



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 12-Mar-2021 | Report No: PIDA31349



BASIC INFORMATION

A. Basic Project Data

Country Mozambique	Project ID P176157	Project Name Mozambique: Northern Crisis Recovery Project (NCRP)	Parent Project ID (if any)
Region AFRICA EAST	Estimated Appraisal Date 19-Mar-2021	Estimated Board Date 27-Apr-2021	Practice Area (Lead) Urban, Resilience and Land
Financing Instrument Investment Project Financing	Borrower(s) Republic of Mozambique / Ministry of Economy and Finance	Implementing Agency Ministry of Agriculture and Rural Development (MADER)	

Proposed Development Objective(s)

The Project Development Objective is to improve access to basic services and economic opportunities for internally displaced persons and host communities in targeted areas of Northern Mozambique

Components

- Component 1: Building social cohesion and resilience to conflict
- Component 2: Provision of livelihoods and economic opportunities for IDPs and host communities
- Component 3: Rehabilitation of public infrastructure
- Component 4: Project management and oversight

The processing of this project is applying the policy requirements exceptions for situations of urgent need of assistance or capacity constraints that are outlined in OP 10.00, paragraph 12.

Yes

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	100.00
Total Financing	100.00
of which IBRD/IDA	100.00
Financing Gap	0.00



DETAILS

World Bank Group Financing

International Development Association (IDA)	100.00
IDA Grant	100.00

Environmental and Social Risk Classification

High

Decision

The review did authorize the team to appraise and negotiate

B. Introduction and Context

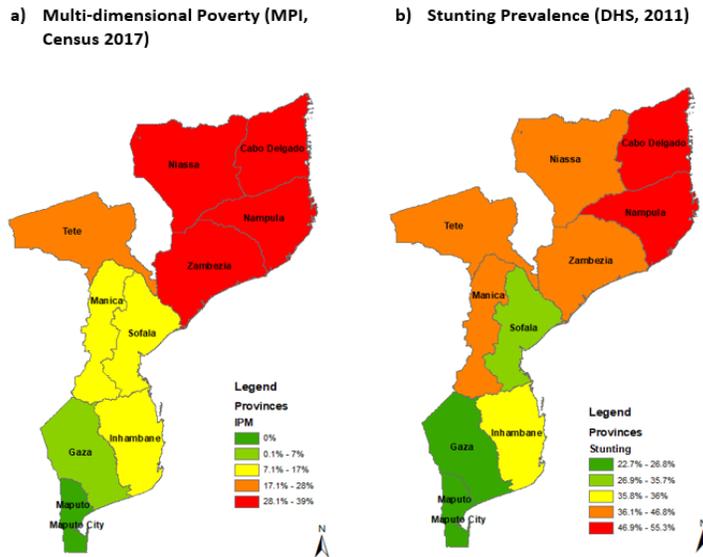
Country Context

- Mozambique has achieved significant economic growth since the end of the civil war in 1992, but important challenges are still affecting the country's short-term growth prospects.** Mozambique grew at more than 7 percent per year between 2002 and 2015, driven by several large-scale foreign investment projects in the extractives sector in the context of political stability and significant donor support. Agriculture grew more slowly, at 5.7 percent, but still represented 23 percent of GDP. However, falling commodity prices, climate shocks, fiscal tightening and a slowdown in foreign direct investment (FDI) in the aftermath of the US\$1.4 billion hidden-debt disclosure caused economic growth to drop to 4.3 percent and inflation to peak at 26 percent in 2016. When tropical cyclones Idai and Kenneth hit the country in 2019, growth fell sharply to 2.3 percent due to the supply shock to productive capacity. This situation worsened in 2020 due to the economic impact of the Covid-19 pandemic.
- The rate of poverty reduction during the 2002-2015 period was uneven across provinces and between urban and rural areas.** As a result of the sustained yet modest per capita growth, monetary poverty declined from 60.3 in 2002/03, to 58.7 percent in 2008/09, to 48.4 percent in 2014/15.¹ The increased pace of poverty reduction after 2009 showed a relative gain in urban areas due to the lagging agricultural sector and the urban concentration of large, capital-intensive public and private investment projects. Poverty declined by 23.2 percent in urban centers compared to 18.8 percent in rural villages. These urban-rural differences are also observed across provinces, with the highest poverty in the Northern and Central provinces: Niassa (67 percent), Nampula (65 percent), Zambezia (62 percent) and Cabo Delgado (50 percent). A multidimensional poverty index (MPI), using information from the 2017 Census, confirms that the Northern provinces have the highest rates of multi-dimensional poverty. The 2011 Domestic Household Survey (DHS) confirms that the Northern provinces also have the highest rate of stunting (Figure 1).

¹ Based on World Bank estimates using an international poverty line. Estimates based on the national poverty lines show a similar pattern: 52.8, 51.7, and 46.1 percent respectively (World Bank, 2018).



Figure 1. Multi-dimensional Poverty Index and Stunting Prevalence in Mozambique



3. **Social vulnerabilities in Mozambique are exacerbated by frequent climate and disaster shocks, which also impact growth and development.** A catastrophe risk modeling study estimates that Mozambique faces average annual losses of US\$440 million due to floods alone.² Emerging international evidence shows that disasters have disproportional impacts on the poor and vulnerable, who are least able to cope with shocks, thereby further driving inequality and poverty in exposed regions.³ A recent analysis of climate shocks and household wellbeing in Mozambique⁴ finds that a cyclone, flood or drought event can lead to a 25-30 percent drop in per capita food consumption and 0.4 fewer meals per day per person (Baez et al., 2019). Affected households also cut back on basic non-food expenditures, such as education, health care, home repairs or equipment needed for livelihoods. In 2019, the Northern and Central regions were hit by the tropical cyclones Idai and Kenneth, resulting in widespread damage to infrastructure and affecting more than one million people, causing 602 direct deaths, 1,600 injuries, 6,506 cases of cholera and 14,059 cases of malaria. Hundreds of thousands of people lost their homes and at least 142,000 are still sheltering in 136 displacement sites (UN/OCHA, 2019). The negative effects on consumption resulted in a poverty increase of 12 and 17.5 percentage points in two of the three events analyzed. The provinces most often affected by disasters tend to show higher levels of poverty compared to those least affected. 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 the resulting need to mobilize ex post resources lead to inefficient response operations and prolonged and uncertain recovery processes, which further exacerbate the negative economic impacts of disasters. Without changes in climate and disaster risk management (DRM) and financing policy, climate change is expected to cause economic damage

² World Bank. 2018. Financial Protection Against Disaster in Mozambique.

³ Hallegatte et al. 2017. Unbreakable: Building the Resilience of the Poor in the Face of Natural Disasters. World Bank.

⁴ Baez et al. 2018. Extreme Weather and Household Well-being: Evidence from Multiple Shocks in Mozambique. World Bank.



of between US\$2.3 billion and US\$7.4 billion during the period 2003–2050 (discounted and in 2003 prices).⁵ Therefore, poverty reduction efforts need to incorporate climate resilience.

4. **Women are at a particular disadvantage in accessing economic opportunities and political platforms** due to low levels of education, illiteracy, high maternal health risks, pressure to marry at a young age (half of Mozambican women marry before the age of 18), gender-based violence (a third of Mozambican women aged 15–49 years have experienced physical violence), and accepted cultural norms. Traditional gender norms limit women’s formal involvement in the economy and protection against gender-based violence. Only 46 percent of girls finish primary school and 22 percent finish secondary school, and 56 percent of women are illiterate (77 percent in rural areas). Although women constitute the bulk of the informal and unskilled workforce, especially in agriculture (63 percent), their labour is largely unpaid. Mozambique ranks 142nd out of 162 countries on the UNDP Gender Inequality Index (see section IV. D “Environmental and Social” for further details on gender gap and specific activities included in the proposed operation to address gender issues).
5. **The Covid-19 outbreak reached Mozambique just as the country was attempting to recover from two major shocks: the hidden debt crisis and the devastating effects of tropical cyclones Idai and Kenneth.** In 2016, Mozambique’s track record for high growth was disrupted when previously undisclosed external borrowing, amounting to US\$1.3 billion, came to light. The hidden debt crisis hurt investor confidence in the country, increased debt levels, and more than halved the average rate of growth.⁶ In 2019, Idai and Kenneth caused massive damage to infrastructure and livelihoods,⁷ further lowering growth and negatively impacting the wellbeing of the population. Covid-19 now represents a massive setback that could erase past gains.
6. **Covid-19 is dimming the country’s short-term growth prospects and will increase Mozambique’s poverty rate, particularly in urban areas.** Economic activity is declining as social distancing measures and travel restrictions disrupt supply chains and reduce the demand for goods and services. At the same time, lower demand is lowering the price of commodities and slowing the pace of investment in gas and coal, two of the country’s key growth industries. As a result, the economy is expected to contract by 0.4 percent in 2020, down from a pre-COVID forecast of 4.3 percent, with significant downside risks. When the contribution of sizable liquified natural gas (LNG) investments is excluded, the contraction in 2020 is estimated at 1.9 percent. Mozambique is also expected to experience large external and fiscal⁸ financing gaps in 2021, in a context of exposure to external shocks and limited fiscal space. Furthermore, a sizeable number of Mozambicans will fall back into poverty because of the pandemic. The negative impacts on income are expected to be felt relatively more in urban and peri-urban areas, where social distancing measures and business closures are having the greatest impact. The pandemic is expected to predominantly affect poor populations in these areas, impacting their sources of income from informal work and self-employment. Mozambique’s urban poverty rate is expected to increase from 29 to at least 31 percent in 2020, pushing an

⁵ World Bank. 2010. The Economics of Adaptation to Climate Change – Mozambique.

Arndt, C., Paul Chinowsky, Kenneth Strzepek, and James Thurlow. 2012. “Climate Change, Growth and Infrastructure Investment: The Case of Mozambique.” *Review of Development Economics* 16 (3): 463–475.

⁶ Having averaged at 8.4 percent between 2003 and 2015, average GDP growth fell to 3.3 percent between 2016 and 2019.

⁷ Idai estimated losses and damages total at about US\$ 3bn (US\$ 2.7bn).

⁸ The Covid-19 shock is expected to contribute to a fiscal gap of 5.5 and 2.5 percent of GDP in 2020 and 2021.



additional 250,000–300,000 urban people into poverty on account of employment and income losses and price increases. Their wellbeing will also be affected by a deterioration of public services.⁹

B. Situation of Urgent Need of Assistance or Capacity Constraints

7. **Conflict and fragility crisis.** Since October 2017, the Province of Cabo Delgado, the poorest in the Country¹⁰, has been experiencing an armed insurgency focused on State targets and civilians. Core grievances that have fuelled the conflict include regional imbalances, which have worsened the historical marginalization of the province; exclusion, particularly of the youth, from access to power, land and resources; the capture of the provincial government by elites; and the reported use of violence to secure the interests of local power brokers. The conflict is also said to be driven by external factors, including the illicit cross-border trade in minerals and resources, and support from foreign fighters. On the other hand, the province is the location of considerable investments in infrastructure to support extraction of petroleum, natural gas, and mining. The gas investments in particular—estimated at around US\$50 billion in the next 15 years—have been anticipated since 2007 but have only started recently, with therefore limited current impact on the existing population. This situation has fueled the perception that the local population is excluded from reaping the benefits of extraction industries. Such grievances, along with poverty and widespread youth unemployment, is considered one of the drivers of the conflict in Cabo Delgado (further details on the drivers of the conflict are presented in annex 2).

8. **The crisis in Cabo Delgado rapidly escalated in 2020, leaving an estimated 1.3 million people¹¹ in urgent need of humanitarian assistance.** Attacks by armed groups expanded geographically and increased in intensity in 2020 (Figure 2), significantly intensifying social risks, especially for women and girls, people with disabilities, older persons and people living with HIV/AIDS. Reports of violence against civilians, including killings, beheadings and kidnappings, increased in 2020. The number of people displaced by the crisis more than quadrupled from March (more than 110,400) to November 2020 (nearly 530,000)¹², with children accounting for an estimated 45 percent of the displaced. According to OCHA,¹³ more than 90 percent of displaced people are staying with host communities, whose already meagre resources are being strained by the growing influxes: in Ibo District, there are now more internally displaced persons (IDPs) than host community members; in Pemba City, more than 100,000 displaced people have arrived over the past year, on top of the original population of around 224,000. Meanwhile, 10 percent of displaced people are staying

⁹ Under a more severe crisis scenario (assuming a 25 percent decline in consumption), the increase in poverty could be three times that.

¹⁰ While the incidence of multidimensional poverty decreased between 2008 and 2014, Cabo Delgado continues to have the highest consumption poverty rate of all Mozambican provinces.

¹¹ This includes IDPs and people already living in poverty. Source: Humanitarian Response Plan (Abridged Version). December 2020. OCHA / Humanitarian Country Team and Partners. Available at: <https://reliefweb.int/report/mozambique/2021-mozambique-humanitarian-response-plan-abridged-version>

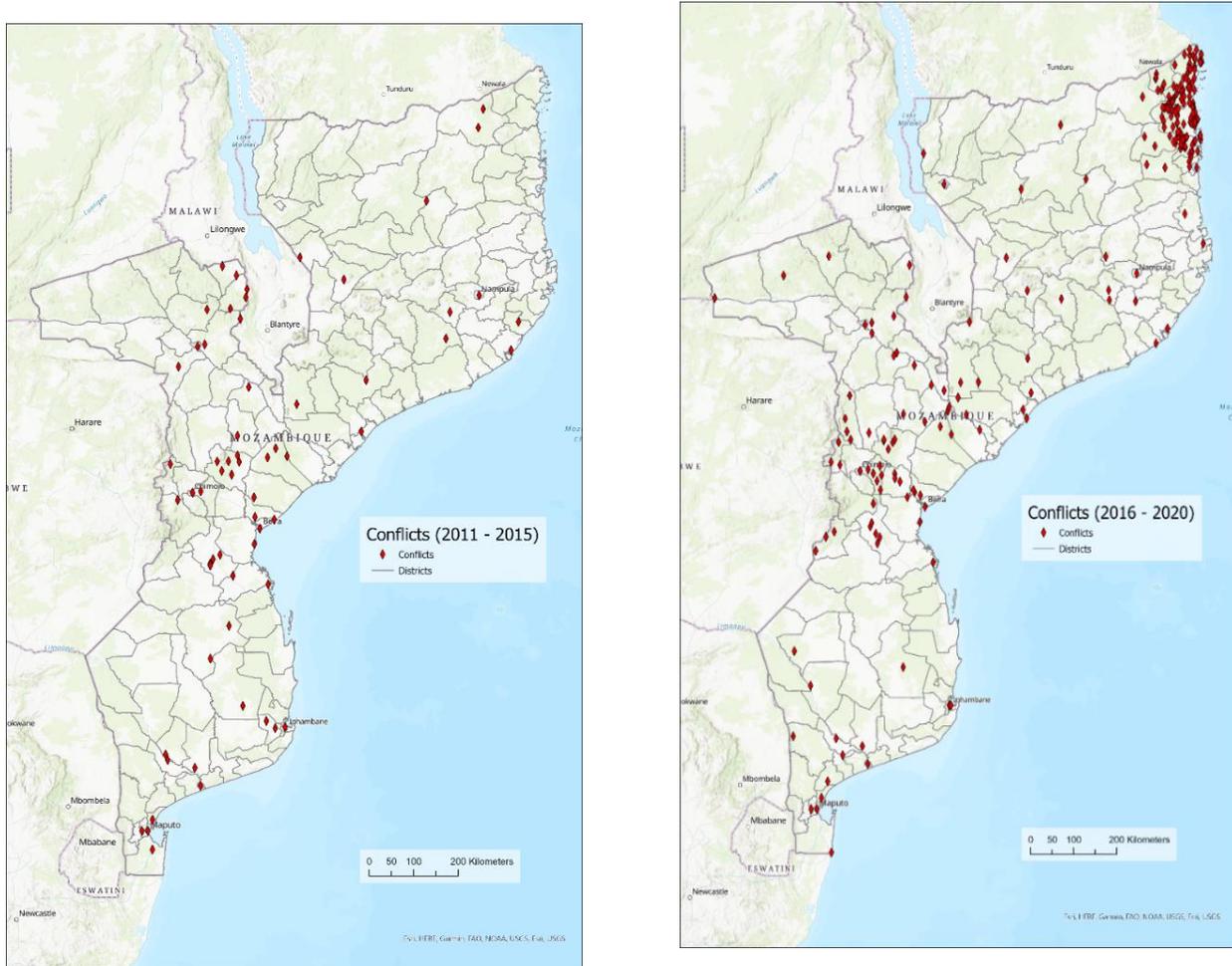
¹² As for January 29, 2021, the IOM calculates that the number of displaced people in Cabo Delgado has been increased up to 607,000.

¹³ Humanitarian Response Plan (Abridged Version). December 2020. OCHA / Humanitarian Country Team and Partners.



in relocation sites or in temporary sites which are overcrowded and lack privacy. These sites face limited access to safe shelter, water, and sanitation.

Figure 2. Mapping of Conflict Incidents in 2011–15 and 2016–20, Showing Increasing Clustering in the North



Source: Armed Conflict Location & Event Data Project.

- In addition to the massive surge in forced displacement, the attacks have caused significant damage to physical infrastructure and disruption of basic services. By end-February 2020, 76 schools had been destroyed, and by end September 2020, 619 separate conflict incidents had resulted in more than 3,000 fatalities and the destruction or closure of more than one third of Cabo Delgado’s 130 health units. Civil servants have fled, and local governments are now increasingly being run by military personnel or police. There are no government services in nine districts¹⁴ of Cabo Delgado, as the entire local public administration

¹⁴ The most hard-hit districts in Cabo Delgado province include: Mocimboa da Praia, Quissanga, Macomia, Muidumbe, Mueda, Ibo, Meluco, Palma and Nangade.



in those districts has relocated to other secure districts, including Pemba Metuge.¹⁵ With tensions rising between IDPs and host communities, there is an urgent need to quickly alleviate the impact of insurgency on the already constrained provision of basic services, infrastructure, livelihoods and job opportunities in those communities in order to prevent new conflicts from emerging.

10. **In the World Bank's fiscal year 2021, Mozambique was relisted as a *Fragile and Conflict-affected State***¹⁶ due to the ongoing situation in Cabo Delgado. Classified as *Medium Intensity*, the conflict in Cabo Delgado requires sustained support to help prevent further escalation of violence. This classification requires that the WBG, as well as other development partners, should remain engaged during and after the crisis to preserve human capital and key institutions, and to help create development opportunities for IDPs and host communities.
11. **Magnitude of unmet immediate and longer-term recovery needs.** To address the crisis in the North, the Government has launched a comprehensive plan for the allocation of 70,000 families fleeing the violence into 80 relocation sites distributed in several districts of Cabo Delgado and neighboring provinces. The plan focuses on: (a) the provision and construction of temporary accommodations, infrastructure facilities and basic services, including 70,000 demarcated land plots and housing materials kits, 70,000 latrines, 160 boreholes, 80 water supply sources, and 160 newly equipped health centers and schools; (b) support for productive activity, with a focus on agriculture and fisheries; (c) restoration of 2,160 km of local roads; (d) provision of food assistance and non-food items for shelter and relief kits; and (e) increased security of families and property. This multi-sectoral plan will cost US\$305.8 million and is expected to cover short and longer-term interventions for IDPs and host community recovery.
12. **Prioritizing the most critical needs of IDPs and host communities.** To date, Government authorities and humanitarian agencies have been focusing on the provision of humanitarian assistance to IDPs in temporary and relocation sites. Rapid assessments conducted by local governments and humanitarian agencies have been used as the basis for deployment of relief such as food aid, water and sanitation, and temporary shelter. The World Bank, together with a number of development partners, is supporting the development of a *Recovery and Peace Building Assessment (RPBA)* in support of the Government's Integrated Development and Resilience Strategy for the North. To address and anticipate the growing number of IDPs and affected communities, a geographically focused multi-sector fragility and conflict impact and needs assessment will be conducted to define a differentiated strategy to target project beneficiaries (IDPs and host communities) and propose specific project interventions. The outcomes of this assessment will help refine the Government's plan for IDP assistance, as well as guide the design and implementation of other WBG IPF projects planned for Northern Mozambique in support of current Government strategy to promote integrated development, build resilience and prevent the escalation of conflict in the region.
13. **Limited Government fiscal space for effective recovery from fragility and conflict.** The fiscal deficit will increase substantially in 2020 to reach 8.3 percent of GDP in 2020, from 5.3 percent in 2019 and a pre-COVID estimate of 4.5 percent, owing to lower fiscal revenues and COVID-19-related expenditures, in a context of debt overhang, a growing wage bill and rising military spending. In 2020, Mozambique is expected to experience its first economic contraction in nearly three decades with growth sharply declining from an

¹⁵ Draft Risk and Resilience Assessment (RRA).

¹⁶ <https://www.worldbank.org/en/topic/fragilityconflictviolence>



average of 8 percent in 2001-2015 to 3 percent in 2016-2019. Real gross domestic product (GDP) is projected to decline by 0.8 percent in 2020, compared to a pre-COVID estimate of 4.3 percent, as external demand falls, domestic lockdown measures disrupt supply chains and depress domestic demand, and LNG investments are delayed. Debt distress with debt-to-GDP is also projected to surge in 2020 due to the balance sheet effect of currency depreciation and falling GDP, while COVID-19 has added significant budgetary pressures arising from a growing wage bill and debt service. Debt levels are projected to grow in 2020 to reach 120 percent in 2020 after 108 percent of GDP in 2019, due to currency depreciation and GDP contraction. Despite uncertainties, fiscal consolidation expected to resume in 2021, with a target of achieving a zero-primary deficit by 2024.

14. **Government request for urgent financial assistance.** An official Government request dated December 21, 2020 seeks Bank support for quick mobilization of financial resources to assist with implementation of the *Integrated Development and Resilience Strategy*. These funds would help the Government alleviate some of the urgent needs of the IDPs and build its capacity for crisis preparedness and response, as well as for longer-term recovery from fragility and conflict.
15. **The IDP crisis is exacerbating the North's vulnerabilities to climate disasters and the Covid-19 pandemic.** The province of Cabo Delgado, hardest hit by the cyclones, experienced losses and damages representing 34 percent of provincial GDP; and the current insurgency crisis, fueled by the highest rates of poverty and exclusion in Mozambique, has compounded those vulnerabilities. If not addressed, the crisis in the North could not only jeopardize the country's development goals, but it could also destabilize peace in the entire Country.

Sectoral and Institutional Context

16. **Emergency response.** To provide assistance to IDPs and host communities, the Government has put together an integrated response plan, coordinated by the Agency for Integrated Development of the North (ADIN), under the leadership of the Ministry of Agriculture and Rural Development (MADER). The overall program includes specific contributions from the following central government ministries, institutions and partners: (a) the Ministry of Public Works, Housing and Water Resources (MOPHRH) will provide water, sanitation and housing; (b) the Ministry of the Sea, Inland Waters and Fishers (MIMAIP) will provide fishing kits and associated training; (c) MADER will provide agriculture kits; (d) the Ministry of Land and Environment (MTA) will provide land to IDPs; (e) the Ministry of Health (MISAU) will provide health care services; (f) the Ministry of Education and Human Development (MINEDH) will provide education services; and (g) the National Institute of Disaster Risk Reduction (INGD) will provide technical support on emergency management. The focus of the response will be to alleviate the impact of the conflict on IDPs, their host communities, and where possible the cohorts of the population left behind in the conflict zone. For the cohort left behind, support will be given only if the areas are deemed safe, or there is a partner willing to work in those areas.
17. **Mozambique's social protection strategy in response to the IDPs crisis.** The country's social protection system is grounded in the National Strategy for Basic Social Security 2016-2024 (ENSSB II) which targets the poorest and most vulnerable populations. Its key objectives are to "(a) strengthen their consumption level and resilience; (b) contribute to the development of their human capital through improved nutrition and access to health and education services; (c) prevent and respond to the risks of violence, abuse, exploitation, discrimination and exclusion through social services; and (d) develop institutional capacity for the



implementation and coordination of the social assistance system.” The design and operationalization of ENSSB II is reflected in the Five-Year Government Plan 2020-2024 (Programa Quinquenal do Governo- PQG). In response to the emergency in the north the social protection sector is providing support to more than 250,000 households with investments in the amount of US\$ 17.0 million.

18. **Labor intensive public works program in Mozambique has been successfully implemented by the National Social Assistance Institute through the Productive Safety Net Program (PASP).** PASP, is a public works program for poor households in which one or more adults are able to work but face limited employment opportunities; this program is already funded by the Social Protection Project (P129524). PASP was launched in 2011 with the objective of promoting socio-economic inclusion of poor households with members having the ability to work. In 2019, the program covered 121,000 beneficiaries in both urban and rural areas. The types of public works implemented in PASP has evolved significantly over the years from simple cleaning of streets to a variety of activities such as rehabilitation of roads, cleaning of sewage canals, beachfront and gardens, maintenance of schools, clinics and natural resource conservation and management. Thus, since the GoM already has a functional cash for work program in the same areas in which the proposed project is going to be implemented, there will be a need for the harmonization of the activities with the program. Moreover, the Investing in Human Capital and Preventing Conflict Escalation in Mozambique project (P175298) will scale up the PASP in the northern provinces and this would require to follow the same program parameters as the PASP, for instance in terms of beneficiaries selection criteria, cash transfer value, etc. The harmonization of these parameters could allow to avoid miss understanding on the interventions or generate inequalities within the same area by implementing similar activities with different parameters.
19. **Ongoing World Bank response to disasters.** In response to the emergency emanating from the cyclones, on March 18, 2019 the Bank approved the Mozambique Disaster Risk Management and Resilience Program (P166437), which includes resources for capitalization of the National Disaster Management Fund (DMF). To date, the Bank has disbursed approximately US\$20.8 million under the program, of which US\$18.2 million went directly into the DMF to support emergency preparedness and response operations after cyclones Idai and Kenneth, as well the response to the ongoing humanitarian crisis in the North.¹⁷ The remaining US\$2.8 million is being used for capacity building of the DMF. In addition, a US\$ 9.7 million Contingency Emergency Response Component (CERC) was activated under the ongoing Mozambique Land Administration Project (P164551)¹⁸ to help restore agricultural activity of IDPs and host communities in the provinces of Cabo Delgado and Nampula through the provision of 30,000 agriculture kits. The proposed Northern Crisis Recovery Project (NCRP), through its focus on service provision, livelihood restoration and building social cohesion, will serve as a *bridge* between the Bank’s emergency response and longer-term development objectives in the North, and will complement humanitarian efforts by the UN and other development partners.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

¹⁷ As of October 2020, INGC spent \$5.3 million for emergency/crisis response in the North (Cabo Delgado and Nampula) of which \$4,0 million were allocated in response to the Cyclones Idai & Kenneth, and \$1.2 million for IDP support. Most of the support went to Cabo Delgado (\$5.2 million).

¹⁸ The CERC - Immediate Response Mechanism (IRM) was activated in December 14, 2020.



20. The Project Development Objective is to support improve access to basic services and economic opportunities for internally displaced persons and host communities in targeted areas of Northern Mozambique

Key Results

- Social cohesion and resilience of communities affected by the conflict
- Improved access to economic opportunities by IDP's and host communities
- Improved access to basic services and infrastructure by IDPs and host communities

D. Project Description

Component 1: Building social cohesion and resilience to conflict (US\$ 9 million)

21. This component will finance activities required to establish institutions and processes that promote stability, cohesion and peaceful cohabitation among different social groups and host communities while enhancing trust and confidence between society and State institutions and norms. The activities to be financed under this component will include, inter alia: (a) Psychosocial social support and community peace building; and (b) enhance State-society trust and confidence.

Subcomponent 1.1. Supporting community-based organizations and leadership (US\$5 million)

22. Activities under this subcomponent will be implemented through supporting community-based organizations and leadership. Key actions include, inter alia: (a) IDPs registration in relocation sites and host communities, including gender and leadership profiling of IDPs; (b) training for local organizations, (c) establishment of community-level social cohesion and peace building committees and (d) development of an action plan to enhance State-society trust and confidence.

23. Specific activities under (d) will include mapping of community-based organizations and leadership structures; revitalization of youth associations; creation and training of community-based child protection committees; revitalization and support to women's associations; creation of volunteer associations in areas such arts, sports, dance and tournaments, among other healing activities covering for IDPs.

24. The International Organization of Migration is currently using a Displacement Tracking Matrix (DTM) to provide weekly and monthly updates and monitoring of the movement of IDPs from the conflict-affected districts to safer districts, mostly in southern Cabo Delgado, and the nearby provinces of Nampula and Niassa A digital platform will be designed and implemented for registration and tracking of IDPs in temporary and relocation sites and host communities. Experienced UN-Agency or NGO will be hired to develop, populate, and maintain the platform. The digital platform will capture demographic and socio-economic profile of IDPs,



including needs for special social attention, and membership to local Community-Based Organizations (CBOs), track the transition of IDPs within temporary sites and host families to relocation sites; and monitor access of IDPs and host communities to infrastructure, livelihoods, jobs and services provided by the Project and other development partners

25. The creation of these community-based institutions and participatory spaces will help to promote voluntary participation, gender balance, fair treatment and full exercise of citizen rights and liberties as pathways for shaping citizenship values, collective work and protection of children, adolescents and youth, women and vulnerable groups. The project will make use of the country's long history and legacy of participation of communities at local, district and provincial levels to build social cohesion and peace between IDPs, host communities and Government institutions.

Subcomponent 1.2. Provision of physical and psychosocial supportive services to vulnerable households and individuals (US\$4 million)

26. Activities under this subcomponent will include, inter alia: (a) provision of health services, including mental health and psychological counselling to IDPs, especially women and children; (b) support to victims of GBV, sexual violence, and survivors; (c) child foster care initiatives for child-headed families; and (d) identification, registration and documentation of IDPs so that they can access these services.
27. Community infrastructure and amenities, to be developed under subcomponent 3.3 will provide physical space to support the effective functioning of institutions and space for participation, as well as for provision of mental health and psychological counseling services to IDPs, especially women and children, the support to victims of sexual violence and care initiatives for child-headed families. Support for the recruitment of volunteers and community actors required to animate these spaces will be provided under subcomponent 2.2.

Component 2: Provision of livelihoods and economic opportunities for IDPs and hosting communities (US\$ 28.8 million)

28. This component will support, inter alia: (a) cash for work programs for youth and women; (b) provision of agriculture and fisheries inputs; (c) provision of kits for micro and small business development; and (d) training on entrepreneurship and business management.

Subcomponent 2.1. Provision of livelihoods support (US\$21.8 million)

29. This subcomponent will finance livelihood recovery activities for IDPs and for host communities whose resources have been strained by their support for IDPs. Specific activities will include: (a) cash-for-work programs targeting youth and female heads of households; and (b) provision of inputs for farmers, fishing communities and their associations.



30. The provision of cash for work program will be inclusive for IDPs and members of host community and will be tailored to the targeting and eligibility criteria established for the existing PASD program implemented by National Institute for Social Action (INAS) under the Ministry of Gender, Children and Social Action (MGCAS). Provision of agriculture seeds and inputs will use existing good practices in the agriculture sector, based on organization of agriculture fairs in pre-identified sites, participation of pre-selected providers/dealers, and distribution of electronic vouchers to ensure that beneficiaries can choose the inputs that meet their needs and priorities. District authorities will ensure provision of extension services to farmers through the existing extension services network. Inputs to fisheries will target established fisherman associations operating along the coast and open sea, fishermen engaged in aquaculture and pisciculture, as well vendors of fishery products.
31. In fisheries, support will be provided for: (a) the rapid assessment of fishery resources; (b) revitalization of community fishing councils, including integration of displaced fishermen in local fishing centers; and (c) training of fishing associations and their members and local government staff on sustainable management of fishery resources.

Subcomponent 2.2. Supporting jobs creation and professional skills (US\$7 million)

32. This subcomponent will support activities focused on generating temporary employment opportunities and boosting the professional skills of IDPs and host communities, with an emphasis on youth and women.
33. Activities under this subcomponent will include: (a) recruitment of local labor for land demarcation activities, and for the production of construction materials and resilient houses for health workers, teachers and vulnerable groups; (b) participation of IDPs and host community members in the implementation of social, health and sanitation, education and hygiene campaigns at the community level.
34. This subcomponent will also finance: (a) the construction of agriculture and poultry incubators in Balama, Chiúre, Montepuez and Pemba; (b) training of youth in small business management through the employment centers of Pemba and Balama; and (c) professional training of youth, and the provision of tool kits for self-employment in different vocational specialties. To ensure better spatial coverage of beneficiaries, the delivery of training will include mobile training approaches. The provision of professional skills development will be tailored to approaches and parameters of the life-skills curriculum for out of schoolgirls.

Component 3: Rehabilitation of public infrastructure US\$55.2 million

35. This component will finance, inter alia: (a) the provision and rehabilitation of basic services; (b) the rehabilitation or construction of education and health infrastructure; and (c) the construction of community infrastructure and amenities in selected temporary and relocation sites and host communities.



Subcomponent 3.1. Provision of basic services: water, sanitation and land demarcation (US\$16.22 million)

36. Traditional humanitarian actors¹⁹ are currently actively involved in the provision of temporary solutions for water, sanitation, and shelter to IDPs in temporary and relocation sites. These solutions include the construction of manually pumped boreholes, provision of tarpaulins and latrines slabs and initial demarcation of plots of land for housing. The project will strengthen and expand these interventions to meet the current needs of IDPs in selected temporary and relocations sites and host communities.
37. Under the WASH sector, this subcomponent will finance, inter alia, the short-term restoration and medium-term expansion of water supply and sanitation services. Short-term interventions will provide WASH facilities (such as water tanks collective hand-washing points community toilet facilities equipped with biodigesters, and fecal sludge management services. Mid-term interventions include the construction of multi-purpose boreholes equipped with solar panels and provision of latrine slabs for IDPs in relocation sites, and the construction of water supply systems in urban areas of poorly served districts hosting high number of IDPs in host communities.
38. This subcomponent will also support the demarcation of land for agriculture and housing for IDPs. This includes inter alia: (a) the acquisition of kits of equipment and materials for land demarcation; (b) support to land demarcation field operations, (c) site clearing and opening of roads within relocation sites and (d) provide guidance and support in the process of land acquisition and compensation of host communities when applicable. The project will also support training of local staff and community leaders, including women, in the application of the guide.

Subcomponent 3.2. Rehabilitation or construction of education and health infrastructures (US\$31.18 million)

39. Traditional development partners²⁰ are currently providing temporary solutions for the provision of health and education services to IDPs in relocation sites and host communities. These includes the provision of mobile brigades and tents for primary health care, and school tents and construction of mixed classrooms.
40. The proposed project will focus on provision of mid-term durable solutions covering relocation sites and poorly served host communities. The Project will initially focus on restoration of health services targeting locations with higher concentration of IDPs and incidence of diseases requiring attention at community level. Priority will be given to the rehabilitation and/or expansion of existing health and education facilities that will attend both, IDPs and host communities. New and durable infrastructure will be built only in relocation sites with an increased demand for health and education services over the mid and long term
41. In the health sector, this subcomponent will finance, inter alia: (a) the construction, rehabilitation and expansion of health units equipped with houses for health workers; (b) acquisition of ambulances, pick-up trucks and motorbikes; (c) recruitment and training of new staff and community health agents, with an emphasis on community health workers; (d) diseases prevention campaigns at community level; and (e)

¹⁹ This includes the International Organization of Migration (OIM), Helvetas, Food for Hunger (FH), Doctors Without Borders (MSF) and the United Nations Development Program (UNDP) among others.

²⁰ This includes the World Health Organization (WHO), the United Nations Children's Fund (UNICEF), United Nations Fund for Population (UNFPA) and Caritas.



acquisition and distribution of medication and health essentials. The first six months of salaries and training needs of these staff will be supported by the project, while Government gets prepared to take-over.

In the education sector, activities to be financed include, inter alia: (a) resilient rehabilitation or construction of classrooms, toilets, administrative blocks, and houses for teachers for primary education; (b) rehabilitation of secondary schools; (c) construction and equipment of libraries and computing rooms; and (d) provision of desk units

Subcomponent 3.3. Rehabilitation or construction of community infrastructure and amenities (US\$ 7.8 million)

42. This subcomponent will finance, inter alia, the construction of infrastructure required to underpin the critical activities under components 1 and 2 in relocation sites and hosts communities.
43. Activities to be financed include, inter alia: (a) the construction of resilient and improved community markets; (b) the construction of transit and integrated attention centers for victims of conflict, violence and abuse; (c) construction and equipping of child friendly spaces; (c) construction, equipping and management of open centers for adolescents and youth; (d) construction, equipping and management of women friendly spaces; (e) construction, equipment and management of multi-purpose sport spaces for youth for practice of handball, basketball, football and volleyball; and (f) construction of livelihoods support infrastructure, such as dikes, ponds, and water retention tanks needed for micro-irrigation systems.
44. All community infrastructure will be designed to offer essential services tailored to address the needs of specific targeted groups, including accessibility for people with disabilities. Inclusive and gender-balanced users committees will be established to ensure equitable and peaceful access and utilization of these facilities by IDPs and host communities. The user's committees will also ensure local participation in the operation and maintenance of these infrastructures. Infrastructure to be constructed in remote areas will be equipped with solar panel systems to provide access to electricity to users and to surrounding communities as well as options for public lighting.
45. IDPs and host community members will be contracted as temporary workers to support the management of community infrastructure. To ensure aligned with the intended purpose, including balanced management of expectations and needs of beneficiaries, temporary workers will preferably be selected among the targeted groups for each infrastructure

Component 4: Project management and oversight: (US\$ 7 million)

46. This component will finance, inter alia, the strengthening of technical capacity of FNDS and local governments for project implementation, financial management, procurement, safeguards, reporting, and monitoring and evaluation.
47. This component will finance, inter alia, the strengthening of technical capacity of FNDS and local governments for project implementation, financial management, procurement, safeguards, reporting, and monitoring and evaluation.



Subcomponent 4.1. Project Implementation, Monitoring and Evaluation – FNDS (US\$7 million)

48. This subcomponent will provide overall support and technical assistance for implementation of project activities, financial and procurement activities, environmental and social safeguards, citizen engagement, preparation of project reports, and monitoring and evaluation (M&E). It will also provide support to the Project Steering Committee (PSC)²¹, and training and capacity building activities to local government staff for effective monitoring and evaluation of project activities under Components 1 and 2 and close monitoring of provision of water and sanitation management services provided by service providers.
49. To expedite implementation of project activities and manage procurement and safeguards issues at the central and local levels, strong technical assistance will be required, including the use of UN Agencies to provide implementation support to FNDS.
50. This subcomponent will also support strengthening the capacity of local authorities for implementation and coordination and reporting of project activities to be supported by local authorities and the monitoring of project activities to be implemented by third parties, with focus to environmental and social safeguards, citizens engagement including GRM reporting and monitoring and evaluation (M&E), including beneficiaries feedback.

²¹ The PSC will provide strategic guidance for project implementation and will be composed of Senior Staff from relevant ministries and agencies, including provincial bodies.



Legal Operational Policies

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

Summary of Assessment of Environmental and Social Risks and Impacts

E. Implementation

Institutional and Implementation Arrangements

- 51. **The project will be implemented by FNDS under the leadership and oversight of MADER.** FNDS will be responsible for operational management and coordination, and technical oversight will be provided by MADER’s Directorate of Cooperation and Markets (DCM). The roles and responsibilities of FNDS and DCM will be established in the POM.
- 52. **A Project Steering Committee (PSC) will be responsible** for (a) providing overall policy guidance and decision making on all issues relating to the project; (b) facilitating coordination among the relevant agencies; (c) reviewing and approving annual work and expenditure plans; and (d) assessing risks with the potential for strategic impact, and identifying solutions. The Steering Committee will meet twice a year and meet other times as necessary.
- 53. **FNDS will provide overall Project coordination, financial management and M&E.** FNDS capacity will be strengthened as needed. The Project will use the existing Financial Management, and M&E systems and capacities at FNDS for data and information management, reporting and monitoring and evaluation on project implementation, including reporting on GRM.
- 54. **UN Agencies and experienced international and national NGOs and local CBO’s will,** as needed and based on their areas of expertise, to support the implementation of activities under Components 1 and 2, and the management of community infrastructure under Component 3
- 55. **The Technical Operational Unit (TOU) will be comprised by technical staff from the Provincial Council and the Provincial Representation of State entities** directly responsible for Project implementation support and monitoring at provincial level. The TOU will be responsible for planning the provision of logistical and operational support required by provincial technical teams involved in the support the implementation and monitoring of projects activities. The TOU will also ensure compliance of these activities with safeguards requirements, including the citizens engagement and effective functioning of grievance redress mechanism.



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