

**STATUS OF PROJECTS IN EXECUTION – FY05**  
**SOPE**  
**REGION: AFRICA**  
**COUNTRY: MOZAMBIQUE**

Operations Policy and Country Services  
SEPTEMBER 23, 2005



**Report on the Status of Projects in Execution - FY05**  
**Region: Africa**  
**Country: Mozambique**

**Introduction**

The Status of Projects in Execution (SOPE) Report for FY05 provides information on all IBRD/IDA projects that were active on and beyond June 30, 2005. Thus it bridges the gap in information available to the public between the Project Appraisal Document, disclosed after the Bank approves a project, and the Implementation Completion Report, disclosed after the project closes.

The World Bank has issued a SOPE Report every year as an internal communication to the Board of Executive Directors. Now, in accordance with the Bank's revised disclosure policy, the SOPE Report is also available to the public. By publishing this improved report, we have addressed one of the main concerns we heard from the public during disclosure consultations – that the public has very little access to information on projects while they are being implemented. Readers familiar with past reports will note that projects that closed during the fiscal year are no longer included in the SOPE, since their Implementation Completion Reports are now also disclosed.

The FY05 SOPE introduces a new element: in order to disclose project-by-project comparisons of disbursement estimates and actual disbursements, the SOPE report contains a line chart<sup>1</sup> showing the original estimated disbursement schedule, the latest approved revised schedule (if any) and actual disbursements for investment operations and a table showing the loan/credit/grant amount and disbursements to date.

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<sup>1</sup> Notes:

- Amounts for Projects in currencies other than U.S. dollars may not match exactly due to exchange rate fluctuations over the life of the project.
- Disbursement graphs are not included for Development Policy Loans, which provide quick-disbursing external financing to support policy and institutional reforms. For these loans, funds are disbursed in one or more stages (tranches), released when the borrower complies with agreed conditions.
- Projects which are not yet effective may not have a planned disbursement schedule and thus may not include a graph.

**Country: Mozambique**

**Project Name (ID):** Roads and Bridges Management and Maintenance (P001785)

**Country:** Mozambique

**Board Approval Date:** 07/19/2001

**Closing Date:** 12/31/2006

**Loan/Credit/Grant Number:** IDA-35500

**Sector(s):** Roads and highways (85%), Central government administration (14%), Health (1%)

**Theme(s):** Infrastructure services for private sector development (P), Other accountability/anti-corruption (P), Rural services and infrastructure (S), HIV/AIDS (S), Gender (S)

**Project Development Objectives:**

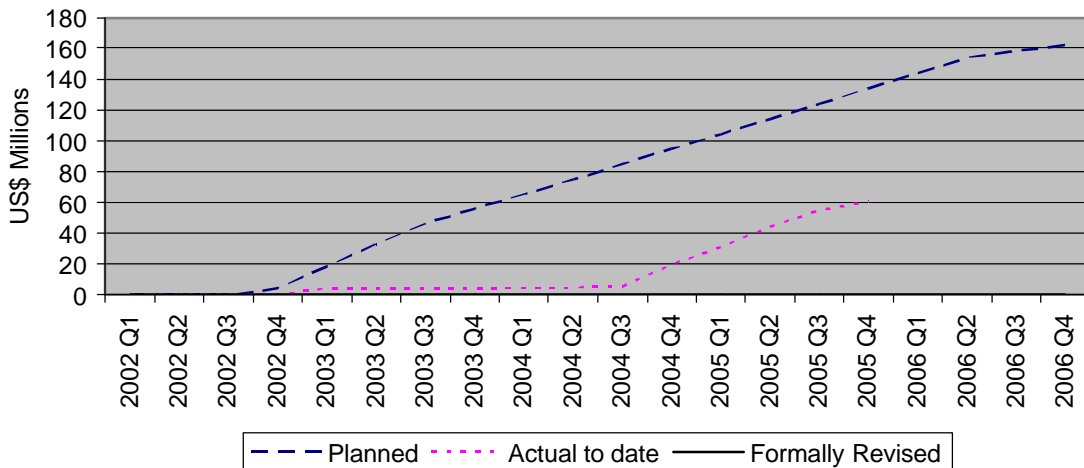
The objective is to: (i) improve the coverage and conditions of roads and bridges in the territory of the borrower; (ii) strengthen the borrower's institutional capacity to manage and administer the road sector; (iii) establish financing mechanisms for road maintenance; (iv) promote the use of local resources in roads construction and management; and (v) improve road transport safety.

**Progress toward achieving development objective(s):**

After initial delays due to overly bureaucratic procedures, the implementation of the project is now on track: (i) of the IDA portion of the project all contracts for major rehabilitation and periodic maintenance works on the main roads are being executed and contracts for rural road rehabilitation are expected to be awarded by October 2005; overall network condition has improved from 56% in good and fair condition in 2002 to 62% in 2005; (ii) a (semi-) autonomous national road authority (ANE) has been created and is performing well; (iii) a road fund has been created with its own independent Board of Directors; revenue has increased from US\$17m to \$46m in 2004; (iv) all of the above maintenance moneys are being used by local contractors; and (v) a road safety action plan was prepared in 2003; its implementation however is delayed and still no accident data are available.

**Lending Information/Disbursement Summary (USD millions, as of June 30 2005)**

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-35500	Effective	185.89	60.55	126.23	0.00



**Project Name (ID):** Education Sector Strategic Program (P001786)  
**Country:** Mozambique  
**Board Approval Date:** 02/18/1999  
**Midterm Review Date:** 04/03/2002  
**Closing Date:** 06/30/2006  
**Loan/Credit/Grant Number:** IDA-31720, NETH-54325  
**Sector(s):** Primary education (70%), Tertiary education (18%), General public administration (10%), Vocational training (1%), Adult literacy/non-formal education (1%)  
**Theme(s):** Education for all (P), Participation and civic engagement (P), Gender (P), Rural services and infrastructure (P), Social analysis and monitoring (S)

**Project Development Objectives:**

The objective is to provide increased and equitable access to higher quality education in order to promote economic and social development in Mozambique.

**Progress toward achieving development objective(s):**

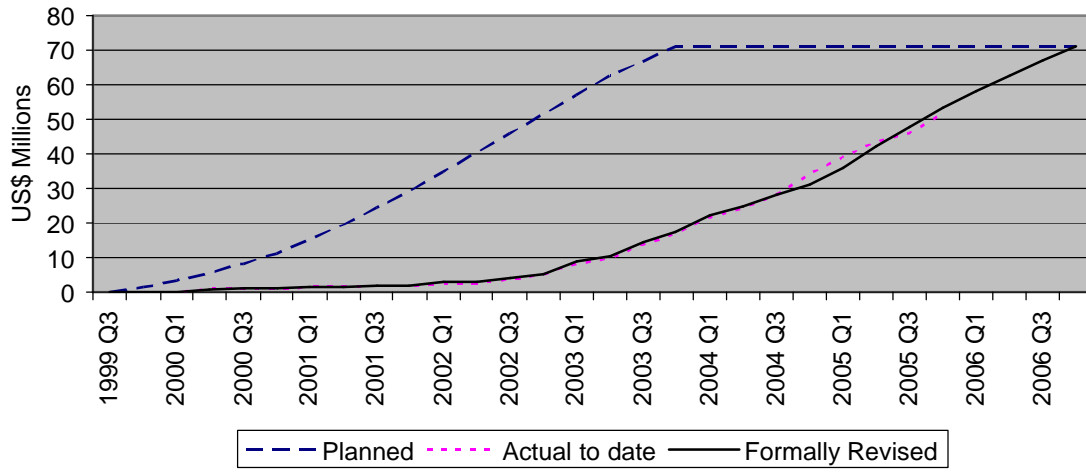
As part of a sector-wide approach for education, the project is likely to achieve the development objectives. Major initiatives have been the abolition of primary school fees by the Government effective January 2004, and the launching of a new curriculum for basic education and non-formal education. Gross enrollment rates for EP1 (Grades 1-5) have reached 121.2%--a level above the targeted 86%--and in upper EP2 (Grades 6-7) the rate is at 42.7% compared to the target rate of 30%.

However, slow progress is noticed in efforts to reduce repetition rates at primary and lower secondary school levels. As of the school calendar 2004, the reductions have been by 17% for EP1, 35% for EP2, and 26% for ESG1. The target was to reduce the repetition rates by 50% at all levels. The proportion of students passing key primary and lower secondary exams has also improved, again by lower than expected margins. The proportion of students passing the exams for EP1 has increased from 54% in 1999 to 67% in 2004, while at EP2 it has increased from 37% in 1999 to 56% in 2004, and for ESG1 it has increased from 33% in 1999 to 42% in 2004, against the target of 75%, 60% and 55%, respectively. The proportion of qualified teachers to students is on the increase even though there are still less teachers for large numbers of students (1 to 66) against a target of one to 50. The Government has launched the second phase of the Education Sector Strategic Plan (2005-2009), which is expected to provide additional opportunities for achieving the development objectives.

**Lending Information/Disbursement Summary (USD millions, as of June 30 2005)**

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-31720	Effective	74.56	51.39	21.82	0.00
NETH-54325	Effective	3.77	0.00	3.77	0.00

Status of Projects in Execution - FY05



**Project Name (ID):** Agriculture Sector Public Expenditure Program (P001799)

**Country:** Mozambique

**Board Approval Date:** 02/18/1999

**Midterm Review Date:** 12/14/2002

**Closing Date:** 12/31/2005

**Loan/Credit/Grant Number:** IDA-31710

**Sector(s):** Central government administration (45%), Agricultural extension and research (45%), Irrigation and drainage (5%), Forestry (5%)

**Theme(s):** Public expenditure, financial management, and procurement (P), Other rural development (P), Rural markets (P), Other environment and natural resources management (P), Administrative and civil service reform (S)

### Project Development Objectives:

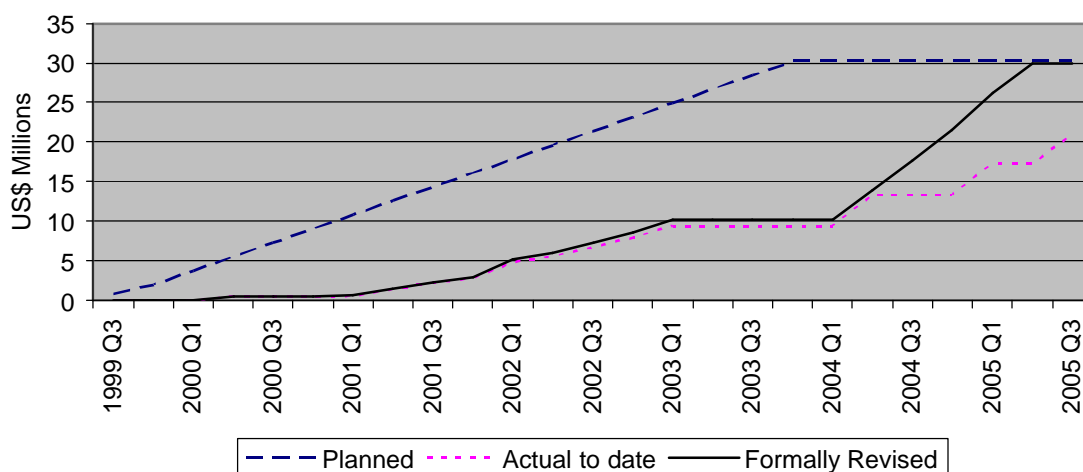
The objective of the first five-year phase of the Agricultural Sector Public Expenditure Program is to put in place improved institutional arrangements for financing and delivery of agricultural services for smallholders, and capacity to efficiently and effectively provide essential public and merit good functions of the Ministry of Agriculture and Rural Development.

### Progress toward achieving development objective(s):

The project is on course towards achieving the development objectives. The restructuring of the Ministry of Agriculture has started and is in line with the results of the functional analysis; funds management has been decentralized to provinces and districts; the unified Agricultural Research Institute has been established and is improving the capacity of the zonal research centers to conduct adapted and participatory research and contribute to higher rates of adoption of disease-tolerant and more nutritive food crops varieties and clones, and the strategy for the second phase has been approved, and fully funded by donors

### Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-31710	Effective	31.66	22.78	7.76	0.00



**Project Name (ID):** Municipal Development (P001806)  
**Country:** Mozambique  
**Board Approval Date:** 07/19/2001  
**Midterm Review Date:** 01/21/2004  
**Closing Date:** 02/28/2006  
**Loan/Credit/Grant Number:** IDA-35490, IDA-Q1640  
**Sector(s):** Sub-national government administration (89%), Central government administration (11%)  
**Theme(s):** Municipal finance (P), Municipal governance and institution building (P), Other financial and private sector development (P), Law reform (S), Decentralization (S)

**Project Development Objectives:**

The objectives are to: (a) make operational the legal and institutional framework for municipal governance; (b) develop a sustainable training and technical assistance system and increase the capacity of municipal officials and personnel; and (c) establish and operate a mechanism for providing grants to municipalities.

**The Project was restructured during the 2005 Fiscal Year**

The modified objectives are to increase the number of cities in the pilot from 5 to 8, and to re-emphasize the importance of the capacity building nature of the project.

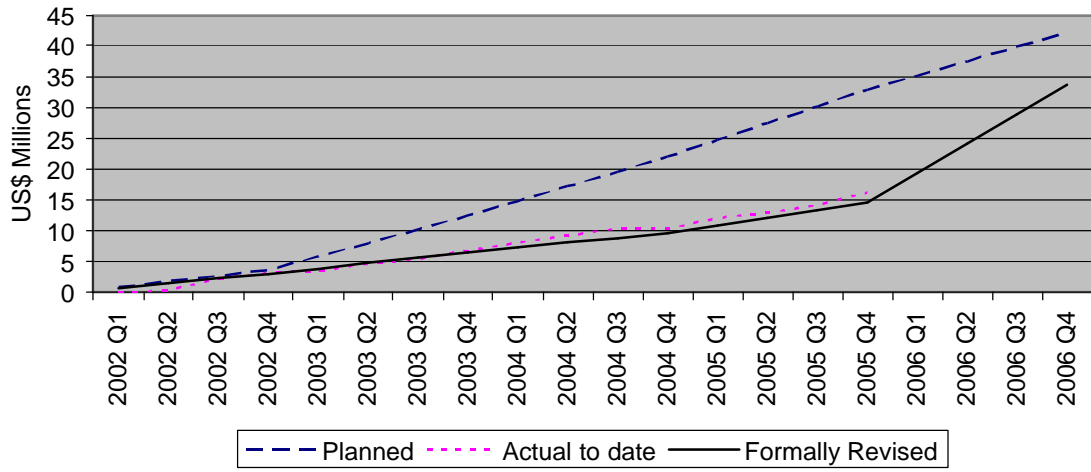
**Progress toward achieving development objective(s):**

Implementation delays have not been fully overcome, and progress towards achieving these objectives continues at a slower than expected rate. The status by objective is as follows: (a) the diagnosis of all 33 municipalities has been completed and the municipal development strategy has been prepared and presented. A new legal and institutional framework, has been completed, together with related regulations, manuals and other instruments to increase the autonomy of the municipalities; (b) efforts have been made to accelerate the training program so that it is more dominant in the final years of the project and so that it can be complemented by the infrastructure learning-by-doing component. The team has focused on developing quality didactic materials which will be updated regularly based on the evaluations received from the training programs; and (c) in general the execution of works financed by the Grant Fund has been adequate and a positive social impact can be felt by communities as drainage, garbage collection and market booth construction were on each municipality's list of priority activities. The technical and financial management performance has also significantly improved as more of the work is being integrated into the municipalities. Nevertheless, the Grant Fund is still not working as effectively as expected and a substantial amount of the funds available remain undisbursed.

**Lending Information/Disbursement Summary (USD millions, as of June 30 2005)**

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-35490	Effective	38.96	16.18	22.10	0.00
IDA-Q1640	Closed	0.85	0.00	0.00	0.85

Status of Projects in Execution - FY05



**Project Name (ID):** Decentralized Planning and Financing (P001807)

**Country:** Mozambique

**Board Approval Date:** 11/20/2003

**Closing Date:** 06/30/2008

**Loan/Credit/Grant Number:** IDA-H0670, IDA-Q2700, IDA-Q2701

**Sector(s):** Sub-national government administration (30%), Central government administration (30%), Roads and highways (20%), General water, sanitation and flood protection (15%), Other social services (5%)

**Theme(s):** Rural services and infrastructure (P), Decentralization (P), Administrative and civil service reform (P), Rural policies and institutions (P), Participation and civic engagement (P)

### Project Development Objectives:

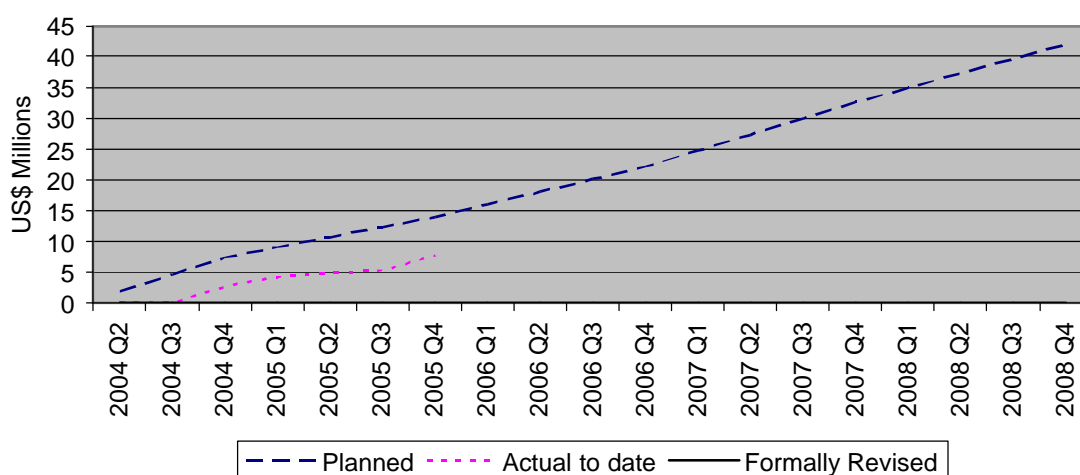
The objective is to improve the institutional capacity of district administrations to plan and manage small infrastructure investments in response to community demand.

### Progress toward achieving development objective(s):

Project objectives are likely to be achieved but the depth and scale of achievement will be uneven across districts. The pace of coverage and implementation is slower than expected, based on start-up difficulties, some unanticipated challenges of working through the government systems and an unclear policy context. However, the design and direction remain appropriate and important for improving local governance capacity, so more effort in the same direction is appropriate.

### Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-H0670	Effective	43.63	7.68	36.01	0.00
IDA-Q2700	Closed	0.78	0.00	0.00	0.78
IDA-Q2701	Closed	1.15	0.00	0.00	1.15



**Project Name (ID):** Mineral Resources Management Capacity Building (P001808)

**Country:** Mozambique

**Board Approval Date:** 03/29/2001

**Midterm Review Date:** 05/18/2004

**Closing Date:** 06/30/2006

**Loan/Credit/Grant Number:** IDA-34860, IDA-Q2650, JPN-25952

**Sector(s):** Central government administration (89%), Mining and other extractive (11%)

**Theme(s):** Regulation and competition policy (P), Other environment and natural resources management (P), Environmental policies and institutions (P), Other financial and private sector development (S)

### Project Development Objectives:

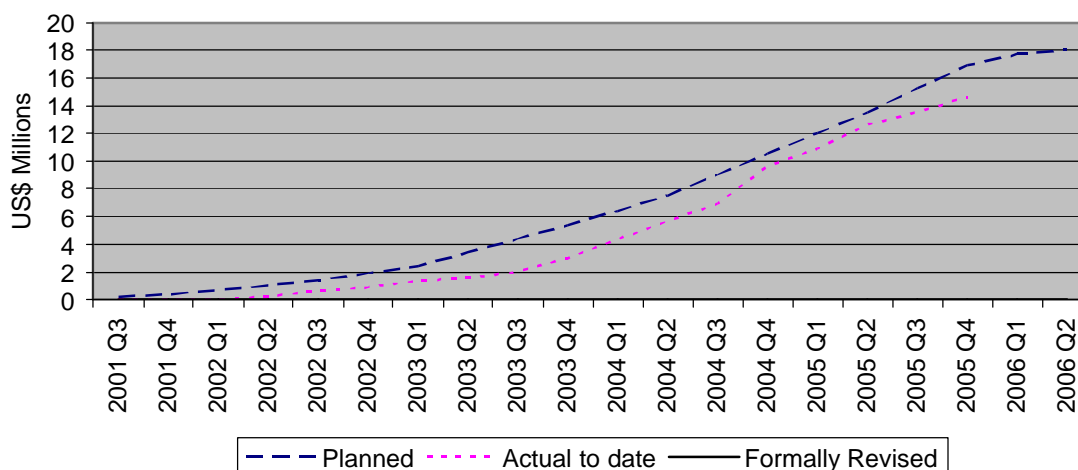
The objective is to provide technical assistance for: (a) institutional development and regulatory reform designed to encourage the expansion of private investment in mining in socially and environmentally sound ways and (b) targeted interventions to alleviate poverty in areas of strong incidence of small-scale and artisan mining.

### Progress toward achieving development objective(s):

Implementation is proceeding as planned, although it is likely that the project will need additional funds and an extension of the closing date to complete the expanded scope of work. Reform of the Legal and regulatory framework is starting to produce results. Mozambique's mining sector continues to attract a substantial level of interest from private investors, reflecting a more attractive investment climate, which includes the development of the Corridor Sands beach sands deposit and Moatise coal feasibility studies by CVRD (Companhia do Vale do Rio Doce) of Brazil. The creation of the Mining Cadastre is a huge success and a model in transparency in the management of natural resources. The goal of receiving 180 new applications in 2004 was achieved. The environmental regulations for the sector have been approved by the Council of Ministers. However, one key piece of legislation is still missing: the fiscal regime for the sector.

### Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-34860	Effective	20.14	14.61	5.33	0.00
IDA-Q2650	Closed	0.50	0.00	0.00	0.50
JPN-25952	Closed	0.38	0.34	0.00	0.04



**Project Name (ID):** Railway and Port Restructuring (P042039)

**Country:** Mozambique

**Board Approval Date:** 10/14/1999

**Midterm Review Date:** 02/07/2003

**Closing Date:** 12/31/2006

**Loan/Credit/Grant Number:** IDA-32880, IDA-Q0960, IDA-Q0961

**Sector(s):** Ports, waterways, and shipping (58%), General public administration (19%), Central government administration (14%), General transportation (9%)

**Theme(s):** Administrative and civil service reform (P), Decentralization (P), Improving labor markets (P), Social safety nets (P), State enterprise/bank restructuring and privatization (P)

**Project Development Objectives:**

The objective is to increase substantially the operating efficiency of the three major port-rail systems and enable them to increase their share of the international freight traffic of neighboring countries.

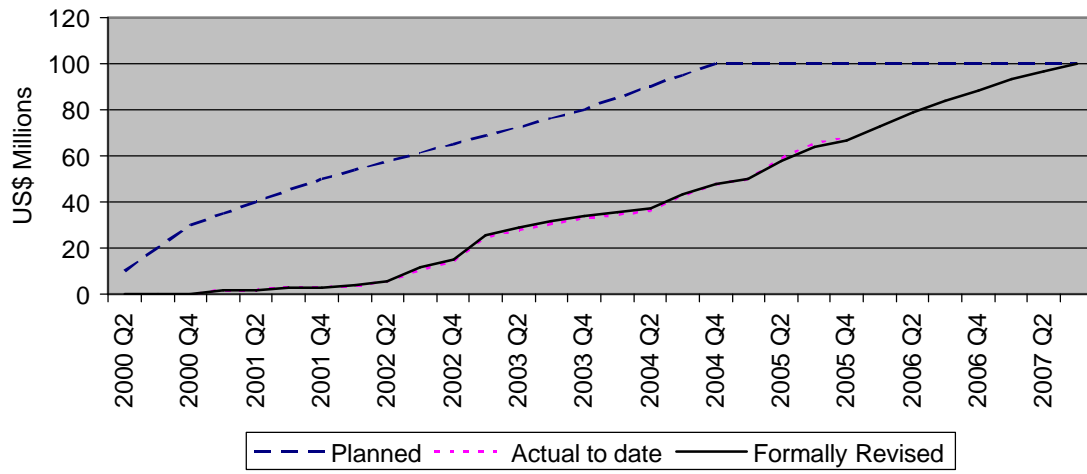
**Progress toward achieving development objective(s):**

Implementation is on track and the objective is most likely to be met. In particular: (a) The concessioning of the three major port-railway systems in the country is progressing well. All the three major ports - Maputo, Beira, and Nacala - and two major railway systems - Beira and Nacala - have already been concessioned and the concessions are operational. Ressano-Garcia part of the Maputo railway system has been concessioned but the operationalization of the concession has been delayed; (b) The retrenchment of surplus staff of Railways and Ports Authority (CFM) is proceeding smoothly, and about 12,500 out of a total of 18,000 staff had have been retrenched; (c) The social mitigation measures for the retrenched staff continue to benefit the staff. About 11,000 staff have been provided individual and group counseling, more than 5000 staff have been provided professional, agricultural, and business training and about 7000 staff have found formal or self employment; and (d) The remaining CFM is being continuously restructured. A unit established for monitoring CFM's financial participation in joint ventures and companies outside of CFM is functioning well. Another Unit is monitoring compliance with safety and environmental requirements in the concession agreements; (e) The transport cost study has been completed and the draft final report is under discussion. The studies for security assessment of Maputo and other major ports have been completed and the recommended actions for making all the ports secure are under implementation.

**Lending Information/Disbursement Summary (USD millions, as of June 30 2005)**

<b>Loan/Credit/Grant</b>	<b>Status</b>	<b>Amount</b>	<b>Disbursed</b>	<b>Undisbursed</b>	<b>Cancellation</b>
IDA-32880	Effective	107.68	67.99	36.62	0.00
IDA-Q0960	Closed	0.60	0.00	0.00	0.60
IDA-Q0961	Closed	0.40	0.00	0.00	0.40

Status of Projects in Execution - FY05



**Project Name (ID):** Second National Water (P052240)

**Country:** Mozambique

**Board Approval Date:** 06/17/1999

**Midterm Review Date:** 10/03/2003

**Closing Date:** 09/30/2007

**Loan/Credit/Grant Number:** IDA-32470, IDA-32471, NETH-23187

**Sector(s):** Water supply (62%), Sub-national government administration (34%), Central government administration (4%)

**Theme(s):** Municipal governance and institution building (P), Regulation and competition policy (P)

### Project Development Objectives:

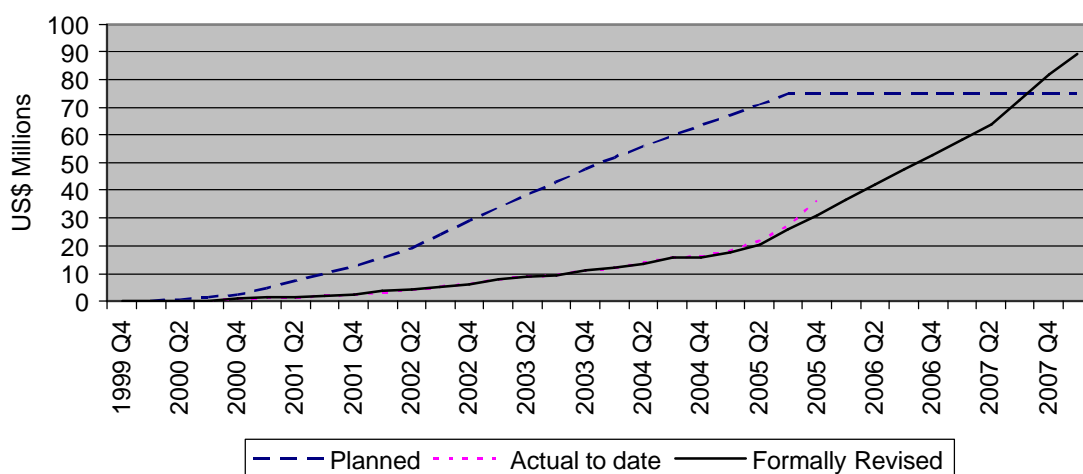
The objective is to improve the quality, reliability and sustainability of water services for the five major cities by promoting greater private sector participation in the provision of these services.

### Progress toward achieving development objective(s):

Utility operations for the five cities are now fully governed by renegotiated contracts with the private operator Aguas de Mozambique (AdeM). There has been improved coordination between FIPAG (Water Supply Assets and Investment Fund) and AdeM, which has resulted in better site management, more efficient implementation, and considerable progress on capital works. Progress is on track to meet objectives for production capacity and number of connections while also improving water quality and service reliability. Under current assumptions, FIPAG continues to require the operating costs support provided under the Credit in order to meet its operating cash requirements. It is expected to show positive cash flow from normal operations from 2006. The rebalancing of the tariff structure in Maputo and other cities will be considered in parallel with the tariff level adjustments to ensure sustainability of FIPAG.

### Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-32470	Effective	80.84	35.32	44.63	0.00
IDA-32471	Effective	14.88	1.02	13.92	0.00
NETH-23187	Closed	10.00	9.27	0.73	0.00



**Project Name (ID):** National Water (P039015)

**Country:** Mozambique

**Board Approval Date:** 02/12/1998

**Midterm Review Date:** 02/01/2001

**Closing Date:** 10/31/2005

**Loan/Credit/Grant Number:** IDA-30390, IDA-P9740, IDA-P9741, JPN-29560

**Sector(s):** Water supply (60%), Central government administration (23%), Sanitation (14%), Sub-national government administration (3%)

**Theme(s):** Access to urban services and housing (P), Rural services and infrastructure (P), Regulation and competition policy (P), Water resources management (P)

**Project Development Objectives:**

The objectives are to: (a) increase the capacity of the institutions in the Borrower's water sector; (b) prepare the urban water supply and sanitation systems of five cities for private sector management; (c) reorient and to reform the management and implementation of rural water supply and sanitation and to improve availability of such services to rural communities; and (d) ensure the sustainable management of water resources.

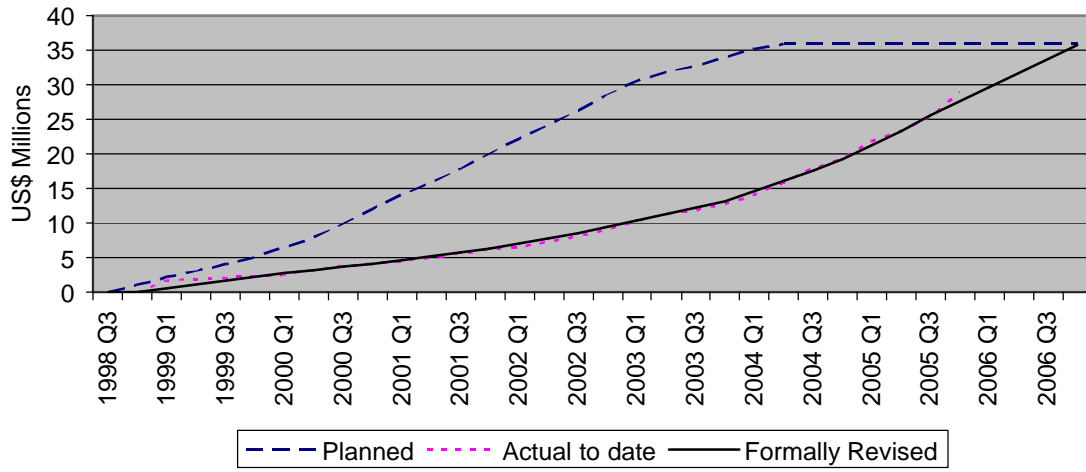
**Progress toward achieving development objective(s):**

The objectives have been largely achieved. Significant progress has been made in building capacity and strengthening ownership in the water sector including establishing the independent regulator and the public investment fund for private operation. Urban water supply systems of 5 cities have been prepared (and implemented) for private sector management and strategic sanitation plans have been prepared for 7 municipalities. The management and implementation of rural water supply and sanitation has been reoriented and reformed with the adoption and implementation of the Rural Water Supply and Sanitation Transition Plan based on a demand led strategy. This has attracted additional donor financing. Management of water resources is being strengthened through participatory policy review and strategy formulation, studies on international rivers and rehabilitation of the Corumana Dam.

**Lending Information/Disbursement Summary (USD millions, as of June 30 2005)**

<b>Loan/Credit/Grant</b>	<b>Status</b>	<b>Amount</b>	<b>Disbursed</b>	<b>Undisbursed</b>	<b>Cancellation</b>
IDA-30390	Effective	38.23	28.86	8.20	0.00
IDA-P9740	Closed	1.50	0.00	0.00	1.50
IDA-P9741	Closed	0.50	0.00	0.00	0.50
JPN-29560	Closed	0.25	0.01	0.00	0.24

Status of Projects in Execution - FY05



**Project Name (ID):** Energy Reform and Access (P069183)

**Country:** Mozambique

**Board Approval Date:** 08/19/2003

**Closing Date:** 12/31/2007

**Loan/Credit/Grant Number:** IDA-38190, IDA-Q3010, JPN-26414, MULT-52650

**Sector(s):** Power (76%), Central government administration (13%), Renewable energy (7%), Health (3%), General education (1%)

**Theme(s):** Rural services and infrastructure (P), Infrastructure services for private sector development (P), Access to urban services and housing (P), Regulation and competition policy (S), Climate change (S)

### Project Development Objectives:

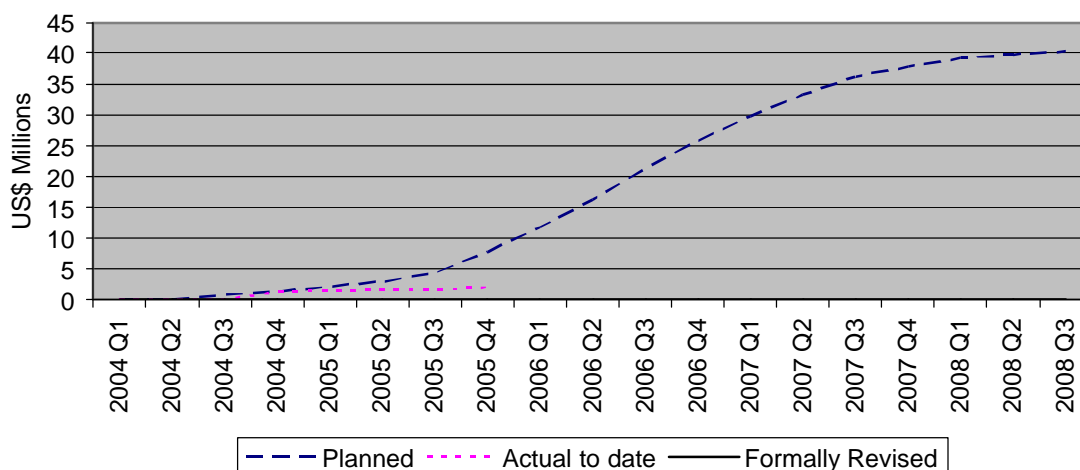
The objectives are: (a) to accelerate, in a commercially viable manner, the use of electricity for economic growth and social services and thus improve the quality of life in un-served and under-served areas; and (b) strengthen Mozambican capacity to increase access to modern energy.

### Progress toward achieving development objective(s):

Detailed design for the grid intensification component to add 40,000 new connections has been completed, and pre-qualification of the contractors is in the final stages. One independent grid under concession to a private company has been operating for about 1 year. Capacity-building, through workshops, training, and study visits, has begun at the Ministry of Energy, FUNAE (Energy Fund), and EdM (Electricidade de Moçambique). A workshop on the role and functions of CNELEC (National Electricity Council) took place in April 2005. The Government has announced that it is re-thinking the strategy for reforming EdM. This is likely to mean a shift from the earlier plan for private participation in EdM Distribution, to an approach focused on improving performance and efficiency without private participation, at least in the near-term. However, the Government remains committed to bringing private participation into other aspects of the sector, including generation and transmission.

### Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-38190	Effective	43.34	1.81	41.54	0.00
IDA-Q3010	Closed	0.60	0.00	0.00	0.60
JPN-26414	Closed	0.19	0.00	0.00	0.19
MULT-52650	Effective	3.09	0.19	2.90	0.00



**Project Name (ID):** Higher Education (P069824)

**Country:** Mozambique

**Board Approval Date:** 03/07/2002

**Midterm Review Date:** 11/08/2004

**Closing Date:** 05/31/2007

**Loan/Credit/Grant Number:** IDA-36090, IDA-Q3030, JPN-26224

**Sector(s):** Tertiary education (45%), Vocational training (45%), Central government administration (10%)

**Theme(s):** Education for all (P), Education for the knowledge economy (P), Gender (S), Administrative and civil service reform (S), HIV/AIDS (S)

**Project Development Objectives:**

The objective is to: (a) enhance the internal efficiency and expand the output of graduates; (b) improve equitable access; and (c) improve the quality of the teaching learning process and the relevance of the curriculum.

**Progress toward achieving development objective(s):**

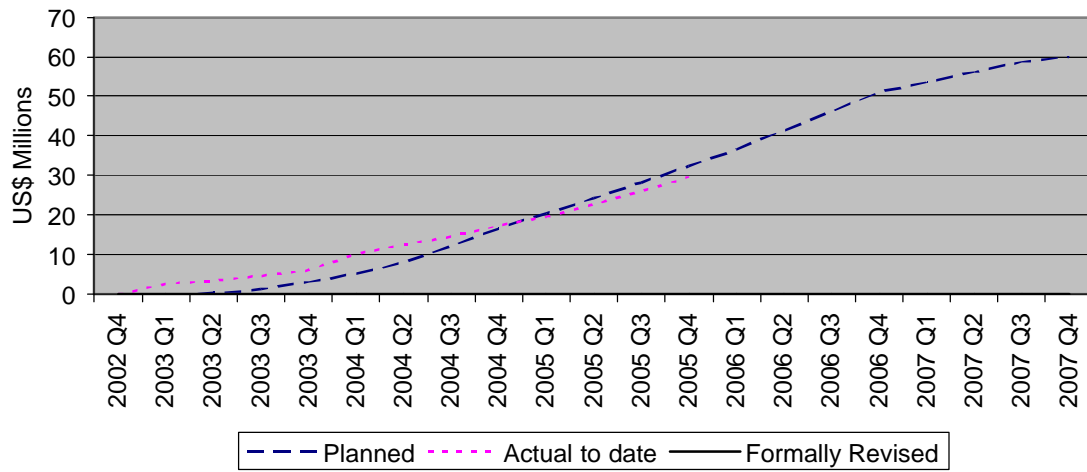
The objectives and targets have surpassed what was planned. Most reforms have been implemented and the impact has been considerable in the last year alone. From the academic year 2002/2003, the number of graduates was 1,409, which exceeded the target of 1,000 for 2004 and already approaches the end-of-project (EOP) target of 1,500. Good progress has been made in the area of curriculum reform introduced in most areas, with a shortening of the licenciatura degree and the introduction of Bachelors of Arts degrees. The indicator for the improvement in the internal efficiency (total admissions/total enrollments) in public universities has already surpassed the target set of 18.3% by the EOP period in 2006. The observation of 34% for academic year 2002/2003 reflects that many students in the system--similar to those of the Universidade Pedagogical (UP) or Pedagogical University--graduated with fewer years of study. With the change in the graduation requirements, more students are now enrolling in the shorter degree programs.

Teaching-learning process, new degree program and curriculum: This process has been very successful in most institutions, and a new curriculum and degree program are currently being implemented or will be introduced shortly. Equitable access has also increased and the poorest and most underserved provinces are now benefiting from the scholarship program. The original target for improving equitable access from the North and Center continues to be desirable, but it is less realistic if viewed against actual access to upper secondary education in these regions.

**Lending Information/Disbursement Summary (USD millions, as of June 30 2005)**

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-36090	Effective	68.73	29.62	38.71	0.00
IDA-Q3030	Closed	0.50	0.00	0.00	0.50
JPN-26224	Closed	0.55	0.51	0.00	0.03

Status of Projects in Execution - FY05



**Project Name (ID):** Coastal and Marine Biodiversity Management (P070305)

**Country:** Mozambique

**Board Approval Date:** 06/01/2000

**Midterm Review Date:** 04/21/2003

**Closing Date:** 06/30/2007

**Loan/Credit/Grant Number:** IDA-33660

**Sector(s):** Sub-national government administration (47%), Other domestic and international trade (33%), General education (10%), Other social services (8%), General agriculture, fishing, and forestry (2%)

**Theme(s):** Biodiversity (P), Environmental policies and institutions (P), Water resources management (P), Export development and competitiveness (S), Participation and civic engagement (S)

### Project Development Objectives:

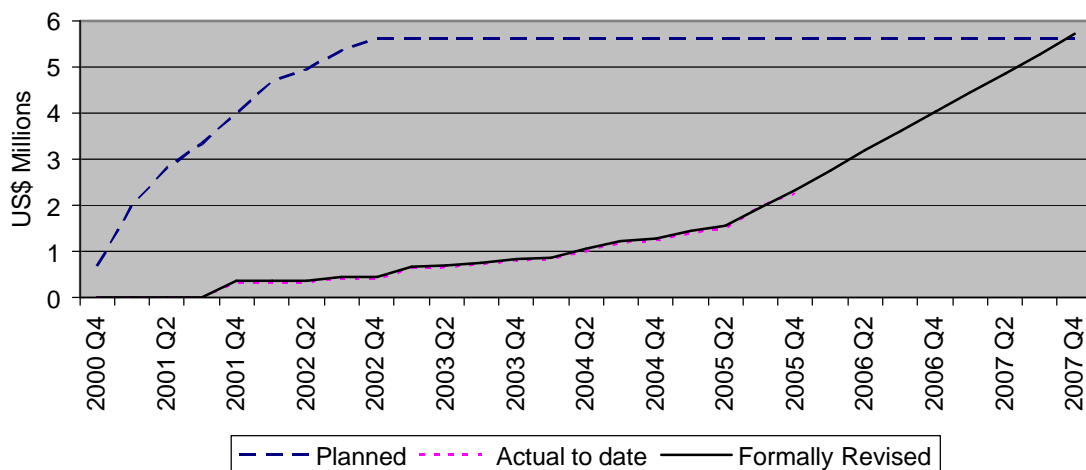
The objective is to promote an approach toward sustainable economic development of marine and coastal resources.

### Progress toward achieving development objective(s):

The project is progressing towards achieving the development objectives, following the restructuring of project activities at the mid-term review. The macro-zoning or the Spatial Development Plan (SDP) for the target areas in the four districts has been completed, and two new conservation areas have been identified as a result of the on-going construction of the research and education center in Cabo Delgado. A number of awareness raising and training activities were carried out in the two provinces.

### Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-33660	Effective	6.13	2.29	3.77	0.00



**Project Name (ID):** Public Sector Reform (P072080)  
**Country:** Mozambique  
**Board Approval Date:** 03/18/2003  
**Closing Date:** 06/30/2006  
**Loan/Credit/Grant Number:** IDA-H0240, IDA-Q3130, JPN-26715  
**Sector(s):** Central government administration (100%)  
**Theme(s):** Other accountability/anti-corruption (P), Decentralization (P), Public expenditure, financial management, and procurement (P), Administrative and civil service reform (P)

**Project Development Objectives:**

The objective of the project is to restructure the public service for decentralized service delivery, professionalize the public service, and to improve governance.

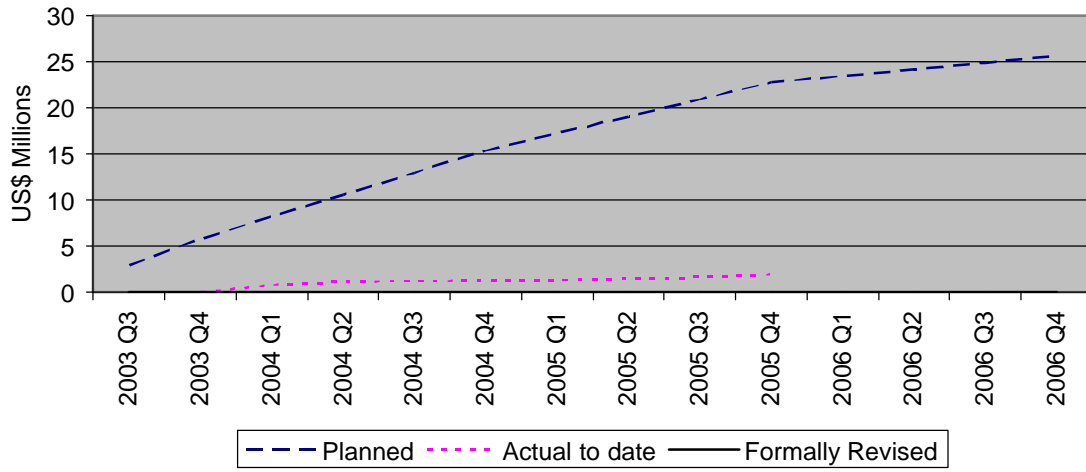
**Progress toward achieving development objective(s):**

Progress has been very slow as reflected by the low disbursement ratio (only about 8 percent). The target of completion and approval of functional reviews for the restructuring of six ministries for 2004 has only partially been met with only two completed; the other reviews are awaiting approval by Cabinet. Some progress has been made on the implementation of the Quick Wins program: Conditions have been created to revise the process of issuing identity cards; reengineering the pensions' system; a new decree on commercial licensing, decentralizing more authority to the provinces, was approved by the Government. The process of digitalizing the land registry has begun as well as the use of information technology in the System of Commercial Licensing. Preparatory activities have been undertaken for the elaboration of a Medium Term Pay Policy. Other preparatory actions include the completion of the pay reform study and initiation of a study of the integration of various personnel databases and work on the career remuneration system. Good progress was made on the public administration training program with significant training and capacity building conducted in 2004/2005. The public finance and procurement reforms are well on course and have met most relevant targets. The national study on good governance, corruption and provision of services was completed, but has not yet been disseminated. The change management network and training program was launched in the first half of 2004. Further work in this area is required to ensure the consolidation of the change management process in the ministries, district and provincial administration in support of the restructuring process will be essential to develop ownership and the required culture change for implementation of service delivery.

**Lending Information/Disbursement Summary (USD millions, as of June 30 2005)**

<b>Loan/Credit/Grant</b>	<b>Status</b>	<b>Amount</b>	<b>Disbursed</b>	<b>Undisbursed</b>	<b>Cancellation</b>
IDA-H0240	Effective	28.31	1.94	26.32	0.00
IDA-Q3130	Closed	0.60	0.00	0.00	0.60
JPN-26715	Closed	0.35	0.35	0.00	0.00

Status of Projects in Execution - FY05



**Project Name (ID):** Communication Sector Reform (P073479)  
**Country:** Mozambique  
**Board Approval Date:** 11/27/2001  
**Midterm Review Date:** 05/02/2005  
**Closing Date:** 06/30/2006  
**Loan/Credit/Grant Number:** IDA-35770, IDA-Q2600, IDA-Q2601  
**Sector(s):** Telecommunications (40%), Aviation (36%), Postal services (24%)  
**Theme(s):** Infrastructure services for private sector development (P), Regulation and competition policy (P)

**Project Development Objectives:**

The objectives are to improve access to and quality of efficient and affordable communications services by creating an enabling environment for competition and private participation in sectors deemed critical to facilitate national and regional market integration, i.e., telecommunications, postal and air transport infrastructure and services.

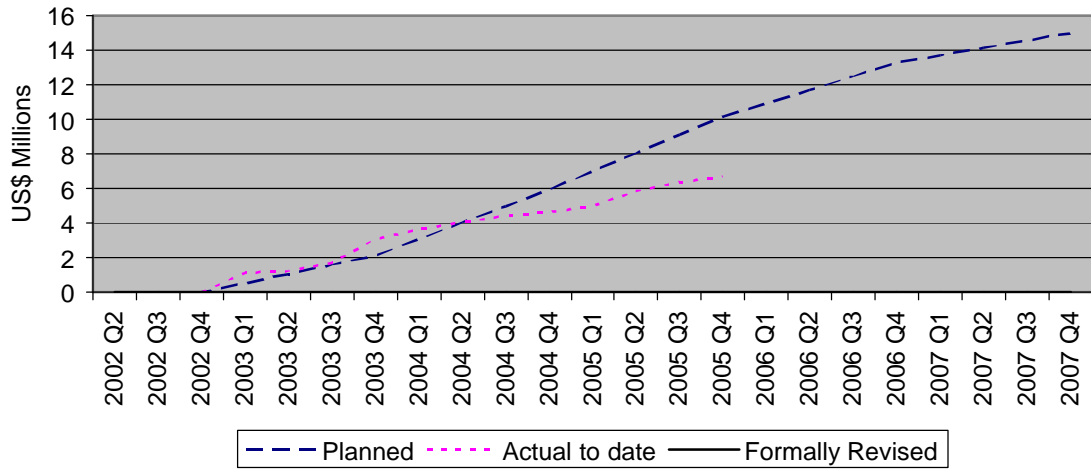
**Progress toward achieving development objective(s):**

In the area of telecommunications, the results in the first two years of implementation have been encouraging. Key developments include: (a) Enactment of a new telecommunications law (Law 8/2004 of July 21st 2004), as well as key regulatory decrees on interconnection and licensing providing the basis for an improved policy and regulatory framework for telecommunications, and based on a competitive market structure; (b) Establishment of an independent regulator and strengthened regulatory capacity; (c) Introduction of competition in mobile telephony, resulting in substantially increased access to telecom services, reduced domestic and international telecommunications prices and overall improved quality of service; (d) A rapid increase in the number of mobile subscribers to around 1 million as of May 2005; and (e) An increase in total tele-density to 5.5% surpassing projections by a factor of 3. With regard to air transport, the principal achievements associated with the Project to date have been: (a) Establishment of an independent civil aviation regulatory authority and implementation of a comprehensive capacity-building program; (b) Completion of due diligence for concessioning of Maputo Airport; and (c) Preparation of a comprehensive restructuring/business plan for Lineas Aereas do Mozambique (LAM).

**Lending Information/Disbursement Summary (USD millions, as of June 30 2005)**

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-35770	Effective	16.93	6.72	10.03	0.00
IDA-Q2600	Closed	0.60	0.00	0.00	0.60
IDA-Q2601	Closed	0.60	0.00	0.00	0.60

Status of Projects in Execution - FY05



**Project Name (ID):** HIV/AIDS Response (P078053)  
**Country:** Mozambique  
**Board Approval Date:** 03/28/2003  
**Closing Date:** 12/31/2008  
**Loan/Credit/Grant Number:** IDA-H0300, IDA-Q3400  
**Sector(s):** Health (40%), Other social services (35%), Central government administration (20%), Sub-national government administration (5%)  
**Theme(s):** HIV/AIDS (P), Population and reproductive health (P), Participation and civic engagement (S), Social safety nets (S), Gender (S)

### Project Development Objectives:

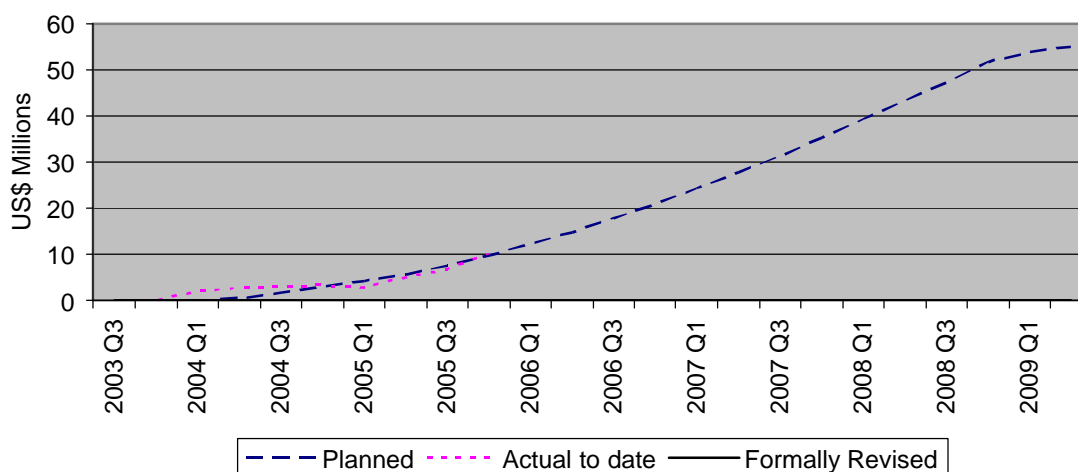
The objective is to improve institutional capacity for planning, delivery and monitoring of HIV/AIDS response interventions to decrease the growth of the infection rate.

### Progress toward achieving development objective(s):

The project is progressing slowly towards achieving the development objectives. The overall second National Strategic Plan for HIV/AIDS was finally approved in November, 2004. Actual implementation only started to pick up after the new government was installed and reaffirmed its active stance towards the National Response on HIV/AIDS. Implementation has accelerated: 1124 civil society grants were approved for a total of US\$13.25 million, financed from a variety of sources. About 600 of these, for a value of about US\$10 million, have started implementation. The management contract for the private sector component was signed in February 2005, and the formal launch took place, and 20 projects have been approved. Despite weak implementation performance, the project is expected to achieve most of its development objectives by the close of the project.

### Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-H0300	Effective	60.70	10.06	50.71	0.00
IDA-Q3400	Closed	0.88	0.00	0.00	0.88



**Project Name (ID):** Beira Railway (P082618)

**Country:** Mozambique

**Board Approval Date:** 10/14/2004

**Closing Date:** 06/30/2010

**Loan/Credit/Grant Number:** IDA-39910

**Sector(s):** Railways (100%)

**Theme(s):** Trade facilitation and market access (P), Infrastructure services for private sector development (S), Regional integration (S)

### Project Development Objectives:

The project objectives are to: (i) make cost effective and efficient transport available for the freight and passenger traffic in the Zambezi valley to accelerate economic growth and reduce poverty in the sub-region; (ii) increase international traffic through the Beira Railway System; and (iii) ensure the operational, managerial and financial sustainability of the Beira Railway System.

### Progress toward achieving development objective(s):

The project has made good progress since it became effective on March 16, 2005. In particular: (a) The operation of the Machipanda line is proceeding smoothly, albeit, revenue has declined due to the deteriorating economy of Zimbabwe; (b) Tenders for supply of various materials as per the procurement plan have been issued and these contracts are expected to be finalized by end October 2005; (c) Notice for pre-qualification of contractors for the Sena line is out; (d) The selection of consultants as Independent Supervision Engineer has advanced; and (d) discussions with the Moatize Coal mine Concessionaire (CVRD) from Brazil on the use of Sena Line for coal transport are on going. However, de-mining of the project site is proceeding slower than planned, and, therefore, to accelerate the process, the Bank has agreed in principle for use of additional resources, \$400,000, from the proceeds of the Credit to augment Railways and Ports Authority's (CFM) resources. Also, while the Government has signed the Fiscal and Investment contract with the Concessionaire (CCFB), the Procedure Order for implementation of its VAT provisions has yet to be issued. This is being pursued with the Ministry of Finance and CFM.

### Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-39910	Effective	110.31	0.00	110.31	0.00

