



Additional Financing Appraisal Environmental and Social Review Summary Appraisal Stage **(AF ESRS Appraisal Stage)**

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BASIC INFORMATION

A. Basic Project Data

Country	Region	Borrower(s)	Implementing Agency(ies)
Mozambique	EASTERN AND SOUTHERN AFRICA	Republic of Mozambique	National Sustainable Development Fund (FNDS), ProAzul Blue Economy Development Fund, BIOFUND
Project ID	Project Name		
P179060	SREP Food Security Additional Financing		
Parent Project ID (if any)	Parent Project Name		
P174002	Sustainable Rural Economy Program		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Agriculture and Food	Investment Project Financing	9/6/2022	9/29/2022

Proposed Development Objective

To improve the performance of targeted small agriculture producers and AgriMSMEs and improve natural resources management practices in selected project areas.

Financing (in USD Million)	Amount
Current Financing	150.00
Proposed Additional Financing	50.00
Total Proposed Financing	200.00

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

Yes



C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

The Sustainable Rural Economy Program (SREP) is an MPA of 3 phases for a total envelope of \$500M with an overall Program Objective of increasing the resilience of targeted rural areas and producers. The first phase is an IPF of \$150M, the second phase is a P4R of \$150M, and the third phase another P4R of \$200M. The current PAD and ESRS were prepared for the purposes of Phase I which will cover 6 Provinces and focus on productive sectors in rural areas, including agriculture, livestock and fisheries.

Phase I is a US\$ 150 million IDA IPF Grant, focusing on the following main objectives: (i) increasing agriculture productivity and market access by targeted smallholders, (ii) increasing value added by targeted AgriMSMEs, and (iii) improving natural resources management practices in selected regions. This first phase will cover a period of 5 years and be focused on building institutional capacity for delivering key services and support to smallholders and AgriMSMEs, while also improving the stewardship over natural resources in the targeted rural areas.

The proposed US\$ 54 million Additional Financing aims at introducing a new Improving FNS component (US\$35.7 million) which will have three new subcomponents.

- (a) New Subcomponent 5.1: Small infrastructure (US\$10.80 million) which will finance the following:
 - (i) Rehabilitation of irrigation schemes (US\$1.64 million). The rehabilitation of three small irrigation schemes that were badly damaged by the cyclones in Zambezia (US\$1.62 million). The three schemes are located in the districts of Nicoadala and Maganja da Costa and total about 860 ha, which are all farmed by smallholders.
 - (ii) Rehabilitation of rural roads (US\$4.75 million). This is the rehabilitation of selected market access rural roads which are key for producers and other actors to boost the development of value chains but which have been badly damaged by the cyclones. As already foreseen in SREP, the activities foreseen in the AF are localized interventions, specifically the rehabilitation of critical elements on selected rural roads and supervision of the execution of the referred works. This work will be led by FNDS in coordination with the National Roads Administration (Administração Nacional de Estradas, ANE) on the basis of a memorandum of understanding already in place.
 - (iii) Construction/installation of boreholes and water tanks (US\$4.41 million). To improve access to water supply in districts in semiarid zones and districts with systems damaged by weather events, multipurpose boreholes will be built together with water tanks and public fountains mainly for drinking and sanitation purposes but potentially also for limited (drip for orchards) irrigation use. The pre-molded cisterns are expected to have a capacity of 10,000 m³ and be capable of accumulating and conserving rainwater and be located mainly in the proximity of schools and health centers.

New Subcomponent 5.2: Support to small farmers and livestock breeders (US\$22 million). This subcomponent will finance the following:

- (i) Provision of agricultural kits/seeds (US\$15.09 million). The AF will provide agricultural input kits (available for free) to selected beneficiaries in emergency conditions in the selected 53 districts following the 'fomento directo' approach. The same rules which were adopted and registered in the operations manual in MozNorte to support the farming communities in need will be used. No large pieces of equipment (with the exception of small equipment, see point iii) will be provided, while it is expected to make wide use of nutritious and drought-tolerant crops to increase households' resilience to climate shocks.
- (ii) Provision of hermetic bags, installation of family silos (US\$1.81 million). Most family farmers do not have a drying and storage structure for grains and beans, having to pay a high price, or sell the produce and buy it later, to



meet the family's needs. The AF plans to make hermetic bags and small family silos available, in the form of a donation, to conserve the food reserve and reduce post-harvest losses.

(iii) Provision of small equipment/tools (US\$0.72 million). Most family farmers do not have proper tools to farm such as spades, groundnut rakes, hay pitchforks, and cutters, besides galoshes and gloves. The AF plans to make those available for free to allow more effective use of farmers' time, improve the quality of production, and reduce losses.

(iv) Building of small livestock infrastructure (US\$2.94 million). Within the area affected by Tropical Storm Ana, several districts in four provinces (mainly Zambezia, Tete, Nampula, and Manica) are currently experiencing problems linked to livestock both in terms of lost units and destroyed small livestock infrastructure and potential outbreak of diseases, which would need to be detected and cured on time (see below). A total of 527 installations (fences, hog houses, poultry houses, and so on) of small breeders were destroyed (plus several thousand at the household level) and need to be rebuilt by using stronger materials and more resilient techniques.

(v) Provision of equipment for the veterinary lab in Tete (US\$0.44 million). The lab is currently not functioning and hampers the possibility for small breeders to sell their product in the market and to the new abattoir.

(vi) Provision of diagnostic consumables to the veterinary service in Nampula (US\$0.16 million). The veterinary service in Nampula was weakened by the cyclones and does not have sufficient consumables to run diagnostics and handle potential outbreak of diseases.

(vii) Establishment of a small ruminant scheme (US\$0.84 million). The scheme will be implemented in four districts, which still need to be selected. The allocation of goats (four females and one male) and specific training to households aim to promote animal health, improve family income, and improve food availability and nutrition outcomes. The animals will be delivered on a rotational basis to households to ensure that the greatest number of families in the communities are reached. The household that receives the first batch of five animals has the obligation to return two offspring to another family within one year. The delivery process of successive lambs will be accompanied by the local District Service of Economic Activity (Serviços Distritais de Actividade Económica, SDAE) offices. The project must ensure that 50 percent of the animals distributed will be provided to families that currently have no ruminants.

C- New Subcomponent 5.3: Implementing a local approach to improve nutrition (US\$2.90 million). This subcomponent will finance the following:

(i) Training in utilization of local products for enhanced nutrition security (US\$1.19 million). This is a training of trainers' activity that is focused on educating households on what should be included in a balanced diet and uses the existing local agricultural produce. It will be implemented by SDAE extensionists and Community Health Workers or (Agentes Polivalente Elementar de Saúde - APEs) and is aimed at teaching how farmers could produce, in the yard or on the plot, for example, produce which would be healthy but is not easily available in the market (or available in markets that are too distant), and will also provide advice on how forestry products and/or meat and/or fish could be integrated in farmers' diet. The list of products could also include those that are mostly directed to export but have high nutrition content. A module on officinal plants and herbs will also be developed and taught.

(ii) Mobile nutrition kitchens (US\$1.71 million). The experience of past and ongoing successful projects in several part of the world show that mobile kitchens are a means of communication capable of inducing behavioral change. In this case, it is proposed to support the activities of the 60 nutritionists already trained by the United Nations Children's Fund (UNICEF) (staff from the Ministry of Health, SETSAN, and INGC) and provide them with the means to travel in the selected districts and provide training according to modules that have already been developed. The training will focus on cooking techniques, healthy combination of products, safe storage, and so on with the objective of ensuring absorption of the correct amount of nutrients. For greater coverage of the demonstrations on good practices of food, nutrition, and health, the vehicles equipped with the educational kitchens should be made lighter to



be mounted on 4x4 vehicles. The demonstrations will cover all villages of all selected districts and will also rely on the network of community radios which will be provided with small equipment such as megaphones, batteries, and other consumables.

Additionally the Additional Financing will implement the following activities under the existing project components/subcomponents:

A - Subcomponent 3.1 Policy and institutional support - will be increased by US\$5.8 million to finance strengthening (both informatization and capacity building) of SETSAN. SETSAN is the national authority responsible for updating the status of acute and chronic FNS in rural, urban, and peri-urban areas of the country.

B- Subcomponent 2.1 - Enhanced land, forests, and conservation area management - will be increased by USD 4.0 million to include the EnABLE program supporting the ZILMP implementation. Activities will be implemented in three of the ZILMP districts with the highest emissions in the landscape namely: Mocuba, Alto Molócué and Gilé. Activities envisaged to be further refined under sub-component 2.1 include:

(a) Provision of resources to implement inclusive climate smart agricultural activities including (i) value chain of cashew nuts and other agricultural produce: ii) promoting agro-forestry, iii) sustainable NTFPs, iv) natural regeneration of Miombo and Mangrove. Mangroves provides high nutritional as well as livelihood value for farming communities (the oysters, shrimps, and small fish derives from mangroves have been documented to provide food nutrients as well as through sale in markets to enhance livelihood activities of farmers and fisherwomen). v); reforestation-tree planning and nurseries, vi) eco-tourism, vii) improved charcoal production, viii) legalization land tenure security and development of management plans, and ix) fish farming and livestock.

(b) Capacity building for beneficiaries implementing EnABLE as well as institutional strengthening of organizations promoting community based natural resource management (CBNRM) in Mozambique. Particular emphasis will be placed on working with women, disabled, and other vulnerable social groups, to ensure that they can participate in the pilot activities and obtain an equitable share of the forthcoming benefits. It has been identified that gender inequality limits women's participation in NRM and agriculture activities, including access to land, agricultural inputs, credit services, and markets. Increasing women's access to program activity as well as their participation in implementation, community representation and decision making would not only empower women to achieve their highest economic potential but also help reduce gender inequality, poverty, increase agricultural productivity and food insecurity. During the implementation of EnABLE activities, the Gender Action Learning System (GALS) methodology will be used to enhance gender equality in the ER Program.

C - Subcomponent 2.2 - Fisheries and aquaculture- will be increased by USD 5.0 million to scale up the promotion of small-scale aquaculture and artisanal fisheries and the handling, processing, and conservation of fish to reduce post-harvest losses, targeting beneficiaries whose livelihoods and food security were eroded by Tropical Storm Ana and Cyclone Gombe. The AF will enable the acquisition of material for the rehabilitation of fishponds, reconstruction of floating fish cages, acquisition of inputs (fingerlings and feed), and replacement of lost fishing units, aimed at livelihood recovery. It will also provide technical assistance (TA) at all levels of the production chain on good practices of cultivation, hygiene, and conservation of fish, involving all actors from extension workers, fishermen, fish farmers, processors, and traders. As in the parent project, fisheries activities will be implemented by ProAzul. The key differences between this subcomponent and the fisheries subcomponent in the parent project are the following: first, the subcomponent under the AF is focused on the rehabilitation of damages from Cyclone Gombe and Tropical Storm Ana, which was not directly considered in the parent SREP. Second, there is no small-scale aquaculture in the parent



SREP given the commercial orientation of the project. Third, the parent SREP does not provide gear to fishers, but the provision for people with confirmed damages to gear from weather shocks is included in the AF.

D - Subcomponent 3.2 - Program management - will be increased by US\$3.5 million to finance the incremental operational costs linked to the implementation of the new component introduced under the AF borne by FNDS and ProAzul.

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

The AF will target 53 districts in 9 provinces (Niassa, Nampula, Tete, Zambezia, Manica, Sofala, Inhambane, Gaza and Maputo). Districts were selected by the Government (MADER and SETSAN) on the basis of two main criteria: (i) districts which are currently experiencing problems due to the extensive damages made by the recent cyclones/droughts - 15 districts; (ii) districts which are subject to a steep rise in food insecure population due to multiple reasons – 19 districts. The remaining 19 districts meet both criteria. Only 19 of AF districts are covered by the parent project.

Mozambique's topography is characterized by flat terrain, extending from coastal plains in the east to mountain ranges in the west. The climate is generally tropical and dry, daily temperatures average in lower to mid-20s °C, with the highest temperatures occurring between October and February and the lowest in June and July. Rainfall distribution follows a north-south gradient, with more rainfall along the coast, where the annual average varies between 800 and 1200 mm. There are many rivers flowing from west to east into the Indian Ocean, with the Zambezi and Limpopo being the two largest. The country is naturally endowed with a diverse landscape that can be divided into three major biogeographic regions. The project will fall within i) the North Mozambique, north of the Zambezi river, characterized by evergreen forests or deciduous woodlands; ii) Central Mozambique, between the Save and Zambezi Rivers, which has vegetation that varies from evergreen forest and moist deciduous forest, scrub and grasslands to a semi-arid woodland and savannah; and iii) the Southern Mozambique (not previously covered by the Parent Project) which is predominately covered with sandy soils characterized by the presence of sublitoral forest, woodland and grassland.

Mozambique is a low-income country of 29.6 million people with a GDP per capita of US\$ 417, which is among the lowest in the world. Poverty is high at 48.4 percent in 2015 and most of the poor (84.9 percent) live in rural areas. Around 60% of the population live in the coastal areas with high level of exposure to climate hazards and erosion. Poverty levels are significantly higher in the Northern and Central regions of Mozambique, which have larger populations and are more distant from major urban centers and economic hubs. Furthermore, Mozambique has recently been classified as an FCV country under Medium-Intensity with an active insurgency in Cabo Delgado. Interventions under AF will not focus on Cabo Delgado since: i) there are currently several projects in Cabo Delgado whom are active on food production (mainly Bank financed such as MozNorte and the Northern Crisis Recovery Project) and access (mainly through a relevant program of food distribution carried out by WFP); b) CRW ERF does not favor financing of activities aiming at easing oncoming Food Security Crisis which are generated by conflicts. The chronic food insecure population in Mozambique totals 24 percent of the population (Technical Secretariat for Food and Nutrition Security - SETSAN, 2021) and 8.2 million people reported an insufficient food consumption or caloric



intake (WFP, 2021). In summary between a quarter and a third of Mozambicans suffers from chronic hunger. In addition to chronic hunger, Mozambique also experiences a high rate of chronic malnutrition and acute malnutrition. Chronic malnutrition in children under 5 years of age is currently estimated to be at 42.3 percent at the national level (WFP, 2021) while acute malnutrition ranges in most of provinces from 6 to 9 percent but reaches high peaks in Tete (14 percent), Sofala (19 percent) and Cabo Delgado (24 percent). The rural space - particularly agriculture and fishery activities - is the backbone of the livelihoods for most of the rural population. Agriculture, forestry and fishing provide 24.52% of value added GDP. There are about 4.0 million smallholder producers in Mozambique, and these account for approximately 98 percent of the total workforce. Women-headed households are estimated to constitute 36% of farming households and generally own smaller plots and use fertilizers, pesticides, machinery, and other more modern inputs less than male-headed households. Rural women in Mozambique face large constraints in accessing essential productive resources and services, technology, market information and financing. They are underrepresented in local institutions and governance mechanisms and tend to have less decision-making power than men. Prevailing gender norms and discrimination also often lead to those women facing an excessive work burden, and that much of their labor remains unpaid and unrecognized. In 2016, an estimated 65,600 people were reported as engaged in fisheries (FAO) with a significant number of women employed in the value chain. Poverty, weak institutional development and frequent extreme weather events make Mozambique especially vulnerable. Ongoing COVID-19 public health crisis further contributes to decline of Mozambique's economic and social development.

D. 2. Borrower's Institutional Capacity

The AF will involve two implementing agencies with subsidiary agreements, namely, National Sustainable Development Fund (FNDS) under the mandate of Ministry of Agriculture and Rural Development (MADER), and Blue Economy Promotion Fund (ProAzul), under the mandate of Ministry of Sea, Inland Waters and Fisheries (MIMAIP). Under the original project BIOFUND is also an implementing agency for Parts 2(a), (iv) and(v), and 3(g), however, BIOFUND will not be involved in the AF activities. There is varied capacity of government institutions to manage environmental and social risks. An assessment of the prospective implementing agencies indicates that FNDS and ProAzul both have long-standing experience in managing Bank operations under OPs but just limited experience for projects funded under ESF. These entities have dedicated Project Implementation Units (PIUs) working on ongoing projects, with competitively selected staff who are qualified in environmental and social aspects and familiar with Bank guidelines and procedures on environmental and social risk management. However, since the project became effective in September 2021 low progress was noted in the fulfilment of the E&S agreed actions (i) hiring of the E&S specialists, Gender specialists and E&S assistants; and (ii) delay in submission of the quarterly ESHS performance reports. The parent project's ESCP defined that the E&S specialist should be hired before the commencement of project activities and within 30 days after project effectiveness. As a result, the E&S performance was downgraded to MS on the last ISR to reflect the slow progress of safeguards activities. The project has two functional Grievance Mechanisms in place: one run by FNDS and the other by Proazul. In relation to the staff, FNDS still has not hired any E&S staff (one safeguard specialist and six assistants + one gender/GBV specialist) and Proazul will need to finalized the contracting of three (3) safeguards assistants and a gender assistant, no later than 1 month from AF project effectiveness. As such, it is still necessary to improve the procedures and processes of social and environmental risk management not only within governmental PIUs but also future implementing partners, contractors and other relevant stakeholders. Moreover, most of the work that these PIUs have done in terms of social and environmental issues focused on the context of the World Bank's safeguards policies and procedures. The ESF may be a challenge for PIUs to adapt to new requirements under this program. In order to maintain a sustainable approach to E&S, the AF of the Program will recruit two additional E&S safeguards assistants, one to cover Maputo and Gaza Provinces and other to cover Inhambane Province, before commencing of AF activities; and one gender/GBV assistant who will support the gender/GBV specialist of the parent project. The recruitment of these three assistants should be completed six



months from AF project effectiveness. The parent project will continue with the recruitment of E&S staff: at the central level, one Senior Environmental and Social Specialist and one Gender/SEA/SH Specialist for FNDS and one Senior Environmental and Social Specialist for ProAzul. At the provincial level, the project will contract six Environmental and Social Specialists for FNDS, three Environmental and Social Specialists for ProAzul and one Community Development Specialist for BIOFUND. The Program may also contract more specialist in the subsequent two phases.

II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Substantial

Environmental Risk Rating

Substantial

The environmental risk rating of the Project remains substantial since the new activities from the Additional Financing under Component 5 and the EnABLE program under Subcomponent 2.1 are similar in nature and scale to the Parent Project and there is a slight scale up of TA activities under Component 3. The main risks of the AF will stem from Component 5 which involves civil works such as the rehabilitation of three small irrigation schemes and critical elements on selected rural roads, and the construction of boreholes and water-tanks and of small livestock infrastructure (fences, hog houses, poultry houses etc.). Likewise in the Parent Project, anticipated adverse risks and impacts related to civil works activities are expected to include fauna disturbance due to excavation and earth moving; physical and chemical hazards; soil and water resources contamination due to accidental spillages of hazardous products and waste (construction and domestic) management issues; dust emissions; vibration and noise emissions; occupational health and safety risks; and community health and safety risks (mainly related to the management of construction-induced traffic). Additionally, the financing of small farmers and fishermen, Small and Medium Enterprises (SME) and community based natural resource management (CBNRM) organizations through provision of agricultural input kits, farming equipment and tools, veterinary equipment and consumables as well as the supporting of small-scale aquaculture and fish processing activities, agro-forestry, sustainable NTFPs, eco-tourism, etc., may generate other risks such as air, soil and water pollution, vegetation clearing, biodiversity loss, soil erosion and habitat degradation, resource overexploitation, handling, usage and storage of chemicals, pesticides, fertilizers, OHS issues , etc. Some of these risks and impacts are expected to be significant but mostly are temporary, predictable and/or reversible with no effects on areas of high value or sensitivity . The AF also covers new geographic areas in Maputo, Gaza and Inhambane provinces that are similar to the Parent Project, i.e., are mostly in rural settings and with already transformed habitats as such no impacts are foreseen to conservation areas and sensitive terrestrial, marine, and coastal habitats , however if any risk is identified will be avoided as per ESS6. The TA activities scale up (Type 3 – Capacity Building) are likely to generate minimal to no direct environmental negative impact.

Social Risk Rating

Substantial

The Social risk rating of the parent project and the AF is assessed as Substantial. Under the AF, the project is restructured to add a new Food and Nutrition Security component (Component 5) and the EnABLE program under Subcomponent 2.1 to include activities that are not covered by parent project components. The sets of activities foreseen by the AF under Component 5 are the following: sub-component 5.1 small-scale infrastructure: rehabilitation of 3 small irrigation schemes and rural roads; Construction/Installation of boreholes and water-tanks) (US\$ 10.80 Million); sub-component 5.2 Support to small farmers, livestock breeder and fishermen (US\$ 27.0 Million) through the provision of agricultural kits, small silos, equipment/tools, building small livestock infrastructure,

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establishment of a small ruminant scheme small-scale aquaculture, artisanal fisheries and the handling, processing and conservation of fish to reduce post-harvest losses and; sub-component 5.3 implementing a local approach to improve nutrition (training in utilization of local products and mobile kitchens, i.e. nutrition training) (US\$ 2.90 Million). Sub-component 2.1. will include; (i) Provision of resources to implement inclusive climate smart agricultural activities and (ii) Capacity building for beneficiaries implementing EnABLE as well as institutional strengthening of organizations promoting community based natural resource management (CBNRM) in Mozambique. In addition, institutional support to SETSAN and an increase in the operational costs are new activities included under Component 3 “Strengthening institutions and policies”. Activities considered for this AF are expected to have positive economic and social impacts by financing activities that supports immediate response, resilience building and the recovery of livelihoods in districts adversely impacted by the tropical storm Ana and cyclone Gombe in Nampula and Zambezia provinces; and increasing the resilience to potential FNS crisis in a relatively limited number of districts scattered in 8 provinces of the country. Potential social risks are related to the following: (i) moderate GBV/SEA risks, mostly associated with small-scale works and increase in labor influx and possibly, indirect risks when improved economic opportunities for women in agriculture, livestock and fisheries sectors, as a result of the project activities, may exacerbate existing GBV risks due to shifting of traditional gender roles; (ii) potential risk of elite capture and exclusion from the project benefits or of conflict if targeting of program beneficiaries (distribution of agricultural kits, small ruminant schemes, etc.) is not carefully planned and consulted upon with the communities; (iii) health risks related to transmission of communicable diseases, such as HIV or COVID-19, to workers and communities that could arise from people gathering during capacity building and training activities, consultations as well as implementation of civil works financed under the project; (iv) poor labor conditions for workers and possible risks of increasing child labor with primary suppliers of construction materials or service providers. While most of the labor force is expected to be recruited from local areas, the influx of labor for civil works represents a risk in terms of working conditions for labor, health and safety of workers, camp management (if and when required) as well as the increased risk of Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) due to labor influx.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

Environmental and social risks and impacts under the project are associated with labor and working conditions (occupational health and safety issues), small scale land taking and impacts on livelihoods, community health and safety (road traffic accidents and transmission of communicable diseases), resources uses efficiency (wasteful consumption of energy, water and raw materials for civil works), conflict and marginalization of vulnerable groups, especially women, environmental pollution (generation and disposal of construction waste and wastewater, use of pesticides and fertilizers) and biodiversity loss (land clearing for agriculture and aquaculture).

The AF includes civil works interventions for infrastructures related to rural transport, productivity, marketing and conservation. Transport infrastructure will focus on spot repairs of rural roads and bridges damaged by cyclones, ensuring all-weather connectivity between agriculture and fisheries production sites and input/output market areas. Potential adverse environmental and social risks and impacts from the civil works of this type of interventions during the construction phase include soil, vegetation and fauna disturbance and degradation due to earth movements for



preparation of construction sites; soil and water bodies contamination through uncontrolled spillages of fuel, oil, lubricants; generation of construction waste and handling and disposal of solid waste and discharge of sewage; air, soil and water pollution from fossil fuel-based engines; land acquisition and resettlement, impacts on livelihoods, nuisance and traffic safety issues to the community as well as occupational health and safety concerns related with the use of construction equipment and industry machinery to direct and indirect contracted workers. The productivity infrastructures such as irrigation schemes, boreholes, storage units, small livestock infrastructures, as well as aquaculture and fishing ponds will have similar impacts to transport infrastructure (vegetation clearing, earth moving and erosion, OHS risks) but at minor scale and this activities will be scattered over a large area.

Other project interventions include (i) provision of agricultural kits/seeds, family silos and agricultural equipment/tools (ii) provision of veterinary equipment/consumables, (iii) establishment of small ruminants scheme, (iv) acquisition of aquaculture/artisanal fisheries inputs, (v) training in the utilization of local products for enhanced nutrition security, and (vi) introduction of mobile nutrition kitchens. Activities related to capacity building and technical assistance pose minimal environmental and social risks and impacts. The Technical Assistance will be provided to smallholder farmers through extension agents for agricultural activities and also to all levels of the production chain on good practices of cultivation, hygiene, and conservation of fish, involving all actors from extension workers, fishermen, fish farmers, processors, and traders.

To mitigate the environmental and social risks and impacts, the project developed and will update and implement an Environmental and Social Management Framework (ESMF). The ESMF includes measures for Labor Management Procedures, Pest Management Plan, "Chance Finds" Procedure, GBV Assessment and Action Plan, social risk assessment and a template for preparing Environmental and Social Management Plans (ESMPs) and other plans and reports, necessary for managing risks and impacts related to civil works and other project activities. The ESMF also outlined the implementation arrangement to be put in place for environmental and social risk management for various project interventions. Any civil works for rehabilitation/construction will develop and implement a site specific ESMP (C-ESMP) that will be reviewed and approved by the Bank before the start of the works. The ESMF will be updated to include the activities under the new food and nutrition security component (Component 5) and the nutrition activities under Component 3. The GBV Action Plan will be updated to reflect the new GBV risks resulting from the shift in traditional gender roles due to the economic empowerment of women beneficiaries of FNS activities.

The ESMF also provides guidance for the assessment of the environmental and social management systems of partner institutions that will be involved in project activities. A section on Cumulative Impact Assessment (CIA) was also included in the ESMF to understand the overall project impact over the target area resulting from the combination of subproject's individual risks and impact. The CIA not only considered subprojects and activities under this World Bank operation but also took into account other projects recent concluded, active and planned within a short-medium timeframe to propose adequate mitigation measures. As part of the updated ESMF, the CIA will be revised to include the AF activities as per the ESS6 para 33. Under the ESMF, a SEA/GBV Action Plan was prepared to address risks across the range of project activities. GBV/SEA risks associated with works are expected to be moderate, and GBV Action Plan was prepared as part of ESMF. A social assessment of potential beneficiaries (as part of ESMF) in agriculture and fishery sectors provides an analysis of risks associated with social exclusion, gender, marginalization and poverty, and includes recommendations on how to ensure that such groups benefit from the Program's interventions, including through measures described in the Stakeholder Engagement Plan. Activities under Phase I



will not take place in Cabo Delgado, and the project does not plan to retain any security personnel as defined under ESS4. However, the ESMF (which was informed through social assessment) contains information about the conflict, as well as measures to be used in case security personnel will be employed by the project.

A Resettlement Policy Framework (RPF) was prepared to ensure that any impacts of infrastructure related interventions are covered through the production and implementation of Abbreviated Resettlement Action Plans (ARAPs) or Resettlement Actions Plan (RAPs) as required. Further, a Process Framework (PF) was prepared to ensure that any negative impacts on livelihoods of natural resource dependent communities living in or around protected areas are mitigated. The RPF/PF will be updated to include new activities under Component 3 and Component 5 that may have ESS5 impacts

The project Environmental and Social Commitment Plan (ESCP) includes commitments to undertake the required assessments and production of the necessary instruments for the Project. Mitigation measures for site-specific impacts will be managed through the implementation of required safeguards instruments to be prepared as per the ESMF. Relevant capacity building measures are included in the ESMF and ESCP. All updated E&S instruments will be disclosed and consulted within 30 days after AF effectiveness. The ESCP has been updated to set out material measures and actions, any specific documents or plans, as well as the timing for completing them, to ensure that the AF is implemented in accordance with the Environmental and Social Standards (ESSs) of the World Bank.

ESS10 Stakeholder Engagement and Information Disclosure

The Project will need to undertake consultations with a range of stakeholders including private businesses, government departments, small businesses and people working in rural areas (especially in the agriculture and fisheries sectors) and dependent on natural resources for their livelihoods. The AF is processed under Section III, paragraph 12 of the World Bank Investment Project Financing (IPF) Policy, related to Situations of Urgent Need of Assistance or Capacity Constraints, and therefore consultations for AF activities will happen before project effectiveness. A Stakeholder Engagement Plan (SEP) was prepared and disclosed for the Parent project prior to appraisal. The SEP will be updated to include the new project activities (Component 5 and 3) funded by the AF. The SEP has been updated, and will be consulted and re-disclosed within 30 days after the Project Effectiveness. The SEP includes details of types, frequency and approach to consultations, information sharing and Grievance Redress Mechanism (GRM) related procedures. The SEP will be updated throughout the lifetime of the project as a result of ongoing consultations, which will be key to achieve objectives of the project. The process of stakeholder engagement involved stakeholder identification and analysis; planning how to engage with stakeholders; disclosure of information; consultation with stakeholders and focal groups as appropriate; and establishing an effective project level Grievance Redress Mechanism (GRM), addressing and responding to grievances; and reporting to stakeholders. The consultation process and stakeholder engagement must take into consideration the COVID-19 constraints and the World Bank guidance for consultation under COVID-19 circumstances.

During the preparation of the parent project, two rounds of consultations were conducted. The first round of stakeholder consultation was conducted in Nampula, Zambezia and Tete provinces, through face-to-face meetings on 18, 20 and 22 October. The main objective of the consultations was to collect information from stakeholders, including concerns and suggestions on various aspects of the Project, ensuring that they contribute to the design of the project. The second round of stakeholder consultation was carried out at the end of the preparation phase of the



project, through online platforms. These consultations were instrumental in gather information and receive feedback from the beneficiaries on the first phase of implementation, ensuring better adjustments for the other phases of the project. This second round of consultations was carried out on 25 March 2021. Consultations for the activities under the AF will be conducted prior project effectiveness as the AF is being processed under the emergency procedures.

The PIUs in coordination with all the relevant implementing entities will engage with stakeholders throughout the project life cycle. The nature, scope and frequency of stakeholder engagement will be proportionate to the nature and scale of the project and its potential risks and impacts. The PIUs will engage in meaningful consultations with all stakeholders in particular youth and women, and vulnerable groups in the project area. Vulnerable groups are expected to include low income groups, marginalized, smallholder farmers and those at risk of facing social exclusion such as women, elderly and female-headed households. Such groups will be consulted through an identification process and targeted consultations and assessment to ensure their inclusion in Project activities before appraisal. The implementing agencies will provide stakeholders with timely, relevant, understandable and accessible information, and consult with them in a culturally appropriate manner, which should be free of manipulation, interference, coercion, discrimination and intimidation.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

ESS2 is considered relevant to the AF activities. The AF interventions will involve direct workers and contract workers (civil servants, and consultants) to provide capacity building and technical assistance. The AF activities will also require primary supply workers as such provisions regarding these type of workers will be included in the LMP as part of the updated ESMF. Civil works interventions may outsource minor works to contractors. While the number of workers cannot be estimated at the current stage, no large-scale labor influx is expected.

Mozambique's Labor Law, "Lei do Trabalho", issued in 2007, and the Legal Regime of Accidents at Work and Occupational Diseases (Decree 62/2013) determines that all workers have the right to healthy conditions and protection equipment, among other measures. The Program will also ensure that staff hired for technical assistance (TA) will be provided with good working conditions in line with local laws and consistent with ESS2. As mitigation measures, the Program will implement adequate occupational health and safety (OHS) measures (including emergency preparedness and response measures) in line with the ESMF and WHO guidelines on COVID19 to prevent its spread in all project interventions. The OHS measures will take into account the World Bank Group's General Environment, Health and Safety Guidelines (EHSGs). Labor Management Procedures (LMP) were prepared as part of ESMF for the Parent project, and provides measures to address the terms and conditions of works. The same LMP [with minor updates] will be applied to the AF activities. Overall, labor risks related to the project are anticipated to be minor and the use of community workers is also not expected. The project will commit (through the ESCP) to implement Labor Management Procedures (LMP) through specific sub-project level Plans. The LMP also include GRM for workers so that they have an official way to communicate grievances or other concerns to the management.

Similar to the Parent Project, the AF is expected to generate concerns on OHS and road traffic safety as such the ESCP strengthens its commitments and update the ESMF to provide more specific and robust requirements for OHS and



traffic safety related to occupational and community health and safety. The updated ESMF will include General Guidelines on Traffic and Road Safety, the LMP will include safe work procedures and traffic safety rules and the AF will ensure TA and Capacity Building activities related to road and traffic safety and awareness as provided to workers and communities.

ESS3 Resource Efficiency and Pollution Prevention and Management

ESS3 is relevant to the program. Civil works under Component 1 and 2 from Parent Project and under Component 5 from the AF may pose risks related to pollution, due to use of heavy machinery and equipment to moving earth for preparation of construction sites; soil and water bodies contamination through uncontrolled spillages; construction and domestic waste generation and disposal; sewage discharge; and air, soil and water bodies contamination from fossil-fuel based engines, water runoff from stockpiles, emission of dust, overuse of chemical pesticides, and eutrophication, which leads to an enrichment of water by nutrient salts that causes structural changes to the ecosystem such as: increased production of algae and invasive aquatic plants, depletion of fish species, general deterioration of water quality and other effects that reduce and preclude use. etc. C-ESMPs will be prepared as per the ESMF and E&S checklist guidance to manage any pollution resulting from civil works for rehabilitation or construction of facilities. The C-ESMPs will cover construction and operation phases and will be implemented by contractors and proponent, respectively.

The extraction of water from rivers or inert materials from borrow pits during construction will require environmental licenses and permits as per national legislation. The transportation of cargo or fluid hazardous materials will follow WBG ESH General Guidelines on Transport and storage of Hazardous Materials and GIIP to avoid spillages. Water use and energy consumption will be limited during construction and operation phases of the civil works particularly for irrigation schemes as only micro systems are will be to be financed, the use of solar panel and rainwater harvest and storage will be employed when feasible. The C-ESMPs to be prepared in line with the ESMF will provide adequate measures for improving the efficient consumption of energy, water, and raw materials, as well as any other resources as relevant. The project will use the Building Back Better approach.

Component 1 as well as Component 5 from the AF will invest in agriculture and fisheries MSMEs and small producers to increase productivity which may involve acquisition, handling, usage and storage of chemicals and pesticides to control pests, as such a Pest Management Plan was prepared as part of the ESMF to ensure Integrated Pest Management (IPM) approaches, using combined or varied known practices, will be used to minimize risks to humans health and the environment. Sub-Component 2.1 from AF (the EnABLE program) may also use chemicals and fertilizers to promote value chain of cashew nuts and other agricultural produce as well as for promoting agro-forestry. In such cases, the project will adopt and implement a Waste Management Plan (WMP), to manage hazardous and non-hazardous wastes, consistent with ESS3 as part of site-specific ESMPs.

The project will adopt improved land and integrated nutrient management practices to contribute to soil C sequestration so that the net project effect will be the creation of a C sink, with positive effects in terms of mitigation. As such the project activities are expected to reduce GHG emissions due to increased productivity and value added generated by smallholders and AgriMSMEs and by the improved natural resources management practices which will be adopted. In total the project will help reduce emissions, generating a total net emissions



reduction of -12,656,329 tCO₂-eq over a period of 30 years (5 years of implementation and 25 years of Capitalization). More details of this analysis can be found in Annex 2 of the Project Paper.

ESS4 Community Health and Safety

ESS4 is considered relevant to the program as the proposed activities may pose community health and safety risks to nearby communities. Anticipated community health and safety risks during implementation will include i) traffic and road safety hazards associated with increased traffic volume on public roads and at construction sites; ii) health issues including communicable diseases such as STDs, including HIV/AIDs associated with labor influx; iii) Sexual Exploitation and Abuse(SEA) and Sexual Harassment, and Gender-based Violence (GBV) and iv) spread of COVID-19. To address these risks, the ESMF and site specific ESMPs will outline detailed management and mitigation measures for community health and safety management during construction and operation. Relevant mitigation measures to address these risks include GBV Action Plan prepared as part of ESMF, which requires integrating Codes of Conduct with SEA/SH/GBV-related protections into consultations, and establishment of GBV-sensitive GRM with procedures and channels to enable safe, confidential and ethical reporting of SEA/SH/GBV incidents in the ESMF. The GBV Action Plan will be updated to include the GBV risk faced by women due to their economic empowerment resulting from the project activities and the mitigation measures.

The risk of spread of COVID-19 is high, including through project activities, if not addressed. As mitigation measures, implementing entities will develop a COVID-19 protocol to prevent or minimize the spread of infectious diseases including COVID-19 to the community. Safety provisions will be included in the site-specific OHS plans. The project will also be sensitive to issues associated with the stigmatization of populations as COVID-19 infection risks.

At this stage, the Recipient has confirmed that there will not be any use of security personnel for the purposes of project implementation. However, the ESMF prepared for the project contains measures that would be applicable in case security situation changes, and in case retaining security personnel becomes necessary. If security personnel is retained at any stage of the project, the implementing entities will have to conduct a Security Risk Assessment (SRA). Depending on the results of the SRA the Borrower may be prompted to prepare a Security Management Plan to help selecting the areas of intervention and determine the level of security required for the project workers, assets, and activities, as well as identifying mitigation measures to avoid or minimize the risks and impacts posed by these security arrangements to those within and outside the project sites. The parent project and the AF, as previously stated, will not intervene in conflict-affected area of Cabo Delgado, and the security situation in regions where the project will be implemented is stable. Nonetheless, measures related to SRA are provided in the ESMF in case the situation evolves due to spillover from Cabo Delgado-conflict-stricken areas to other regions where project will be implemented.

The project will not finance large dams or any other dam regardless of size or retention capacity (“small dams”) as defined in paragraph 2(b) of ESS4 and this have been included in the Exclusion List of activities to be financed by the project as part of the ESMF.

The project is not expected to cause major risks and impacts on provision and regulating ecosystem services as the main risks that would arise from land clearing and habitat conversion to agriculture fields has been preemptively



addressed through project design whereby agriculture producers and MSMEs are required to promote functional restoration of priority areas within their plots and fishermen and fisheries MSMEs are required to signing a commitment to sustainable management of natural resources to avoid overfishing and degradation of marine and coastal habitats.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

ESS5 is relevant as the construction and rehabilitation of rural infrastructure could involve minor land acquisition impacts. The AF activities that may need the application of the RPF/PF are the following: rehabilitation of 3 small irrigation schemes and rural roads, construction/Installation of boreholes and water-tanks, and rehabilitation of small livestock infrastructure as well as land impacts related to agricultural, fisheries and MSME activities. . Potential social impacts and risks are expected including economic impacts on Project Affected People and temporary or permanent land acquisition. Physical resettlement is not expected. The Recipient has developed, disclosed and consulted upon a stand-alone Resettlement Policy Framework (RPF) for the Parent project that includes the procedures and approaches for land acquisition and provides guidance for preparation of site-specific Resettlement Action Plans (RAP) or Abbreviated Resettlement Action Plans (ARAP) as required before civil works commence on specific sub-projects. RAPs will be prepared, consulted upon, cleared by the Bank and implemented prior to commencement of any construction and/or land acquisition. A Process Framework (PF) was prepared, disclosed and consulted upon by the Recipient in order to ensure that Protected Area and Fishery dependent people's access to livelihoods is not adversely impacted by the project where access restrictions may be imposed. T The RPF and PF will be updated, to include new activities under Component 3 and Component 5 that may have ESS5 impacts, consulted and redisclosed within 30 days after the project effectiveness. Requirements for the development of subsequent plans (such as RAPs, A-RAPs, LRP) will be included as action items in the AF ESCP.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

ESS6 is considered relevant to the project. Even though infrastructure rehabilitation planned under the project will focus on already existing rural roads, it will also necessitate limited physical interventions (e.g. land clearing, resource use, temporary diversion of watercourses or roads to allow culverts repairs) that could negatively impact the biodiversity or living natural resources. However, there are others activities susceptible to negatively affect biodiversity under the program and AF such as financing aquaculture MSMEs and small producers (e.g. introduction of alien species) and agriculture MSMEs and small producers (land clearing). Thus, as per the para. 32 of ESS6, the Borrower will manage living natural resources in a sustainable manner, through the application of good management practices and available technologies. The ESMF will be updated to include these good practices per typology of AF subprojects. Moreover, as indicated above in ESS1, the Borrower will assess the potential for cumulative risks and impacts and will revise accordingly the CIA section included in the ESMF to take in consideration the producers financed by AF. The project and AF target provinces and districts include the following Key Biodiversity Areas (KBAs) which will be excluded for land clearing activities : Niassa province (Sanga District - Njesi plateau KBA); Nampula province (Monapo Distric – Netia KBA); Zambezia province (Gurué Distric - Mount Namuli KBA, Pebane Distric - Moebase region KBA, Luegela Distric - Mount Mabu KBA, Milange Distric - Mount Chiperone KBA and Morrumbala Distric – Mount Morrumbala KBA); Tete province (Magoe Distric - Headwaters of the Cahora Bassa Dam KBA and Macanga District – Furacungo KBA); Sofala province - Zambezi River Delta and Gorongosa Mountain and National Park; Manica province (Sussundenga District - Chimanimani Mountains); Inhambane Province (Great Bazaruto KBA –



Govuro and Vilankulo Districts). These environmental characteristic and ecological features are relevant for the project to screen them out from the agricultural financing sites and vegetation clearing activities. The mitigation measures to avoid these KBAs have been included in the ESMF through an Environmental and Social Checklist. Moreover, the AF will not finance activities in conservations areas. Moreover, the AF is not expected to finance activities in conservations areas. In order to prevent that scattered activities inadvertently impact biodiversity sensitive areas and to ensure that there are no leakages, displacement or cumulative development effects, the borrower capacity and monitoring levels will need to be strengthened. The ESMF will be updated to include such provisions.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

ESS7 is currently considered not relevant to the Project as Project activities are not expected to have impacts on IP/SSAHUTLCs.

ESS8 Cultural Heritage

ESS8 is considered relevant to the project. Project activities are not expected to affect cultural heritage as the project activities are expected to take place in brownfield areas. However, Chance Find Procedures have been established in the original project ESMF and shall be followed if previously unknown cultural heritage is encountered during project activities. In addition, shall potential adverse impacts on cultural heritage near or on any project sites be identified, the Borrower will primarily avoid impacts on cultural heritage and if avoidance of impacts is not possible, the Borrower will identify and implement measures to address impacts on cultural heritage in accordance with the mitigation hierarchy, this standard and national law.

ESS9 Financial Intermediaries

ESS9 is not relevant as the project will not have any financial intermediaries.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways	No
OP 7.60 Projects in Disputed Areas	No

B.3. Reliance on Borrower’s policy, legal and institutional framework, relevant to the Project risks and impacts

Is this project being prepared for use of Borrower Framework? No

Areas where “Use of Borrower Framework” is being considered:

Public Disclosure



None

IV. CONTACT POINTS

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Borrower/Client/Recipient

Borrower: Republic of Mozambique

Implementing Agency(ies)

Implementing Agency: National Sustainable Development Fund (FNDS)

Implementing Agency: ProAzul Blue Economy Development Fund

Implementing Agency: BIOFUND

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VI. APPROVAL

Task Team Leader(s):	Franka Braun, Tomas Ricardo Rosada Villamar, Giuseppe Fantozzi
Practice Manager (ENR/Social)	David Seth Warren Cleared on 04-Sept-2022 at 15:42:27 GMT-04:00
Safeguards Advisor ESSA	Peter Leonard (SAESSA) Concurred on 05-Sept-2022 at 11:24:7 GMT-04:00