

## Report on Quality at Entry and Next Steps to Complete Design for the World Bank funded Mozambique Water Services and Institutional Support Project

<b>A: AidWorks details</b> <i>completed by Activity Manager</i>			
<b>Initiative Name:</b>	TBA		
<b>AidWorks ID:</b>	TBA	<b>Total Amount:</b>	<b>\$17.25 million</b>
<b>Start Date:</b>	May 2010	<b>End Date:</b>	30 June 2011

<b>B: Appraisal Peer Review meeting details</b> <i>completed by Activity Manager</i>	
<b>Initial ratings prepared by:</b>	Jim Catchlove Ross Kearton
<b>Meeting date:</b>	10 February 2010
<b>Chair:</b>	Jamie Isbister, ADG, Africa, Humanitarian and Peace Building Branch
<b>Peer reviewers providing formal comment &amp; ratings:</b>	Jim Catchlove, Procurements and Agreements section, AusAID Ross Kearton, Water Supply Design Engineer, Cardno Acil
<b>Independent Appraiser:</b>	Ross Kearton, Water Supply and Design Engineer, Cardno Acil
<b>Other peer review participants:</b>	<p>Alan Coulthart, Principle Infrastructure Adviser  Rachel Kelleher, Infrastructure, Water &amp; Sanitation Section  Kirsty McNicol, Director, Infrastructure, Water &amp; Sanitation Section  Laurence McCulloch, Working in Partner Systems Unit  Gillian Brown, Principal Gender Adviser  Percy Stanley, Counsellor, Pretoria Post  Peter Duncan-Jones - Maputo  Jason Court, Pretoria Post  Matt Kellam, Africa Section  Clare Hanley, Africa Section</p> <p><b>Apologies:</b>  Pat Duggan, A/g Director, Africa Section  Nic Notarpietro, Quality and Performance Management Section  Matthew Fehre, Working in Partner Systems  Gina De Pretto, Development Banks Section  Marcus Howard, Infrastructure Adviser  Elena Down, Disability Inclusive Development  Kathleen Burke, Development Banks Section  Anne Joselin, Infrastructure, Water &amp; Sanitation Section</p>

C: Quality Rating Assessment against indicators <i>completed by Activity Manager / Peer Reviewers / Independent Appraiser</i>			
Quality	Rating (1-6) *	Comments to support rating	Required Action (if needed)
1. Clear objectives	5	<p>Objectives of the project are articulated in the DSID and the supporting Project Paper however the specific objective of the additional financing could be made clearer.</p> <p>The objectives are in line with the goals of the Africa Water and Sanitation Program and will contribute to the achievement of MDG 7. The objectives are clear and measurable but the timeframe for completion is until 2012 rather than the completion of AWSP funding in June 2011. It may be difficult to achieve the institutional objectives by June 2011.</p> <p>The project assists the Government of Mozambique to implement its national water plan. There is clear support from the Government of Mozambique for the project.</p>	Clearly state the objectives of the additional financing in the DSID
2. Monitoring and Evaluation	5	<p>The monitoring and evaluation framework appears sound. It is not overly complex, but could have a greater emphasis on monitoring the effectiveness of institutional arrangements.</p> <p>Quarterly reports will be provided to the World Bank covering progress on outcome indicators, progress on procurement and a review of financial operations. In addition, AusAID and the World Bank will undertake six-monthly reviews.</p> <p>Monitoring will be undertaken by the regulatory authority (CRA) with support from the WASIS program. This will build the capacity of local monitoring systems.</p>	
3. Sustainability	4	<p>Stakeholder ownership is strong. The proposed institutional arrangements mirror the DMF approach that has been successfully implemented in larger cities and is supported by GoM and other donors.</p> <p>The project levers off substantial investments by other development agencies (including World Bank and Millennium Challenge Corporation) allowing continuation beyond AusAID's investment.</p> <p>This is a pilot approach which may require modification during and after implementation to deliver a sustainable outcome – this needs to be acknowledged.</p> <p>Sustainability of the project will depend largely on cost recovery and the willingness of users to pay for the service. This is a risk. Projected water consumption of 40L/cap/d also appears quite low (<i>this was discussed in depth at the peer review – see comments in Section E below</i>).</p>	

C: Quality Rating Assessment against indicators <i>completed by Activity Manager / Peer Reviewers / Independent Appraiser</i>			
4. Implementation & Risk Management	5	<p>Implementation arrangements are strong provided that adequate support is available for the asset management organisation (AIAS) and the Provincial Water Boards.</p> <p>Implementation arrangements are well aligned with other donors and involve local agencies.</p> <p>The primary risk is the failure of the DMF approach in the small cities and towns. These are pilot schemes for this approach so even if not completely successful, important lessons will be learned for the future roll-out of the DMF in other towns. The short timeframe for implementation may limit the ability of the project to adjust should the DMF approach not be easily transferable.</p> <p>The main risks and plans to prevent or mitigate them have been identified.</p> <p>Quality control mechanisms appear sound. Physical works will be supervised by consultants appointed under WB procurement procedures. Water service providers will be supported by capacity building consultants and the Brazilian association of Water Companies will support the national water sector training establishment.</p>	
5. Analysis and lessons	5	<p>Adequate analysis has been undertaken with good consideration of lessons learned (although these could be better documented in the DSID).</p> <p>A gender analysis and strategy has been prepared by consultants funded by AusAID and environmental and social implications have been considered. Anti-corruption issues have been identified. No consideration given to child protection or people with disabilities.</p> <p>Program logic is sound although it may be difficult to complete the objectives within the timeframe for the AWSP funding.</p> <p>The analysis does take into account the critical role of partnerships - the role of FIPAG and CRA is identified as critical in providing support to AIAS and the PWBs. Capacity building from the WASIS project for the provincial and district agencies will also be essential.</p> <p>The rationale for AusAID's participation is strong.</p>	<p>Incorporate consideration of people with disabilities into the DSID.</p> <p>Consider contingencies in the event the project is delayed and not completed within the AWSP timeframe (<i>once the design is finalised</i>).</p>

* Definitions of the Rating Scale:			
Satisfactory (4, 5 and 6)		Less than satisfactory (1, 2 and 3)	
6	Very high quality; needs ongoing management & monitoring only	3	Less than adequate quality; needs to be improved in core areas
5	Good quality; needs minor work to improve in some areas	2	Poor quality; needs major work to improve
4	Adequate quality; needs some work to improve	1	Very poor quality; needs major overhaul

D: Next Steps <i>completed by Activity Manager after agreement at the Appraisal Peer Review meeting</i>		
Provide information on all steps required to finalise the design based on <i>Required Actions</i> in "C" above, and additional actions identified in the peer review meeting	Who is responsible	Date to be done
1. Revise the DSID to clearly state the objectives of AusAID's additional financing of the WASIS project.	Alan Coulthart	19/02/2010
2. Revise the DSID to incorporate consideration of people with disabilities.	Alan Coulthart	19/02/2010

<p><b>E: Other comments or issues</b> <i>completed by Activity Manager after agreement at the APR meeting</i></p> <p>Cost recovery to ensure sustainability of the project and the projected low water consumption of 40L/cap/d was discussed at the peer review meeting. The answers provided satisfied the appraisers so no further required actions are included in the QAE. The key points of the discussion were:</p> <ul style="list-style-type: none"> <li>• This is a key risk and has been mitigated by designing a water service that is suitable to the local conditions. By planning for a low level of water consumption the infrastructure costs can be kept down to reduce household costs.</li> <li>• Communities will be consulted throughout the design phase to ensure the water services adequately meet their needs and to raise awareness of the new service.</li> <li>• Subsidies will be provided (by the World Bank) during a transitional period to encourage new consumers to use the new water system and increase cost recovery.</li> </ul> <p>Written comments were provided from the Working in Partner Systems Unit confirming that from their perspective the overall fiduciary risk is low to moderate and appropriate fiduciary risk measures are in place.</p>
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<p><b>F: Approval</b> <i>completed by ADG or Minister-Counsellor who chaired the peer review meeting</i></p>		
<p>On the basis of the final agreed Quality Rating assessment (C) and Next Steps (D) above:</p> <p><input type="checkbox"/> <b>QAE REPORT IS APPROVED</b>, and authorization given to proceed to:</p> <p style="padding-left: 40px;"> <input type="radio"/> <b>FINALISE</b> the design incorporating actions above, and proceed to implementation  or: <input type="radio"/> <b>REDESIGN</b> and resubmit for appraisal peer review </p> <p><input type="checkbox"/> <b>NOT APPROVED</b> for the following reason(s):</p> <p>_____</p> <p>_____</p> <p>_____</p>		
<p>Jamie Isbister ADG/AHPB</p>	<p>Signed:</p>	<p>Date:</p>

**When complete:**

- Copy and paste the approved ratings, explanation and actions (table C) into AidWorks
- The original signed report must be placed on a registered file