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**MOZAMBIQUE**  
**STRATEGIC PROGRAM FOR CLIMATE RESILIENCE (SPCR)**

**JOINT MDB IMPLEMENTATION MISSION**  
**19-30 September 2011**  
**Aide-Memoire**

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**INTRODUCTION**

1. A joint mission comprising representatives of the International Development Association (IDA), African Development Bank (AfDB) and International Finance Corporation (IFC) visited Mozambique from 19-30 September<sup>1</sup>. The purpose of the mission was to provide guidance to Government of Mozambique (GoM) for start-up and early implementation of the Strategic Program on Climate Resilience (SPCR), endorsed by the PPCR sub-committee in June 2011. Specific objectives of the mission were to (i) Review an updated SPCR document and results framework prepared by GoM in response to feedback from the independent peer reviewer and PPCR sub-committee, (ii) Discuss the SPCR draft work plan and procurement plan, (iii) Discuss planning for detailed design of pilot investment project teams, and (iv) advance discussions on a proposed Climate Change Development Policy Operation (DPO).
2. In Maputo, the mission held de-briefing meetings with the H.E. Ana Paulo Chichava, Vice Minister, Ministry for Coordination of Environmental Affairs (MICOA). The mission also paid courtesy calls on Mr. Momad Piaraly Juta, National Director, Directorate of Planning and held discussions with key officials in the Roads Fund and Administration, the Institute of Disaster Management (INGC), Public Works and Housing (MPOH), and Agriculture (MINAG) National Meteorological Institute (INAM), and the National Water Department (DNA). Discussions were also held with the UK Department for International Development, the Nordic Development Fund (NDF) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). The AfDB team also visited the districts of Mabalane, Guija and Chongoene and held discussions with various stakeholders and potential project beneficiaries. The list of key officials met is presented in Annex 2.

**CONTEXT**

3. The grant agreement for preparation of the SPCR (hereafter referred to as 'Phase 1 funding') was signed in February 2011 (Grant number TF098872) and provides US\$1.5 million of support for studies, workshops and capacity-building. Mozambique presented its SPCR document to the PPCR sub-committee of the Climate Investment Funds (CIF) in June 2011 and received endorsement for \$86 million of loan and grant funds from the CIF. This figure was \$16 million less than anticipated at plan submission and will therefore require the GoM

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<sup>1</sup> The mission comprised Jean-Christophe Carret (Senior Environmental Economist, AFTEN, World Bank), Ross Hughes (Consultant, World Bank), Vanessa Almeida Lopes (Program analyst, World Bank); Olagoke Oladapo (Principal Agro Economist, AfDB), Cesar Tique (Agriculture Expert, MZFO/AfDB), Henrik Franklin (Country Program Officer, MZFO/AfDB), Paxina Chileshe (Natural Resources Mgt Specialist, AfDB), Yolanda Arcelina (Social Development Specialist, MZFO/AfDB); and Anthony Mills.

to make some choices on pilot investment projects if alternate sources of financing cannot be identified.

4. This is the first joint MDB mission following this endorsement and comes at a time when GoM is planning start-up and implementation of Phase 2 activities in parallel with ongoing Phase 1 support. GoM has also been in discussions with World Bank on a proposed IDA Development Policy Operation (DPO) for climate change and the mission provided an opportunity for initiating discussions on possible policy actions for consideration in DPO design.

## OVERALL ASSESSMENT

5. The mission noted the commendation of the PPCR sub-committee at the CIF meeting which rated the Mozambique's SPCR as detailed and well documented and thus congratulated the GoM for the strong presentation of the plan at the PPCR sub-committee meeting in Cape Town. The mission noted that two climate change coordinators have now been appointed in accordance with the Phase 1 grant agreement -one from MPD and one from MICOA and also noted the close cooperation between MPD and MICOA on the climate change agenda.

## ASSESSMENT OF PHASE 1 PREPARATION

6. **Phase 1 Preparation Grant:** The mission noted that the bank account for receiving Phase 1 funds has now been opened and can now receive the first tranche of Phase 1 funds in accordance with the grant agreement. The mission reviewed the draft work plan and procurement plan for Phase 1 activities to ensure this complies fully with PPCR financing guidelines. **It was agreed** this would be submitted for review with a request to issue a no objection by 14 October. **It was also agreed** that MPD will submit a request to extend the grant agreement by 18 months by 31 October to enable completion of Phase 1 activities in parallel with Phase 2 implementation.
  - i. **Phase 1 studies:** The mission reviewed and discussed the terms of reference for the social and environmental impact assessment (SESIA) and the weather-based insurance study for the Limpopo. It was clarified that appropriate adjustments were then agreed to the ToR to reflect this clarification.
  - ii. The weather-based insurance study in the Limpopo would come from funds earmarked for preparatory studies for the Limpopo and that this would be pursued in close collaboration with ongoing product development for a private-sector weather-based index insurance mechanism, funded by the Global Index Insurance Facility (GIIF) of the IFC.
  - iii. Capacity-building and the analysis of institutional issues will be integrated fully with Phase 1 studies in the SPCR focal areas and are not intended for 'stand alone' use.
  - iv. Funding allocations for Phase 1 agreed previously between the MDBs and GoM will remain in place unless by common agreement between GoM and the MDBs. After review of the work plan and procurement plan, **it was agreed that** at this stage, there would be no changes to the Phase 1 budget allocation.

7. **SPCR document update:** The mission reviewed GoM's progress in updating the SPCR document to reflect feedback from the independent peer review process and PPCR sub-committee. It was noted that the adjustments were made in accordance with this feedback and that a draft results framework had been developed. The latter is awaiting completion of inputs from the MDBs on project level indicators. It was noted that the results framework will be a living document and will need periodic review and adjustment in particular following detailed design of the programmatic monitoring and evaluation framework. **It was agreed that** GoM would circulate the results framework for technical review to the CIF secretariat by 14 October and then submit an updated version of the SPCR that includes the results framework by 21 October.

## **ASSESSMENT OF PHASE 2 PLANNING**

8. The mission provided an opportunity for MPD and MICOA to discuss the current status of planning of the pilot investment projects with each of the MDBs, project teams and national counterparts. The following provides a brief overview of those discussions (in the order followed by the SPCR document):
  - i. *Roads and bridges maintenance and management (APL-3) project* - terms of reference for mapping unpaved roads, identifying options for climate resilient road design, bridge and repair techniques are now at draft stage. The project will integrate climate resilience into the third phase of this Adaptable Project Loan– the scope of it could cover up to 1000km of unpaved roads in the Zambezi valley. Board presentation scheduled for 2013.
  - ii. *Coastal cities and climate change* – additional funding from PPCR is likely to focus on improving the climate resilience of urban drainage systems to cope with a predicted increase in the intensity of rainfall events. Since initial concept identification, the Government of Switzerland have signed a grant agreement to protect the coastal infrastructure in Beira city previously included in concept design and NDF are exploring possible parallel co-financing for capacity-building for flood control and sanitation planning (also including Nacala). Board submission of the coastal cities project is scheduled for early 2012. The PPCR component will be prepared as an additional financing and will be presented to board late 2012.
  - iii. *Transforming hydro-meteorological services:* PPCR funding will provide additional financing for the National Water Resources Development Project (approved by World Bank board September 2011) to renovate hydro-meteorological systems to reduce climate risks in the Zambezi valley. A scoping mission supported by the Global Facility for Disaster Risk Reduction (GFDRR) will visit Mozambique late November to take stock of existing hydro-meteorological services and develop terms of reference for detailed design of this component of the project [add indicative date for board].
  - iv. *Sustainable Land & Water Resources Management and Enhancing Climate Resilient Agricultural Production and Food Security.* The preparation of these two projects commenced during the joint mission. Meetings were held with MINAG and ARA SUL; the main agencies identified for

the implementation, to further scope the projects and prioritize activities to be included in the project. Site visits to Gaza province were conducted immediately after the joint mission. Extensive consultations were also held with Provincial authorities in preparation for the appraisal of these two projects. The projects are expected to be appraised in February and submitted to the PPCR Sub Committee by June 2012 for approval.

- v. *Forest management projects* in Niassa, Pemba and Gorongosa were visited by IFC in July 2011. All three of these projects were assessed to be viable and the development of the projects is ongoing. There is currently a significant shortfall in financing for all these projects and so IFC is exploring alternative loan finance. If no additional loan finance is sourced, then some projects will be put on hold. The bank credit line project is ongoing. Standard Bank has expressed interest in this project and discussions are being held with the bank management.
- vi. *Technical assistance*: MICOA and MPD emphasized the importance of mobilizing technical assistance provided for in the SPCR as quickly as possible – given the scale and complexity of the SPCR. All MDBs agree with this request and note that detailed design of the DPO will also require technical assistance support. Design of the TA project will require prior review by the PPCR sub-committee before submission to the World Bank board in accordance with standard PPCR procedures and efforts will be made to ‘fast-track’ this process. **It was agreed that** the World Bank would prepare a draft concept paper for the technical assistance project by 30 November, 2011.
- vii. IFC is also seeking an additional US\$1 million of grant financing to contract external technical experts to support implementation of IFC-supported pilot investments. It was agreed that IFC will prepare a note justifying this additional \$1 million grant and send it to GoM for comments before 30 November
- viii. *Development Policy Operation*: World Bank has initiated discussions with MPD and MICOA on the proposed DPO operation to provide direct budget support for climate change, covering adaptation, disaster risk reduction and mitigation. GoM have indicated that this might comprise two cycles of \$50 million of IDA financing. Work is now underway on a concept note to inform further discussions on possible policy actions for inclusion in DPO design. The mission noted GoM’s strong support for the DPO and also welcomed the strong emphasis placed on integrating budget support for the GoM budget planning process. GoM also indicated it would like to see a strong focus on harmonization – particularly integration of policy actions with those included in the PARPA and G19 budget support policy matrix. Detailed policy dialogue and design of the DPO is likely to start in early 2012. **It was agreed that** World Bank would submit a draft concept note for DPO support to GoM by November 30.

**AGREEMENTS REACHED**

<b>Agreement reached</b>	<b>Timeline</b>	<b>Responsible entity</b>
Workplan and procurement plan to be submitted for review and no objection by	14 October	GoM (MPD)
Submit the results framework for technical review to the CIF secretariat	14 October	GoM (MICOA)
Submit the updated version of the SPCR including the results framework to the CIF Secretariat.	21 October	GoM (MICOA)
Submit a request to extend the grant agreement.	31 October	GoM (MPD)
Submit the draft concept paper for technical assistance	30 November	World Bank
Submit draft concept note for DPO support	30 November	World Bank

**Annex 1: List of Persons Met**

	<b>Name</b>	<b>Organization</b>	<b>Email</b>
1	Emelia Tembe	ANE	<a href="mailto:etembe@ane.gov.mz">etembe@ane.gov.mz</a>
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4	Edgar Chongo	Ara Sul	
5	Vasco Munguambe	Ara Sul	
6	Erasmus	Austria Fund	
7	Edmundo Almeida	Directorate of Agua	
8	Egidio Govate	DNA	egovate@dnaguas.gov.mz
9	Giancarlo	European Union	
10	Lorenz Peterson	German Development Cooperation (GIZ)	<a href="mailto:Lorenz.Petersen@giz.de">Lorenz.Petersen@giz.de</a>
11	Aurelio Nhabetse	Head of Irrigation Department, Ministry of Agriculture	
12	Custodio Mucavel	IFAD	
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16	Manual Maxlhaieie	INGC	
17	Teresa Pinto	INGC	
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22	Marcelo Raul Chaquisse	Ministry of Agriculture	
23	Mohamed Vala	Ministry of Agriculture	

24	Ester dos Santos	MPD	
25	Isomina Momola	MPD	
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27	Xavier Chavana	MPD	xchavana@gmail.com
28	Aage Jorgensen	Nordic Development Fund (NDF)	<a href="mailto:Aage.jorgensen@ndf.fi">Aage.jorgensen@ndf.fi</a>
29	Andre Langa	Provincial Directorate of Agriculture of Gaza	
30	Fernanda Gomes	Research Institute (IIAM)	
31	Manuel Amane	Research Institute (IIAM)	
32	David Geilinger	Roads Fund (RF)	<a href="mailto:david@fe.gov.mz">david@fe.gov.mz</a>
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34	Lourenco Venica	Roads Fund (RF)	<a href="mailto:venica@fe.gov.mz">venica@fe.gov.mz</a>
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36	Daniel De Sousa	World Bank	
37	Jose Chembeze	World Bank	<a href="mailto:jchembeze@worldbank.org">jchembeze@worldbank.org</a>
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