



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 09-Oct-2018 | Report No: PIDISDSA25383



BASIC INFORMATION

A. Basic Project Data

Country Mozambique	Project ID P166063	Project Name 2nd Additional Financing to Emergency Resilient Recovery Project	Parent Project ID (if any) P156559
Parent Project Name MZ - Emergency Resilient Recovery Project	Region AFRICA	Estimated Appraisal Date 05-Oct-2018	Estimated Board Date 30-Oct-2018
Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice	Financing Instrument Investment Project Financing	Borrower(s) Ministry of Economy and Finance (MEF)	Implementing Agency National Directorate of Water Resources Management (DNGRH), Ministry of Education and Human Development (MINEDH), Water and Sanitation Infrastructure Administration (AIAS), National Institute for Irrigation (INIR)

Proposed Development Objective(s) Parent

The Project Development Objective is to restore the functionality of critical infrastructure in a resilient manner in the disaster-affected provinces; and to improve the Government of Mozambique's capacity to respond promptly and effectively to an eligible crisis or emergency.

Components

- Component A. Resilient Infrastructure Rehabilitation
- Component B. Technical Assistance for Resilient Recovery and Vulnerability Reduction
- Component C. Project Implementation, Monitoring and Evaluation
- Component D. Contingency Emergency Response (CERC)
- Component E. Food Security Emergency Interventions

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	13.00
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Total Financing	13.00
of which IBRD/IDA	13.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	13.00
IDA Grant	13.00

Environmental Assessment Category

B-Partial Assessment

Decision

The review did authorize the team to appraise and negotiate

B. Introduction and Context

Country Context

1. Mozambique has achieved significant economic development since the end of the civil war in 1992, but important challenges remain that have been aggravated by the recent hidden debt crisis. Real annual growth of the Gross Domestic Product (GDP) averaged around 8 percent over the past two decades. Robust growth was made possible by sound macroeconomic management, several large-scale foreign-investment projects in the extractives sector, political stability, and significant donor support. However, falling commodity prices, climate shocks, fiscal tightening and slowdown in foreign direct investments in the aftermath of the USD 1.4 billion hidden-debt disclosure caused economic growth to drop to 4.3 percent and inflation to peak at 26 percent in 2016. While inflation decreased to 7 percent in 2017, growth was expected to dip to 3.1 percent, external debt remained at an unsustainably high level (estimated 83 percent) and the economy remains exposed to external shocks given its dependence on a few commodities for foreign exchange earnings. Potential large revenues from liquefied natural gas (LNG) projects may increase government earnings in the coming years, although this increase is uncertain. Moreover, upcoming elections (local in 2018, general in 2019) could amplify political tensions between the main parties to control resources, which have been compounded by the changing political economy with the discovery of significant LNG reserves in 2009/2010. To date, the IMF has not resumed its program in Mozambique and the country is now classified as being in a “fragile situation” by the World Bank.

2. While the incidence of poverty has declined, the number of poor people remains high and inequalities are growing. According to the latest official figures, poverty has fell from 52.8 percent in 2002 to 46 percent in 2014. International comparison data (using the US\$1.9/day 2011 PPP poverty line) show a similar trend with poverty falling from 78.5 percent to 62.9 percent over the same period. However, the relationship between growth and poverty reduction has weakened due to a transition towards capital-



intensive public and private investment projects and fewer people have been benefitting. The recent economic downturn may also have had a negative effective on poverty reduction. Whilst inflationary pressures have subsided, relative food price levels are high and household consumption remains strained.

3. The impacts of weather-related shocks are felt across most sectors of the economy, undermining the achievement of the WBG twin goals of eliminating extreme poverty and boosting shared prosperity. Mozambique is highly-exposed and vulnerable to natural hazards and climate variability with drought, flooding, and tropical cyclones comprising the most frequent climate shocks, but it also faces seismic risk. The frequency and intensity of climate-related shocks have intensified over the past four decades. Over half of its population is vulnerable to climate-related shocks and the impacts of disasters on the country's budget and economy are sizable. Assets worth approximately 37 percent of GDP are exposed to two or more natural hazards, which translates into 1.1 percent annual average loss in GDP. On average, 122,000 people are affected by recurring floods in Mozambique. The costs of the 2000 floods were estimated at almost US\$ 450 million (or nearly 9% of GDP) and in 2013 the sum exceeded US\$ 517 million (both at current values).

4. The negative impact of these shocks is exacerbated by high levels of poverty and the Government's limited fiscal space to respond effectively to these shocks. Emerging international evidence shows that disaster have disproportional impacts on poor people, who have limited capacity to cope with shocks, further driving inequality and poverty in exposed regions.¹ Recent poverty analysis² conducted in Mozambique shows that cyclone, flood or drought can lead to a drop of up to 25-30% in per capita food consumption and that affected households also cut back on expenditures in basic non-food items. For three disaster events analyzed, the negative effects on consumption resulted in an increase in poverty of 12 and 17.5 percentage points. In addition, the public resources allocated ex-ante for emergency response and recovery have systematically been significantly lower than the funds needed to cope with catastrophic events. These financial constraints and need to mobilize ex-post resources result in inefficient response operations and prolonged and uncertain recovery and reconstruction processes, which further exacerbates the negative economic impacts of disasters. Without changes in disaster risk management and financing policy, climate change is expected to cause economic damages of between US\$2.3 billion and US\$7.4 billion during the period 2003–50 (discounted and in 2003 prices).³ Mozambique's development process therefore needs to address poverty goals in an inclusive and resilient manner.

Sectoral and Institutional Context

5. Mozambique has experienced consecutive large-scale disasters over the past years, with devastating floods affecting the Northern and Central regions in 2015, followed by a drought affecting the Southern region in 2016, caused by El Niño prevailing conditions in the Southern Africa Region, the strongest in 35 years. These disasters have resulted in two consecutive declaration of national emergency and call for international assistance. Consequently, the Government has put together multi-sector response plans designed to address the emergency needs of the population and the recovery and rehabilitation of critical infrastructure in a resilient way. While the National Institute for Disaster Management (INGC) has led the response to these disasters and coordination of the recovery planning, sectoral Ministries have been responsible for the rehabilitation of damaged infrastructure.

6. The Ministry of Public Works, Housing and Water Resources (MOPHRH) through the National Directorate of Water Resources Management (DNGRH) is responsible for the strategic management of water resources in Mozambique. DNGRH combines the responsibility for policy making, implementation,



planning and management of water resources, as well as provision of water supply and sanitation services in rural areas. The strategic activities undertaken by DNGRH are operationalized by the five Regional Water Authorities (ARAs). DNGRH has been implementing the activities related to the rehabilitation of flood protection infrastructure in the affected areas located in the left bank of the lower Licungo River and in the left bank of the lower Zambezi river. These are very flat, productive and densely populated areas where thousands of people live and work under the protection of the dikes.

7. The Ministry of Agriculture and Food security (MASA), through the National Institute for Irrigation (INIR), is responsible for all policy, strategic and operational issues related to irrigation. INIR has been implementing the activities related to the rehabilitation of the irrigation schemes damaged by the 2015 floods.

8. The Water and Sanitation Infrastructure Administration (AIAS) is responsible for water, sanitation and waste water treatment in all secondary towns in Mozambique. The coverage of drinking water supply in the three affected provinces is relatively lower than country average. In addition to their limited availability, drinking water systems are also highly vulnerable to natural hazards. AIAS has been leading the rehabilitation of the Mocuba water supply system.

9. Finally, the Ministry of Education and Human Development (MINEDH) is responsible for the construction and rehabilitation of public schools. It is estimated that 72 percent of schools in Mozambique are located in high-risk areas of one or more hazard (cyclone, floods, etc.). Due to inadequate design, poor construction quality, as well as inappropriate location and orientation, school buildings are highly vulnerable to the combined effects of flooding and wind hazards. In addition, more than 40 percent of classrooms are built directly by the communities, using substandard construction techniques and local materials. This combination of high exposure and vulnerability to natural hazards results in frequent damages and destruction of schools. In recent years, the number of classrooms destroyed in a single disaster event has overpassed the number of classrooms built annually by the Ministry. MINEDH has embarked in recent years, with support from the Bank and other partners, in the design and implementation of a safer school program. Under this project, MINEDH is implementing, with technical assistance from UN-Habitat, the reconstruction of damaged schools and construction of community schools in the Zambezia, Niassa and Nampula provinces, with resilient standards.

C. Proposed Development Objective(s)

Original PDO

The Project Development Objective is to restore the functionality of critical infrastructure in a resilient manner in the disaster-affected provinces; and to improve the Government of Mozambique's capacity to respond promptly and effectively to an eligible crisis or emergency.

Current PDO

No change to original PDO.



Key Results

10. Key results are:
 - (a) Direct project beneficiaries, including female beneficiaries;
 - (b) Number of people protected by rehabilitated dike infrastructure;
 - (c) Number of children with access to improved education infrastructure;
 - (d) Number of people with access to improved irrigation infrastructure;

D. Project Description

11. This Project addresses the financing gap caused by the activation of the Immediate Response Mechanism (IRM) to respond to the negative impact of the El Niño related drought in 2016, through:
 - (a) Provision of additional funds to address the financing gap in the amount of US\$ 13 million.
 - (b) Cancellation of selected activities for an amount of US\$7.5 million.

Financing Gap due to the IRM

12. On November 2, 2016, the Africa Regional Vice-President approved the request for activation of the IRM for an amount of US\$20 million, on the basis that all conditions precedent for activation had been met. The IRM funds were reallocated within the original Credit No. 5732-MZ - Emergency Resilient Recovery Project (P156599) to address the most urgent needs of food security (US\$ 8.9 million), health (US\$ 5 million), agricultural and irrigation support (US\$ 5.5 million), and water supply infrastructure (US\$ 0.6 million). As of August 2018, 100% of IRM resources were executed or committed. Activities related to delivery of food supply, nutrition supplements, improved seeds and construction of desalination plants for Chigubo and Chicualacuala districts were completed, while the distribution and installation of small irrigation systems and solar-powered pumps will be concluded by December 2018.

Cancellation of activities

13. The reallocation of resources to the CERC/IRM has resulted in certain activities being unable to move forward due to lack of funds. To ensure the completion of the ongoing ERRP works, the project requires a restructuring to cancel some activities that are no longer a priority and will not affect PDO achievement.

E. Implementation

Institutional and Implementation Arrangements

14. The original Project existing institutional and implementation arrangements will remain in place. Activities will continue to be implemented by the following institutions, in line with their respective mandates: (i) MOPHRH through DNGRH for dikes rehabilitation and flood risk management; (ii) INIR for irrigation; (iii) AIAS for drinking water supply; and (iv) MINEDH for safer schools. The Project Steering Committee (PSC), established under the leadership of the Ministry of Economy and Finance (MEF) and



INGC, with INGC acting as the PSC Secretariat will continue to ensure overall coordination, monitor recovery efforts and provide Project implementation oversight. The PSC also oversees the consolidation of implementation progress reports from implementing agencies.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

There will be no changes in the geographical coverage of the project. Consequently, proposed activities are being implemented in selected flood-affected areas across the three provinces of Zambezia, Niassa and Nampula. The nature and scale of activities will remain the same as in the parent project. Such activities, include: rehabilitation of basic infrastructure and viable such as dike, irrigation, drinking water supply and education infrastructure. All water-related rehabilitation works, including dikes, irrigated schemes, and drinking water supply, are being conducted in the Licungo Watershed. This is part of the Licungo River, which originates in Mozambique and is not a tributary of an international waterway. The rehabilitation and reconstruction of classrooms, however, will focus on the Northern and Central regions across the Zambezia, Niassa and Nampula provinces.

G. Environmental and Social Safeguards Specialists on the Team

Paulo Jorge Temba Sithoe, Environmental Specialist
Eden Gabriel Vieira Dava, Social Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	
Performance Standards for Private Sector Activities OP/BP 4.03	No	
Natural Habitats OP/BP 4.04	Yes	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	Yes	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	Yes	
Safety of Dams OP/BP 4.37	Yes	



Projects on International Waterways OP/BP 7.50	Yes
Projects in Disputed Areas OP/BP 7.60	No

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

This second Additional Financing (AF) seeks to replenish the funds allocated to the Immediate Response Mechanism (IRM), activated due to El Niño drought emergency response in November 2016. Therefore, it does not propose new activities or scaling up previously approved activities of the original project (P156559). Consequently, this AF will remain Category "B", and no new safeguards policies are triggered. Under the original project the following safeguards policies were triggered: OP 4.01; OP 4.04; OP 4.09; OP 4.11; and OP 4.12; due to the proposed activities that are focused on rehabilitation and reconstruction of infrastructures damaged during the flooding and storm events, which are expected to be small and medium scale, generating only minor and localized environmental impacts that can be easily identified, mitigated and managed. No large-scale, significant and/or irreversible impacts are expected. With the first AF approved in January 2017, OP 4.37 and OP 7.50 were further triggered due to the rehabilitation works of the Macarretane Barrage.

Overall, the expected environmental impacts are mostly associated with the construction phase of the rehabilitation works. Some of the key environmental and social impacts that may arise due to the project investments could be: i) waste generation, soil disturbance, earth movements, noise, vibration, land clearance during rehabilitation or reconstruction activities of dikes, schools, irrigation schemes, and drinking water supply infrastructure; ii) water and soil contamination due to leakage of fuel and oil, leading to potential public health risks; and iii) increase in water logging and salinization leading to indirect impacts to natural habitats, changes in river flow regimes around rehabilitated irrigation schemes that could lead to water/land access conflicts.

These potential impacts have been fully identified and mitigation measures proposed under during the preparation of the safeguards instruments. These include the Environment and Social Management Framework (ESMF), Resettlement Policy Framework (RPF) and Pest Management Plan –(PMP) which were consulted upon, adopted and disclosed in December 2016, and further revised, consulted upon, adopted and disclosed in July 2017 (following the first Additional Financing). Such instruments remain valid for this second AF. In addition to the Framework Instruments, the following instruments have been prepared and publicly disclosed prior to subprojects’ works commencement or are under preparation: (i) SES/ESMP/ARAP for the Nante dike rehabilitation works; (ii) ESMP for Macarretane Dam Rehabilitation; (iii) SES/ESMP/ARAP for Mocuba Water Supply Rehabilitation; and (iv) ESMP for Intabo Irrigation Scheme.

Overall, the project environment and social safeguards performance is Moderately Satisfactory. All components managed by different PIUs have partially complied with the environmental and social requirements for this project, including, when works have started, the submission for Bank’s review, of quarterly environmental and social compliance reports. The Borrower has undertaken close monitoring of such requirements and submitted quarterly reports to the Bank. Underlying safeguards issues are mostly related to inadequate community health and safety measures and ineffective Grievance Redress Mechanism (GRM).



2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

There are not likely to be any long-term negative impacts from the proposed activities. Most of the rehabilitation and reconstruction works will focus on existing facilities. Since the AF will not introduce new activities or scaling up previously approved activities of the original project, the existing safeguards instruments that were prepared will remain valid. Under the original project an Environmental and Social Management Framework (ESMF), a Resettlement Policy Framework (RPF) and Environmental and Social Impact Assessment (ESIA) and a Resettlement Policy Framework (RAP) were duly prepared, consulted upon and publicly disclosed. Furthermore, any subsequent activity was preceded by an environmental and social screening, preparation and adoption of an Environmental and Social Management Plans (ESMP) that is bidding to Contractor's contracts. Consequently, all ongoing activities financed under the original project have systematically been monitoring and reporting safeguards compliance with aforementioned instruments and the performance has been rated moderately satisfactory (MS) from the last ISM.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

The Project support investments in the rehabilitation or reconstruction of existing infrastructure, thus minimizing potential negative social and environmental impacts and increasing the efficiency of the investments. In addition, during the design and preparation of specific sub-components, alternatives to minimize adverse impacts were explored and captured in the project designs. These could include minimum adjustments in the existing alignments, and/or use of alternative materials to enhance the sustainability of infrastructure created.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

Proposed activities under the original project had potential to generate negative environmental and social impacts related to construction and/or rehabilitation works. Hence, an Environmental and Social Management Frameworks (ESMF), Integrated Pest Management Plan (IPMP) and Resettlement Policy Framework (RPF) and an Environmental and Social Impact Assessment (ESIA); and a Resettlement Policy Framework (RAP), including a set of site-specific Environmental and Social Management Plans (ESMP) were prepared, consulted upon and disclosed both in-country and in the Bank's website. The ESMF and the RPF provided useful guidance for management of all potential negative environmental and social impacts, but also streamlining the positive impacts during as well as mainstreaming any potential resettlement considerations during the implementation of the Project. Similarly, A PMP that was prepared for the PROIRRI Project was updated as needed and re-disclosed.

All implementing agencies DNGRH, INIR, AIAS and MINEDH have competent and dedicated safeguards specialists who do day-to-day supervision and management of the safeguards compliance. They have attended several training tailored to their specific project operations and they are now replicating such training to local entities, contractors and supervisors.

Nonetheless, as indicated above, the last supervision mission, conducted as part of the Mid-term Review, has identified safeguards issues mostly related to inadequate community health and safety measures and ineffective GRM. Consequently, the Borrower is implementing an Action Plan to address such issues to provide mitigation measures to the project risks. Such measures include provision of ESHS training to all project implementers, improvement of the Community and Workers Health and Safety procedures as recommended in the safeguards instruments previously prepared (ESMF, RPF, RAP and ESMP), and establishment of a functional GRM prior to the next mission.



5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Key stakeholders of the Project include the national government, local governments, and citizens living in the disaster affected/prone provinces. However, given the high profile of the Project and the number of stakeholder groups, there are certain groups that could potentially feel negatively affected. All stakeholders have a strong interest in the rehabilitation or reconstruction of infrastructure that will lead to increased opportunities. Technical reviews were undertaken to ensure that critical works and activities related to flood management and rehabilitation or reconstruction of basic public services do not have a negative impact on local residents. The environmental and social safeguards experts have prepared and disseminated relevant information to local communities living in flood prone areas to further increase awareness of the project activities prior to commencement of the works.

B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)

Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank	Date of submission for disclosure	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
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"In country" Disclosure

Resettlement Action Plan/Framework/Policy Process

Date of receipt by the Bank	Date of submission for disclosure
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"In country" Disclosure

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)



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APPROVAL

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