⁶ Other non-fishery micro-projects are assumed to be comparable to those being conducted as part of the MLSDZV Project in Mozambique's Zambezi Valley. Farm level models of various similar small-scale activities were conducted as part of the 2006 appraisal process of the MLSDZV. These are regarded as providing a reliable comparator for impact purposes. The methodology used to match the CMBMP project to those of the reference projects included the following steps and assumptions:

CMBMP projects were classified by micro-project type and industry type to match those of the MLSDZV or MACEMP analyses, including only income generating activities.

Farm level returns from MLSDZV were transferred to CMBMP by industry type for all identifiable income generating projects, using the farm level models in MLSDZV. Fishery and related industry returns were transferred from MACEMP studies. This permitted estimates to be derived for micro-projects representing 76% of the total funding.

A weighted average of IRR and associated cash flows for these identifiable projects was **calculated**.

For those income generating projects in CMBMP that had no comparables in MLSDZV or MACEMP, the weighted average IRR was assumed to hold. This assumption is believed to be valid in this case: as the micro-projects were selfselecting and demand driven, these other activities would otherwise have had a disproportionately large share of the total investment (if their IRR>>average), or would have been absent from the portfolio (if their IRR<<a>everage).

⁶ Information was based on analyses found in: Andrew Hurd (2003). Sustainable Financing of Marine Protected Areas in Tanzania, World Bank, Washington DC; Henrik Lindhjem (2003) Sustainable Financing of Marine Protected Areas in Zanzibar. World Bank, Washington DC: Yolanda León, James Tobey, Elin Torell, Rose Mwaipopo, Adolfo Mkenda. Zainab Ngazy, Farhat Mbarouk. 2004 February. MPAs and Poverty Alleviation: An Empirical Study of 24 Coastal Villages on Mainland Tanzania and Zanzibar.

For the impact as a whole of the micro-project component, further adjustments to the IRR were made to reflect the investment burdens associated with the non-income earning style of investments, and additional overhead costs of the micro-projects (see below).

The IRR results of the analyses show:	
Income earning micro-projects	32.7%
The IRR excluding unmeasured benefits from avoided damages is:	
Income & non-income earning micro-projects	30.0%
All micro-projects including management overheads	23.3%

A3.1.5 Cost-effectiveness of Micro-project Delivery

The average overheads associated with the micro-projects in the CMBMP are 28.6% of delivered funds; this compares favorably with similar micro-projects elsewhere in the region delivered through WB/GEF charnels. Table A3.2 provides a comparison with other projects. The ratio is taken as:

Micro-project Delivery Costs (incl government share and monitoring)

Micro-project Investment amount (including community contribution)

The ratio for **CMBMP** represents a preliminary estimate based on information available to final project closure and audit. It includes a pro-rata share of project management costs for the project as a whole, and any identifiable **expenditures in** facilitating delivery of the grants. It **includes** all projected disbursements to project closure, but excludes "after-care" costs of monitoring. In addition, the contribution **from** beneficiaries themselves is an estimate (taken as 10% of total investment) consistent with the eligibility terms of individual micro-projects.

Project	Effectiveness Closing	Туре	# of micro-projects; value	CE Ratio	Source
Mozambique CMBMP	E: 2000 C: 2007	Coastal alternative income earning	52 sites US\$770,000	28.6%	October 2007 Status Report
Mozambique MLSDZV	E: 2006 C: 2013	Zambezi Valley income earning & infrastructure	12,000 individuals US\$7.1 million	18.3%	PAD
Tanzania TASAF2	E: 2004 C: 2010	Social action fund: infrastructure & income	5,950 sites US\$144 million	24.0%	PAD
Tanzania MACEMP	E: 2005 C: 2011	Coastal fund: infrastructure &income	400 sites US\$9 million	33.0%	PAD
Uganda EMCBP2	E: 2001 C: 2008	Environmental fund: alternative income	131 sites US\$850,000	26.1%	11/07 ISR

A3.1.6 Other Unguantifiable Economic Impacts – Hazard Reduction

Economic benefits are associated with demonstrable decreases in hazard incidence (through reducing flooding impacts, for example) or through **implementation** of mitigation measures to prevent hazards for affecting certain areas (e.g., oil spill contingency planning). The Project did contain two activities that potentially reduce hazard incidence as follows:

Oil spill contingency planning was addressed in a brief consultancy, but no implementation actions materialized from the activity. No specific economic benefits can be ascribed because of this.

The spatial exercises developed growth and economic development nodes that reflected potential areas of water scarcity and water surplus. The resultant

mapping permits planning to be sensitive to hazards associated with droughts or flooding, making overall production within the landscape less prone to losses associated with such events. In the absence of a specific development plan or scenario, however, it is not possible to quantify the **potential** economic benefits with this effort.

A3.2 Poverty Impacts

A3.2.1 Introduction and Context

Mozambique has a comprehensive program for alleviating poverty throughout the country, which is described diagnostically and programmatically in the Action Plan for the Reduction of Absolute Poverty 2006-2009 (PARPA II) and **forms the** basis for ongoing budget support by the international community. PARPA II describes poverty as:

the impossibility, owing to inability and/or lack of opportunity for individuals, families, and communities to have access to the minimum basic conditions, according to the society's basic standards.

The most recent indicators of poverty show that some 10 million **Mozambiquans**, or about 50% of the country, live in conditions of poverty. Poverty cannot be captured by one indicator alone, and regional differences do exist. Historically, public service levels tended to be highest in the South, for example, and this is reflected in higher relative literacy levels **arising from** differences in educational opportunities. People in the northern and central provinces also have had poor access to health care services and higher rates of infant and maternal mortality, high levels of malnutrition, and low rates of vaccination. Moreover, transportation and market **services** in central and northern parts of the country were historically unreliable, which restricts the benefits to be gained **from** improved market access through economic liberalization. However, despite some narrowing of regional differences, PARPA II still **calls** for targeting of **the** poorest among the poor, focusing **among** those regions and areas that have highest poverty incidence.

The provinces of Cabo Delgado and Nampula targeted by this Project are among the poorest in the country. Table A3.3 summarizes some key indicators for these provinces against national statistics. These can be regarded as the baseline measures.

Table A3.3 Poverty Indicators			
Indicator	Cabo Delgado	Nampula	National
Average Consumption	127%	118%	128%
(% of poverty line)			
Income Poverty Headcount	57.4	68.9	69.1
1996-97			
Income Poverty Headcount	63.2	52.6	54.1
2002-03			
Education Improvement	72.7%	72.7%	77.8%
(% change 1996-2003)			
Health Improvement	81.8%	81.8%	87.5%
(% change 1996-2003)			

Although it is acknowledged **that poverty** must be **represented through** a series of traditional economic measures (such as consumption) and other indicators (such as health and education), the focus in this section is on **some** of the standard income measures

(which provide a second-best proxy for consumption) because no impact measurements were conducted during the project period. Within this context, the analysis provides a brief look at: (i) the income impacts of the micro-projects; and (ii) the diversity impacts of the rnicro-projects. For the other non-micro-project activities, it is noted that the local temporary impacts (i.e., excluding leakages for imports) were of the order of US\$6.2 million,⁷ representing an average annual impact of US\$2.20 per beneficiary within the target regions, or about 0.6% of the per capita income of US\$350/yr. Many of these benefits would not however, have accrued directly to the poor in these provinces and, in any event, they are temporary to the extent that they represent Impacts only fiom expenditures during the investment period of the Project.

A3.2.2 Income Poverty Impacts of Micro-projects

The activities fiom which permanent impacts are possible are those relating to the **micro**projects. Most of the expenditures relating to the micro-projects were disbursed within a single one-year period; these would have an equivalent impact of **US\$1.27** per beneficiary for the last year of the project. The income stream generated by this investment provides a permanent income equivalent to US\$0.49 per capita; this corresponds to **0.14%** of the current per capita income.

A3.2.3 Diversity Impacts of Micro-projects

Although the direct poverty impacts on income may not be **large**, the micro-projects were **successful** in stimulating a wide diversity of **alternative** income generating activities. Many such **funds** tend to see 80% of their financing spent on only one or two repetitive activities but the Project succeeded in stimulating nine different types of activity with no single activity capturing more than 40% of the available funding envelope (Table A3.1). The success in providing piloted examples of income diversification opportunities thus provides a positive outcome of the project.

A3.3 Financial Sustainability Impacts

Project impact on financial sustainability for the country **as** a whole is likely negative. The Project generates no new **revenue streams**, and income **streams** realized through the micro-projects are minor and themselves at risk (because the Project **will** close with no ability to provide a few years of critical monitoring and operating support after the investments have been made). The primary long-term liabilities are associated with extension services for the rnicro-projects and recurrent costs of the Biodiversity and Marine Research Centre.

Micro-projects Because the micro-projects are being undertaken at the end of the Project life, there is no ability of the Project to provide necessary follow-up support that permits monitoring and feedback. In the absence of such support, it is more likely that some of these investments will fail and that potential beneficiaries will return to non-sustainable practices. Lessons learned fiom other micro-project investments in sub-Saharan Africa

The leakages are based on financial estimates in the original PAD.

have shown that post-investment annual extension support is required for a sustained return on investment. A review of other such micro-projects in the region (those in Table A3.2) suggests that the after-care costs are typically about 5%/yr of the investment value, and should continue for two years minimum. In addition, studies elsewhere in Mozambique (see Zambezi Valley project) suggest that **annual extension** services to such **activities** should budget **US\$1** of annual maintenance costs for every US\$80 of investment. Consequently, the ongoing annual monitoring and extension support costs for these micro-projects in the **CMBMP** are **US\$35,000** for two years **after** project closure and **US\$9,000** annually thereafter.

A potential direct cash liability remains the Biodiversity and Marine Research Centre; although it has flexibility in securing its own funding, its recurrent operational requirements are estimated to exceed US\$350,000 annually and are not vet entrenched in the government budget. This amount excludes non-cash liabilities such as depreciation (estimated at a further \$250,000 annually) but includes a number of discretionary expenses that would be readily recovered through service fees (such as laboratory expenses and some travel costs). Based on the business plan conducted for the Centre, the core costs of the institution excluding such discretionary expenditures are about US\$287,000 annually. It is noted that the decision to have created one large centre instead of two smaller local centers decreases the overall operational flexibility and sustainability because of high **fixed** recurrent costs. The high permanent staff cost component in the business plan (US\$216,000 annually or 75% of the overall core operational costs) is also a concern for sustainability as such costs are difficult to reduce in the event that revenue or donor funding targets are not achieved. By comparison, the original project appraisal catered for two small field stations at a **total** cost not exceeding US\$430,000; these two stations together (at time of appraisal) were estimated to have long-term recurrent costs of US\$50,000 annually. The current facility as constructed cost approximately US\$3.4 million

Annex 4. Bank Lending and Implementation Support/Supervision Processes

Title	Unit	Responsibility/
	1987) (S. 1988). 	Specialty
Senior Environment Specialist	AFTEN	TTL
Senior Agricultural Specialist	AFTAR	TTL
Sr Operations Off.	AFTAR	Agriculture and RD
Procurement Spec.	AFTPC	Procurement
Financial Management Analyst	AFTFM	Financial management
Procurement Asst.	AFCS2	Disbursement
Consultant	AFTS1- HIS	Énvironment and Tourism
Sr Procurement Spec.	AFTPC	Procurement
Consultant	ENV	Micro-projects
	Title Senior Environment Specialist Senior Agricultural Specialist Sr Operations Off. Procurement Spec. Financial Management Analyst Procurement Asst. Consultant Sr Procurement Spec. Consultant	TitleUnitSenior Environment SpecialistAFTENSenior Agricultural SpecialistAFTARSr Operations Off.AFTARProcurement Spec.AFTPCFinancial Management AnalystAFTFMProcurement Asst.AFCS2ConsultantAFTS1- HISSr Procurement Spec.AFTPCConsultantENV

(a) Task Team members

(b) Staff Time and Cost

(b) Staff Time and Cost			
	C1. 80 TT.		1
	Stall Hu	ie and Cost (Bank Bu	aget Omy)
Stage of Project Cycle		USD The	weands (including
Deale of any jeer of the	No. of staff	weeks	usanus (meluunig
an na bhagail a' stàiteachadh ann an Annaich ann an Annaich. Ta bhailteachadh annaich annaichte annaichte ann an Annaichte		travel an	d consultant costs)
kan dahalakan kanalakan alakan kataloga da bara da bara da. Tara da an 10 ang ka	ar anna dha da gay anna air anna farannai a aid an a' dhua air an an a'	 Instant member interference interference interference interference 	r de la face destre el relative settetetetetetetetetetetetetetetetetet
Lenaing			

Lending	
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FY00		6.1	18.35
FY98	· · · · · · · · · · · · · · · · · · ·	NA	0.00
FY99		NA	0.00
FY01		NA	0.00
	Total:	6.1	18.35

Supervision/ICR

	Total:	109	329.65
FY00			0.00
FY08	a and an	1	31.25
FY07	In Control Addressing and Computer and Article and the Article and the Research International Control of Computer Article and Article and Article and Article and Article and Article Article and Article and A	23	40.00
FY06		15	50.00
FY05		19	54.30
FY04		12	49.00
FY03		27	61.00
FY02		5	14.10
FY01		7	30.00

Annex 5. Beneficiary Survey Results (if any)

No beneficiary survey undertaken.

Annex 6. Stakeholder Workshop Report and Results (if any)

No stakeholder workshop undertaken.

Annex 7. Summary of Borrower's ICR and/or Comments on Draft ICR

1. Introduction

The project was designed by the first **government** of Mozambique **after** the first multiparty elections in 1994. The priorities of the government at the time were political stability, peace, and mobilization of resources for rapid economic and social recovery of the country **after** the long and destructive civil war.

The government, even with other crucial priority tasks at that the time, addressed the country's environment **concerns.** Thus, it created the **Ministry** for Coordination of Environmental Affairs (**MICOA**), putting, for the first time, the **environmental** agenda at the ministerial level. The agenda was to be made operational by the National Environmental Management Program, launched in 1994, which identified the need for integrated coastal zone management as one of the top five priority concerns. This led to the development of a draft National Coastal Zone Management Policy and Program (not yet approved; and instead A National Strategy for Coastal Zone Management has been developed and completed), which aimed at addressing coastal zone issues cross-sectoraly in an integrated and coordinated manner.

Soon after the end of the civil war. Mozambique requested GEF and IDA funds to pilot an integrated approach to achieving sustainable development, taking into account Mozambique's coastal zone is uniqueness in the Eastern Africa Marine Region. Most areas were still in pristine conditions but under threat due to rapid increase of development activities. The project was to one in a series of steps towards developing integrated coastal zone management process for the entire country.

The project was within the context of existing and proposed Bank's Country Assistance Strategy (CAS) for Mozambique, which focused on poverty alleviation through environmentally and socially sustainable economic growth. The project also fitted well with GEF Biodiversity Operational Strategy and Operational Program on Coastal and Marine Ecosystems, by stressing *in situ* conservation activities of coastal and marine ecosystems, and supporting conservation and sustainable use of vulnerable marine habitats and species, justifying, in this way, GEF support.

Project Development Objectives and key indicators

Test and refine an approach to achieve sustainable economic development of coastal zone resources, through an integrated strategic development planning process that integrates their ecological, social, economic and physical values and balances the varying interests involved.

Key Indicators (reflecting changes at mid-term review) to measure **progress** toward the development objective were **the** following:

- (i) Strategic development plans adopted and under implementation by provincial and national government in the two project areas (4 coastal districts);
- (ii) Strategic Development Plans endorsed and under implementation in at least two districts in the Project Areas by the fourth Project Year
- (iii) All new concessions issued in at least two districts of the Project Areas are in compliance with SDPs by the fourth Project or after 6 months of endorsement of said plans, whichever is earlier;
- (iv) Management Plan for at least one identified conservation area is endorsed by the Borrower and under implementation by the end of the fourth Project year;
- (v) Monitoring and Evaluation **Plan** prepared by **Mid-Term** Review and **fully** operational by the end of third Project Year;
- (vi) At least five community development projects identified by the end of the Project Year;
- (vii) Training Program for Part D of the Project developed and under implementation by the end of the fourth Project Year
- (viii) Increased Involvement of NGOs in monitoring and implementation of the Project by the end of the fourth Project Year
- (ix) Improved coordination achieved by the fourth Project Year among stakeholders evidenced by the # of recorded agreements from regular management meetings of the Borrower's National Steering Committee

Key indicator (reflecting changes at mid-term review) to measure the progress toward the **global** objective was:

- (i) Institutional capacity evaluated as **sufficiently** improved to allow broader implementation; and
- (ii) Area and number of globally significant habitats and species **under** some level of restricted use increased

Main Beneficiaries

The main target groups of the project were (i) the **governmental** entities (resource **managers** and decision-makers), mainly at **provincial** (Nampula and Cabo-Delgado Provinces) and district levels (Mossuril District and Nacala-Porto Municipality, and Mocimboa da Praia and Palma Districts), and (ii) local communities, by testing and refining mechanisms for integrating their economic development aspirations with the requirements of biodiversity conservation at the provincial and district level.

The project was also to benefit (iii) the private sector, and (iv) NGOs by testing mechanisms for establishing partnerships (public-private sector) for management and sustainable use of natural resources.

Project Components- Reflecting MTR Changes

Component 1: Integrated Development Planning. These plans were to fully integrate conservation with regional development. This component included the preparation, discussion, agreement with stakeholders, and implementation of spatial development plans in four pilot districts, and that all new **concessions** issued, by the end of the project, would have to be in compliance with these plans. For this end, there would be testing and refinement of mechanisms for integrating economic development aspirations of provincial government and local communities with the requirements of biodiversity conservation at the provincial and district level.

Component 2: Biodiversity Conservation and Sustainable Community Development. Establishment and strengthen protection of key terrestrial and marine conservation areas and initiation of conservation-oriented community activities in and around these areas. This component was to involve testing mechanisms to identify and sustainable use and conserve important components of coastal and marine biological diversity in at least 3 pilot districts, by (i) preparing, discussing and agreeing with key stakeholders the management plans for at least two identified conservation areas; (ii) increasing the area classified as under full or partial conservation status; (iii) implementation of on-going biological monitoring; (iv) identification and implementation of community microprojects; and (v) identification of suitable financing modalities

Component 3: Private Sector Component. Designed to establish best practice for environmentally and biodiversity-friendly economic development. This was to be achieved by preparation of a **concession** tender for **one** project pilot area **specifying** the minimum environmental, social and technical performance requirements of the proponent, and the responsibilities of other stakeholders. The specifications of bid documents would have to be prepared **and** agreed by stakeholders, and **an** investor would have to be identified and negotiations ready to begin by the end **of the** project.

Component 4: Training, Public Awareness, Project Monitoring and Coordination. Capacity building and public awareness rising of key government and non-government stakeholders responsible for biodiversity protection. This component would be achieved by strengthening capacity for **management** of **coastal** and marine biological diversity at national and local **level** of **government**. This component **was** also to improve institutional arrangements for devolving coastal and marine resource planning at provincial and local levels. This was to be achieved by increasing coordination among stakeholders and establishment of a monitoring system to facilitate sustainable use of coastal and marine resources in pilot districts.

2. Project Implementation, Monitoring and Evaluation

Implementation. The overall implementation of the project was satisfactory. Implementation was delayed during the first years of implementation due to the following:

- Difficulties in accomplishing component one (the core engine for the entire project), due to delays in hiring the consultant, and low performance of the consultant, which ended up by termination of the contract;
- Financial management problems, including lack of counter-part funding and inadequate financial management capacity at the project level; and
- Low efficiency of project management due to lack of familiarity with World Bank rules and procedures.

All these issues have been adequately addressed throughout the life of the project, mainly after the mid-term review mission (where the main restructuring element was the decentralization of project implementation down to provincial level). Component one was redirected to use DANIDA ICZM Project approach and produce Macro Zoning Plans for the four IDA/GEF areas; counter-part funds were made available from the Mozambique Government; and financial and project management improved significantly.

Monitoring and Evaluation. A Plan for monitoring and evaluation was produced, but not implemented, due to its complexity. Attempts to simplify did not also work. But a consultant was engaged to simplify and implement the M&E System to measure (i) progress towards anticipated project outcomes; (ii) factors contributing to, or impeding outcomes; (iii) contribution to outcomes through outputs; and (iv) the effectiveness of strategic partnership,

3. Project Achievements of the Outputs Indicators

Assessment of outputs was based on the revised log-frame produced in the Mid-Term Review. Most of planned outputs were fully achieved. Details **can** be seen below.

Output Indicator according to the revised log-frame	Status at end of the project	Comments
Component 1: Integrated	development Planning	
Strategic Development Plans adopted in all 4 Districts and under Implementation in at least 2 districts	Done	 Macro-zoning plans for Nacala-Porto Municipality, and Mossuril District in Nampula Province; and Palma e Mocimboa da Praia Districts in Cabo-Delgado Province have been produced
		in 2005, and are in use by the Provincial, District Administration, Local

Table A7	1 Project	Outputs	
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		 Authorities and Local Users. SDP have been produced, delivered and approved
All new concessions issued in the districts with adopted spatial development plans in compliance with them Component 2: Biodiversit	Partially Done	 All islands from Quirimbas Archipelago have been, under Palma and Mocímboa da Praia Macro-zoning Plans, considered to be areas for tourism development, and this is being implemented by Provincial government and the Ministry of Tourism. Conservation Areas identified in the Macro- zoning Plans are presently under the process of being part of the Trans-frontier Conservation Park between Mozambique and Tanzania. Sustainable Community
Development	Partially Done	> One new conservation area
established		 (Rovuma National Reserve) has been identified. The process to gazette Rovuma Conservation Area is underway Concept paper for the establishment of a Trans- frontier Marine Conservation Area with Tanzania finished.
Management Plan for 1 existing conservation area completed	Done	 Management Plan for an existing conservation area (Matibane Forest) produced and delivered to the Nampula Provincial Government Management Plan for Rovuma National Reserve produced
Community Awareness raising and capacity building activities completed in 25 communities	Done	 Intensive actions of non formal training took place in the project areas during 2004 and 2005 focused on technician staff at provincial level, community and local

		resource users, local government staff and other local administrators, traditional and religious leaders, local NGOs and decision makers.	
Participatory integrated coastal management and community development plans adopted in 25 communities by end project	Partially Done	 Representatives of coastal communities from Palma and Mocímboa da Praia Districts in Cabo Delgado Province; and Nacala-Porto Municipality and Mossuril District, in Nampula Province, participated in the production of the Macro- zoning Plans and in SDPs 	
Enabling activities for sustainable use of coastal resources at the community level implemented in 25 communities	Done	 Manual for micro projects produced and revised to consider the specific situation of the project areas 36 micro projects under implementation in project areas, including selective art fisheries, agriculture, tree nurseries and reforestation, small cattle raising, mangrove reforestation, fisheries conservation, salt extraction, honey extraction, carpentry, art crafts, tourism, 	
Component 3: Private Sec	tor Development		
Study for sustainable financing mechanisms completed	Done	The study was produced and delivered	
Component 4: Training, P Coordination.	ublic Awareness, Pr	oject Monitoring and	
Monitoring system and evaluation program prepared and implemented with participation of local communities and NGOs by end project	Partially done	 A Plan for Monitoring and Evaluation was prepared, but not implemented. A Research Center for Marine and Coastal Environment (CEPAM) has been installed in Pemba with the aim of studying coastal 	

		and marine resources, including monitoring the impacts of development on biodiversity and on the subsistence of local
Training programs for technical staff, community and local resources users, community leaders, NGOs, and local government staff prepared and delivered	Done	 communities Intensive actions of non formal training took place in the project areas during 2004 and 2005 focused on technician staff at provincial level, community and local resource users, local government staff and other local administrators, traditional and religious leaders, local NGOs and decision makers
5 short course/internship scholarships awarded and completed by end project	Done	 Various short term courses provided 8 Master courses provided, from which 4 have finished
		and the other 4 are expected
Awareness raising campaign targeting decision makers and local resource users carried out through information workshops, publication of a coastal zone newsletter, site visits, and radio broadcasts in local language	Done	 Manual for coastal zone management produced Awareness activities were designed to target decision makers and resource users, given their critical rob in the management of the resources. They included information feedback/lessons learned workshops, site visits workshops, posters and calendars with information for community dissemination, theatre groups, film on mangroves, video materials and music on environmental issues. An approximate number of 84,100 people were covered by awareness activities. This number would have been overcome, since they were
project activities.		

3. Sustainability

Plans to implement spatial development plans. SDPs and Macro-zoning plans have been produced, for entire project **area**, and delivered to provincial and **district** authorities. Macro-zoning plans were used for definition of **Rovuma** National Reserve and to the production of the proposal for trans-frontier conservation area between Mozambique **and** Tanzania. Actions will have to be followed mainly by MICOA and MITUR, from the Mozambican side to follow up this process.

In relation to SDPs, cost-benefits and economic analysis should be produced to easily guide their implementation by the local level authorities.

The whole country is presently engaged in the production and implementation of District Development Plans, following the new development approach which focuses to the district as the center. This offers a very good opportunity to quickly widespread the inclusion into these **DDPs**, the spatial **component**. This aspect has been raised many times, and follow-up activities, started by this project with **workshops** in **Beira** and Maputo, involving MICOA, the Ministry of Planning and Development, **and** many others, are underway, with MICOA (**DINAPOT**) assuming the central role, taking in account its expertise in this area.

The **challenge** is to simplify the process of producing spatial development plans, which are based on "high tech" processed information, mainly using GIS, and high **skills** in computing. These **skills** which are rare at provincial and districts (in fact even at central level) are the bottle neck for quick adoption, production and implementation of spatial development plans throughout the country.

Long-term staffing plansfor the research center in Pemba. In the initial project design (see the **Project** Appraisal **Document**), in support of the coastal zone management decentralization strategy and monitoring and evaluation system, the operation included support for the establishment and operation of two field stations. MICOA and UEM would assume the recurrent costs of the two stations following project completion. During operation implementation, UEM showed unwillingness to own one of the stations, and therefore MICOA had to engage alone in the process and instead of two, only one research station was built in **Pemba**. The size **and overll quality** of **infra-structures**, and equipment, represent an extraordinary **gain** to the country. This can be illustrated by the huge interest shown by the different national, regional and international institutions in quickly starting to use it. Several **proposals** have been presented. **CEPAM** is one of concrete elements that will contribute to follow up activities, **after** operation completion in promoting sustainable use of coastal and marine **resources**.

The project has established an installing commission to prepare the start of **CEPAM** activities before the end of the project, or soon after the end. **A** series of activities were

carried out by this commission, under DNGA and Project Management Team supervision, including the inauguration of CEPAM, and production of a series of proposals for quick start of the center, including the personnel for the initial phase This was approved and advertisements were made throughout the country, using the most important newspapers. Actions are currently underway for contracting the staff to the centre. A coordinator was appointed within MICOA staff and placed in Pemba to guide the start of functioning of CEPAM.

Furthermore, a series of meetings, including one regional workshop were organized by this commission, under MICOA supervision, with participation of different national entities, like the Ministry for Science and Technology, Ministry of Fisheries, Universities, Provincial Government, Private Sector, foreign entities, like the Oceanographic Research Institute of South Africa, Institute of Marine Sciences of Zanzibar, Western Indian Ocean Marine Sciences Association, etc. These events identified development potentialities of the Research Center of Marine and Coastal Environment (CEPAM), including potential partners and funding opportunities. Some concrete research/training projects/programs, with secured funding, have been identified for immediate implementation. Activities have already initiated regarding monitoring of artisan fisheries for the whole Cabo-Delgado Province, in coordination with UP. Actions are underway to start this year the installation of a national aquaculture training facility within the center, in cooperation with IIP, the School of Marine Sciences in Quelimane, and the University of Bangor (Wales, United Kingdom); and a regional course on integrated coastal zone management will be carried out, in the center, later this year, supported by the Western Indian Ocean Marine Science Association (WIOMSA).

Some of the institutions allocated their staff to help **CEPAM** start with the activities, and capacitate the new recruited people.

4. Assessment of Bank and Government Performance

World Bank

Team Composition and Quality of Supervision. Composition of **Bank** team **was** generally good, made up by high profile and experienced people, and covering a **wide range** of expertise, from environment, natural resources, biodiversity, **ecology**, social aspects, economics, finances, procurement, and other technical areas. Supervisions missions were regular **and** were **successful** in identifying problems and quickly find solutions of the problems identified. However, some of the recommendations were, in some cases, more theoretical, that is, not **fully** reflecting the reality of the country and wishes of the national institutions. This could be in **part** due to low involvement or perception of the national entities in the supervision process and can be illustrated by the recommendations given to Component one, under the Mid-Term Review process, which faced many problems for their implementation, including their recognition by some important participating institutions. Other examples are several steps recommended by the **Mid-Term** Review that were never implemented. This **confused participating** stakeholders, created delays in project implementation and affected the project performance, to some extent.

The Social Adviser appointed under the project to advise the go ernment on community development had unfortunately failed to produce any of the outputs required by the terms of reference, and thus the contract was terminated.

Rely on consultants for different activities of the project on **consultancies**, although in most cases, excluding the production of **SDPs**, produced quick and good quality results, affected significantly capacity building in the national participating institutions, and consequently sustainability for implementation of similar activities in the future.

Related to supervision missions, different perceptions of members of each supervision mission resulted in different recommendation in each mission. An example is the agency accounts, recommended by one group **and** cancelled by another. Other example is the substantial changes in approach, from one mission to other. In fact the request to the agencies to return back the funds made available to their accounts for implementation of activities of the project was determinant on the loose of interest to the project by implementing agencies, less than the lack of experience in coordination.

It should be highlighted, however, that the team composition and quality of supervision was good and beneficial for project implementation.

Financial Management and Procurement. With the exception of misunderstandingsthat happened at the beginning of the project, which ended with other **central** institutions having to **refund** back the **funds** to **MICOA**, the **performance** of **Bank** team was in general good. They helped to timely identify the problems and indicate the right solutions, according to Bank procedures.

Government Performance

Overall Government Performance. Government **performance** was significantly low in the **first** years of project implementation, and improved continuously and reasonable towards the end of the project. This illustrated by (i) the lack of government contribution **funds** for more than one **year** after Credit and **Grant** effectiveness, due to non inscription of the project at the **government** budget; (ii) delay in hiring the consultant for **SDPs**, affecting, in this way, timed project implementation; (iii) unclear strategy for inter-institutional coordination and provision of incentives for stakeholder engagement and ownership. It should be highlighted that this low performance was partly due to lack of technical skills of the technical people initially allocated to the project management team, and that, because of that, had to be changed. Their replacement **was** not immediate, affecting, **in** this way, the project, during **the** initial phases. There **other factors** were lack of familiarity with Bank procedures on procurement, disbursement and financial management capacity both at the national and at the provincial level.

Inter-institutional coordination was heavily affected, since the time the central involved institutions had to **refund** the money back to MICOA, and **also** because the **NIITC** (National Inter-Institutional **Technical Committee** for Coastal Zone), which until the start

of this project used to function and **serve** as the national coordinating committee, failed to function properly from then until today. Lack of **functioning** of NIITC can be attributed to desegregation of coordination of coastal management issues between the Department for Coastal Zone Management, and Centre for Sustainable Development, which formerly were forming the Unit for Coastal Zone Management. This desegregation was not only structural, but also geographical.

It should be underlined that government performance increased significantly towards the end of the project, mainly after mid-term review mission when it was decided that national levels activities would be limited to (i) policy and program coordination; and (ii) administrative and **service** providing **functions** to provinces in the **areas** of financial management. Project activities would be implemented at the provincial level. This was decided due to complexity of project design **and** lack of ownership of the project by partner agencies.

High rotation of **staff** at **MICOA** involved in project management affected negatively the project. After the elections of 2000, and 2004 there was high rotation of staff and this affected negatively the performance of **MICOA** on its coordinating role.

Furthermore, the National Steering Committee (NSC), which included provincial governors, and expected to give **ministerial** oversight on the CMBMP, although had some meetings, did not **function** effectively, mainly on maintaining close ties with the activities implemented by the project, in order to give timed guidance and in gathering and analyzing the lessons learned from pilot activities for adoption at national policy level.

At the provincial/district levels, coordination was to be facilitated through local coordination units formed for this purpose. There was a delay at the start of this project in appointing the provincial field coordinators. These affected project implementation. Other important aspect, which had a negative impact on project implementation at provincial level, was the changing of provincial governors, after the elections of 2000 and 2004, taking into account their important role in the coordination of the project at provincial level.

5. Lessons Learned

During project implementation there were some **difficulties** and challenges that the lssons learned could be built one:

- Project implementation arrangements should take in account the number of implementing agencies involved. The bigger the number, the simpler should be the arrangements. Otherwise implementation would be so complex that would affect the success of the project. Other aspects should also be equally considered like the capacity of the agencies involved, strengths and weaknesses, experiences, history of coordination among them, etc.
- ➢ For implementing successfully the project from right the start, details related to financial management capacity of the main coordinating agency, which will handle

financial aspects, should be thoroughly addressed. This includes a good knowledge of Bank procedures, otherwise training should be done at the start. Also keeping the same advisory team of WB, during the missions, is extremely important at the initial phases to keep consistency with the recommendations.

- Any change in the institutional set up of the main implementing agencies, mainly soon after elections and appointment of new governments, with consequent change of key project personnel should be immediately addressed since can highly affect project implementation. This can be achieved by sending supervision missions soon after appointment of new governments.
- Monitoring and Evaluation is crucial for good project implementation, for easy lessons learning process, and for keeping sustainability by the involved stakeholders.
 M&E have to be implemented throughout the life of the project and for that end it should be as easy as possible and practical to be implemented.
- The use of consultancies for project implementation, although important and sometime inevitable, should be, as much as possible, limited to the minimum indispensable in order to guarantee sustainability and maximize capacity building for the involved stakeholders.
- During supervision mission a wide range of national stakeholders should be contacted and deeply involved, paying special attention to their level of understanding, capacity, commitments and willingness to implement the recommendations taken.

Good choice of consultants and **very close evaluation** of their **performance** should be undertaken, and whenever low performance or deviation is detected, very strict measures should be applied to safeguard suitable project implementation.

Annex 8. Comments of Cofinanciers and Other Partners/Stakeholders

The project did not have co-financers.

Annex 9. List of Supporting Documents

1

World Bank: Project Appraisal Document on a Proposed Credit and Grant for Global Environment Facility on Coastal and **Marine** Biodiversity Management Project, April 28, 2000

World Bank: Development Credit Agreement, Coastal and Marine Biodiversity Management Project between the Republic of Mozambique and International Development Association, August 2000

World Bank: Global Environment Facility Trust **fund Gran**t Agreement, Coastal and Marine Biodiversity Management Project

World Bank: Implementation Completion Report and Results Guidelines, OPCS, August 2006.

Pemba Research Center Business Plan. December 2006



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