

# INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

**Report No.:** ISDSC8370

**Date ISDS Prepared/Updated:** 25-Jun-2014

**Date ISDS Approved/Disclosed:** 30-Jun-2014

## I. BASIC INFORMATION

### A. Basic Project Data

<b>Country:</b>	Mozambique	<b>Project ID:</b>	P149377
<b>Project Name:</b>	Water Service & Institutional Support II (P149377)		
<b>Task Team Leader:</b>	Luiz Claudio Martins Tava		
<b>Estimated Appraisal Date:</b>	15-Sep-2015	<b>Estimated Board Date:</b>	28-Jan-2016
<b>Managing Unit:</b>	AFTU1	<b>Lending Instrument:</b>	Investment Project Financing
<b>Sector(s):</b>	Water supply (100%)		
<b>Theme(s):</b>	Urban services and housing for the poor (100%)		
<b>Financing (In USD Million)</b>			
<b>Total Project Cost:</b>	186.00	<b>Total Bank Financing:</b>	186.00
<b>Financing Gap:</b>	0.00		
<b>Financing Source</b>			<b>Amount</b>
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			186.00
Total			186.00
<b>Environmental Category:</b>	B - Partial Assessment		
<b>Is this a Repeater project?</b>	Yes		

### B. Project Objectives

- (i) Increase water service coverage in key cities; and
- (ii) Strengthen institutional capacity and regulatory frameworks for water supply services in the Regional water utilities in the North and Central Regions of Mozambique.

### C. Project Description

The proposed project will finance priority water supply investments in four major systems, serving 6

urban areas: (i) Pemba, (ii) Nacala, (iii) Beira and Dondo, and (iv) Tete and Moatize, and increase the number of water supply connections in a fifth system covering 3 additional urban areas: (v) Chimoio, (vi) Manica and (vii) Gondola. In addition, the project will support the creation of the Regional Water Utilities in the North and Central parts of Mozambique, and enable engineering - design and supervision, project management/auditing, and technical studies and institutional capacity development, including specialized skills (e.g. safeguards and dam safety).

The project is expected to include five components, as follows:

**Component 1: Rehabilitation and Expansion of Water Supply Production (US\$84.3 million):** Investments will aim to increase the production capacity of four major water systems through rehabilitation or replacement of civil, electrical and mechanical works. Key activities will include expansion and refurbishment of well fields, refurbishment of intakes, expansion and refurbishment of water treatment facilities (all of which currently exist). In addition, it will include the rehabilitation and expansion of transmission infrastructure, including new pipelines along existing corridors, pump stations and associated fittings.

**Component 2: Expansion of Water Distribution (US\$78.6 million):** Investments under this component will include the development of priority infrastructure to increase service coverage and improve operational efficiency of the water distribution system. Investments will include rehabilitation of existing and construction of new distribution centers, including increasing storage with ground reservoirs and pressure through elevated water towers within the existing footprint, water supply network expansion and rehabilitation, installation of district meters and pressure control valves within existing pipelines, and approximately 105,000 new household meters and associated materials for yard type connections. The component will also finance goods and equipment in the target cities related to water supply and utility management (computers, monitoring systems, and office equipment, generators, vehicles, miscellaneous water treatment equipment, etc.).

**Component 3: Institutional Support (US\$14.1 million):** The project will also support project engineering, design and supervision, project management, project audits, and various technical studies as needed, as well as assistance to FIPAG in the establishment of independent regional water "companies" that would ultimately be responsible for water supply operations. Furthermore, this component supports the implementation of Environment and Social safeguards and the safety of Nacala dam.

**Component 4: Output-Based Connections Subsidies for Low-Income Households (US\$6 million):** The objective of the component is to increase access to piped-water for low-income households in the project cities and the Maputo Region by providing an output-based subsidy to the utility operator (s). The output-based subsidy would cover the labor cost of installing new connections normally paid by new clients (currently Mtn 2,000 or US\$67 equivalent per connection) and would be provided in two phases: (i) after the installation of functioning new yard-connections to eligible households; and (ii) after demonstrating the continuity of water supply service for a period of three months. About 70,000 yard-taps will be subsidized over a six-year period. The component would also finance an independent verification of the eligibility requirements, provision of the yard-connections, and their functioning prior to payments. The component is a continuation from an ongoing GPOBA project (P104945) in Maputo that has successfully installed about 28,000 subsidized connections. The current GPOBA project is scheduled to close June 30, 2014.

**Component 5: Capacity Building and Operational Support to CRA (US\$3 million):** This component

will provide resources for operating expenses and technical assistance to enable CRA to support implementation of existing regulations in the Central and Northern regions of the country over a six-year period. This includes support for the expansion of the regulatory framework and oversight, particularly in the newly created regional “companies,” and reviews of the structure and form of subsidies for low-income customers and of financing the extension of water to the urban poor. The component will also provide goods, operational support, capacity building, training, and technical assistance to CRA. Also, the component will finance the social-economic impact assessment in the project cities.

**D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)**

The project investments will take place in nine cities: Nacala, Tete, Moatize, Beira, Dondo, Pemba, Chimioio, Manica, and Gondola, served by 5 water supply systems. Given the nature, scale and scope of the infrastructure investments planned, the potential adverse environmental and social impacts of the project are expected to be moderate, reversible and temporary. The civil works will be carried out either on land already owed by FIPAG or along existing roads right-of-way.

There are no protected areas for nature conservation, species or habitats of particular interest that will be directly or indirectly affected. It is expected that most of the potential adverse environmental and social impacts associated with the project investments will be avoided and/or mitigated through provisions adopted during the project preparation phase and/or the development of the technical designs. In addition, the Environmental and Social Impact Assessment (ESIA) with Environmental and Social Management Plan (ESMP) will identify safeguards risks and define mitigation measures of negative environmental and social impacts associated with the construction works.

The proposed WASIS II project is a repeater of the ongoing WASIS project, which is a Category B project. WASIS II will finance the same nature of investments as those financed by WASIS in the same locations in Mozambique. WASIS II is also a Category B project. In addition, the locations of infrastructure investments under both projects are similar - urban areas and rights-of-way of existing roads.

The proposed project investments and associated potential impacts are summarized below:

Typical project-supported infrastructure investments:

The proposed infrastructure investments include:

- (a) Civil, electrical and mechanical works to improve water supply production, which include expansion and refurbishment of well fields, a water intake, and water treatment plants;
- (b) Priority infrastructure to increase service coverage and operational efficiency of the water distribution system, which include goods and rehabilitation or construction of water distribution centers, increasing water storage capacity and pressure;
- (c) Rehabilitation or expansion of water transmission infrastructure, including new pipelines and pump stations, as well as rehabilitation and expansion of water supply networks.

Typical negative environmental and social impacts expected from the project-supported investments:

- Infrastructure investments under (a) and (b) above will be constructed in FIPAG-owned land, in which similar infrastructure already exists but are in need of expansion or rehabilitation. When carrying out the field visits, the project team observed that FIPAG properties are mostly fenced, free

of encroachment and, in general, well kept. The negative environmental and social impacts expected from the project investments in these areas will be limited to the construction phase; these impacts will be mitigated through implementation of the ESMF and the subproject specific ESIA/ESMPs. It is expected that there will be little or no land acquisition in the project, but in case any construction requires land acquisition and/or affects community or individual livelihoods, FIPAG will follow the provisions of the RPF addressing compensation requirements, Resettlement Action Plans (RAPs) will be prepared as necessary.

- Infrastructure investments under (c) will be constructed on the existing rights-of-way of roads. During field visits, the project team observed that the road rights-of-way envisaged for the investments are free of encroachment, but detailed information about any required land acquisition and/or impact on livelihoods (such as of street vendors who may eventually use the area) will be available only during the preparation of the detailed engineering designs. Given the technical flexibility allowed for the installation of water pipelines, it will be possible to avoid land acquisition and also impacts on livelihoods. In case these impacts cannot be avoided, FIPAG will follow the provisions in the RPF addressing compensation requirements.

Specific project infrastructure investments and associated impacts to be noted:

- In the city of Nacala, the project infrastructure investments involve completing infrastructure construction works financed by the Millennium Challenge Corporation (MCC) – a United States foreign assistance agency that closed its activities in Mozambique in September 2013. The investments financed by MCC included the rehabilitation of a dam for water supply purposes completed in 2013. The MCC project also included construction of a treatment plant, distribution centers, and the water distribution pipelines. Following MCC safeguards policies and procedures (which are very close to those adopted by the World Bank), a set of environmental and social safeguards documents were prepared in an integrated manner with the technical studies. The WASIS II team visited the project sites in Nacala and observed that there are no outstanding environmental or social issues. This activity also triggers the Policy on Safety of Dams OP/BP 4.37.
- The project will add wells to two different well fields, Pemba and Tete/Moatize.

(a) In Pemba the project will expand production of the Metuge well field from around 17,500m<sup>3</sup>/day to around 30-32,000m<sup>3</sup>/day (i.e 12-14,000m<sup>3</sup>/day increase) by installing additional 10-15 new boreholes. A ground water assessment undertaken in 2012 defines a sustainable yield of 45,000 m<sup>3</sup>/day for the Metuge well field. So, the proposed project will reach about 70% of the sustainable yield of 45,000 m<sup>3</sup>/day.

(b) In Tete/Moatize, the project will expand the total production in the system from around 44,000 m<sup>3</sup>/day to around 59-60,000 m<sup>3</sup>/day (i.e 15-16,000m<sup>3</sup>/day increase). This will include installation of additional 20-22 new boreholes in the Tete and Nhartanda well fields – both of which are high yielding due to their potential interconnectivity with the Zambezi river, according to an assessment done in 2013. The well fields are potentially interconnected with the Zambezi river which is close to the well fields. The additional amount of water to be abstracted is about 0.015% of the Zambezi river flow in the dry season, close to the sites.

- Although the Zambezi abstraction, if it occurs, would be a small fraction of the dry weather flow of the river, close to the well field, the Operational Policy on International Waterways OP/BP 7.50 has been triggered.
- In order to increase protection of the water intake structure located in the embankments of the Pungue River, which supply water to the cities of Beira and Dondo, the project will finance

rehabilitation works of the structures protecting the intake. This activity also triggers the Policy on International Waterways OP/BP 7.50.

### **E. Borrowers Institutional Capacity for Safeguard Policies**

Adequate staffing capacity and procedures exist within FIPAG, including specialists dedicated to oversight on similar projects, including the Category A Greater Maputo Water Supply Project, and the WASIS project, whose implementation is ongoing. There is a strong record of experience with environmental and social Safeguards aspects of projects financed by the World Bank and other international and bilateral donors. An ESMF acceptable to the Bank was prepared and disclosed for WASIS. Prior to appraisal of the proposed project, the exiting ESMF will be updated and re-disclosed in Mozambique and in the Bank InfoShop. Where necessary, ESIA's, ESMPs, and RAPs will be inserted in the works contracts obligations.

### **F. Environmental and Social Safeguards Specialists on the Team**

Kristine Schwebach (AFTCS)

Nuno Maria Brilha Vilela (AFTU1)

## **II. SAFEGUARD POLICIES THAT MIGHT APPLY**

<b>Safeguard Policies</b>	<b>Triggered?</b>	<b>Explanation (Optional)</b>
Environmental Assessment OP/ BP 4.01	Yes	This project is a repeater of WASIS, which was classified Environmental Category B. The nature, scale and scope of the infrastructure investments proposed for the project are similar to those financed under the original project. This policy is triggered due to potential negative environmental impacts expected during the construction phase. During project preparation, existing Environmental and Social Management Frameworks (ESMF) and Environmental and Social Management Plans (ESMP) prepared for the original project and disclosed in the Bank's InfoShop (03/23/2010) will be updated and re-disclosed prior to appraisal.
Natural Habitats OP/BP 4.04	No	There are no sensitive or critical natural habitat areas affected by proposed investments.
Forests OP/BP 4.36	No	The project does not involve or affect forests.
Pest Management OP 4.09	No	The proposed project activities do not require the use of pesticides or other inputs that trigger this policy.
Physical Cultural Resources OP/ BP 4.11	No	The presence of physical cultural resources has not been identified in the project area. In addition, the project will avoid disturbing or affecting physical cultural resources. Nonetheless, civil works contracts will include

		chance finds procedures as described in the project ESMF.
Indigenous Peoples OP/BP 4.10	No	There are no Indigenous Peoples in the project area.
Involuntary Resettlement OP/BP 4.12	Yes	<p>The proposed project activities might result in temporary or permanent loss of assets, i.e., crops or other means of income generation. Therefore, appropriate compensation for these negative social impacts may be needed.</p> <p>Under the original project, the Borrower developed a Resettlement Policy Framework (RPF). This was reviewed, approved and disclosed in the Bank's InfoShop (03/23/2010). The RPF will be updated and made available prior to appraisal. In case land acquisition or restriction of access to resources will be identified as a requirement for a project activity, a RAP will be prepared, consulted upon and publicly disclosed.</p>
Safety of Dams OP/BP 4.37	Yes	This policy is triggered because the raw water supplied to the city of Nacala comes from an existing dam (whose recent rehabilitation was financed by MCC). Safety procedures such as Seismic Safety Analysis, the Maintenance and Operational Manual and the Emergency Preparedness Plan were prepared by the Government and are currently under review by the World Bank.
Projects on International Waterways OP/BP 7.50	Yes	<p>This policy is triggered because the project will finance activities potentially affecting two International rivers, the Pungue river and Zambezi river.</p> <p>Pungue -The project will rehabilitate structures protecting the water intake located on the river embankments, but there will be no increase of water abstraction compared to the original design.</p> <p>Pungue river is shared by Zimbabwe and Mozambique. Mozambique is the downstream riparian.</p> <p>Zambezi - The project will rehabilitate and install new boreholes that may affect about 0.015% of the river flow in the dry season,</p>

		<p>assuming that the aquifers are interconnected. The Zambezi river is shared by Angola, Botswana, Mozambique, Namibia, Zambia and Zimbabwe. Mozambique is the downstream riparian.</p> <p>Based on the detailed review, notifications to riparian states may be required during project preparation.</p>
Projects in Disputed Areas OP/BP 7.60	No	The project is not taking place in disputed areas.

### III. SAFEGUARD PREPARATION PLAN

**A. Tentative target date for preparing the PAD Stage ISDS:** 30-Sep-2015

**B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing<sup>1</sup> should be specified in the PAD-stage ISDS:**

Updating of Safeguards Documents – from October 2014 through September 2015

- Environmental and Social Management Framework (ESMF)
- Generic Environmental Management Plan (EMP)
- Resettlement Policy Framework (RPF)

Nacala Dam – Review and update as needed the technical and safeguard documents will take place from October 2014 through September 2015. This includes:

- Operation and Maintenance Manual – review and updated as needed
- Emergency Preparedness Plan (EPP) – review and updated needed
- Report on the performance of the dam after the first (re)impoundment – review
- Possible hiring of an independent safety review panel – To be defined

International Waterways – review from July 2014 through October 2014

- Request exceptions to the notification requirement - Paragraph 7(a) of OP 7.50

### IV. APPROVALS

Task Team Leader:	Name: Luiz Claudio Martins Tava	
<b>Approved By:</b>		
Regional Safeguards Coordinator:	Name: Alexandra C. Bezeredi (RSA)	Date: 26-Jun-2014
Sector Manager:	Name: Rosemary Mukami Kariuki (SM)	Date: 30-Jun-2014

<sup>1</sup> Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.