Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

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BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Mozambique	AFRICA EAST	P172350	

Project Name	Mozambique Digital Governance & Economy

Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Governance	Investment Project Financing	4/8/2021	5/11/2021

Borrower(s)	Implementing Agency(ies)		
Ministry of Science and Technology, Higher and Technical Vocational Education (MCTESTP)	National Institute of Electronic Government (INAGE)		

Proposed Development Objective
To improve citizens' access to selected government services and to foster the growth of domestic digital businesses.

Financing (in USD Million)	Amount
Total Project Cost	**150.00**

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?
No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]
The Project will maximize the broad distribution of digital transformation benefits by promoting reforms that i) improve government's capacity to manage the country's digital transformation, ii) lower the barriers for digital entrepreneurial growth (including SMEs and startups), and iii) upgrade skills to meet the requirements of the digital economy. The project will do so by: i) building on recent reforms that streamline service delivery processes (e.g. simplified civil registration process), ii) supporting the simplification of processes, eliminating redundancies in key services to citizens and the private sector (e.g. simplifying the process of business registration); iii) unlocking the

digital potential of private sector for maximizing investments and growth; and iv) seeking complementarity with WB projects that provide other services.

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 project will be implemented on a national level in public sector ministry offices and digital SME firms under different environmental and social conditions across the country, aiming at (i) improving service delivery for governments and citizens, and (ii) increase number of digital businesses, jobs, and income growth. At this stage the specific locations where investments or sub-projects will be implemented have not yet been identified, therefore the relevant environmental and social overview of the project are based on general biophysical and socioeconomic characteristics of the country. Mozambique is a low-income country in Southeast Africa with a gross national income of USD 600 per capita and a population of 29 million. Since the end of the civil war in 1992, Mozambique was able to achieve significant economic growth facilitated by trade, manufacturing, extractive industries, transport, communication, and electricity production. The economy is still dominated by the agricultural sector, which accounts for 25% of Mozambique's Gross Domestic Product (GDP), and employs about 75% of the population (rate that increases to 90% in rural areas). On the other hand, the service sector (commerce and low-skill services) has generated a large share of employment growth in the economy, with almost two thirds of jobs created in the formal economy since 2002.

As one of the poorest countries and with one of the fastest growing population, Mozambique faces increasing pressure on public service delivery and job creation. At current demographic trends an estimated 500,000 youth will join the labor force every year between 2018 and 2050. Mozambique ranks 180 out of 189 countries in the 2017 Human Development Index (HDI). Of a total population of approximately 29 million (2017), nearly 40% (11.3 million) are living in poverty, mainly located along Northern regions. Mozambique human capital index (HCI) was at 0.36 in 2017, below the region's average of 0.40. The literacy rate of youth in the age group of 15-24 years old is below 70%. This raises the question as to whether Mozambique can generate enough jobs at acceptable levels of productivity to employ a very large number of job seekers. Mozambique's ability to boost growth and reduce poverty depends on the working age population having access to jobs in the formal and informal sector.

Mozambique's topography is characterized by flat terrain, extending from coastal plains in the east to mountain ranges in the west. The country naturally endowed with a diverse landscape that can be divided into three major biogeographic regions: (1) North Mozambique, characterized by evergreen forests or deciduous woodlands, (2) Central Mozambique which has vegetation that varies from evergreen forest and moist deciduous forest, scrub and grasslands to a semi-arid woodland and savannah, and (3) South Mozambique which is mostly flat terrain characterized by deciduous woodlands ranging from moist to semi-arid woodlands and savannah.

For countries like Mozambique, the Digital Economy offers opportunities and brings the risk of being left behind. Improved digital connectivity can only achieve the desired transformational impact on economic opportunity and inclusive growth if combined with improvements in digital skills, the coverage of digital identity schemes, access to digital payments, as well as digital support to start-ups and existing businesses. With such capabilities, the Mozambican economy can harness digital data and new technologies, generate new content, link individuals with

markets and with government services, and address the challenges the country is facing on public service delivery and job creation.

The ongoing COVID-19 pandemic further reiterates the importance of digital tools in the public and private sectors, in the light of social distancing to stem the crisis and keep individuals healthy.

D. 2. Borrower's Institutional Capacity

The Government of Mozambique has overall considerable experience in managing environmental and social risks and impacts with Bank Projects implemented under the Safeguards Policies. The country can also rely on an appropriate legal framework and established institutions for environmental and social management. However, there is limited experience implementing projects under the ESF and experience from other Bank financed projects highlight that the capacity to manage environmental and social risks and impacts still requires considerable improvement in areas of supervision, monitoring and reporting. Specifically, for the Digital Economy project, the PIU has not yet been established nor the implementation agency been selected, but as a cross-sectoral transformational project, leadership will be anchored in the Government Commission for Public Sector Reform (SIRAP), which reports directly to the prime-minister, and implementation within the Ministry of Science and Technology, Higher Education and Technical Professional (MCTESTP) and the Ministry of Transport and Technology (MTC). So far, the Bank has no prior engagement with SIRAP/MCTESTP and MTC have had limited exposure of WB Safeguards Policies. However, technical support will be provided to the selected implementation partner/s to ensure that measures to address environmental and social risks are adequately implemented.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)   Moderate

Environmental Risk Rating   Low

The environmental risk rating of this project is considered 'low' as the potential adverse risks and impacts on environment are likely to be minimal or negligible.

The project will not support any civil works or construction. Under Component 1, the development of digital government and economy will be promoted mainly through technical assistance activities that have diffuse and induced impacts, often playing out over a longer term: policy reforms and institutional design of mechanisms (Type 2), and capacity building and training (Type 3). Under Component 2, minimal environmental risks are foreseen related to the installation of new or upgrade digital infrastructures, such as the replacement or purchase of new ICT are not expected to exceed de minimis threshold for management of e-Waste management issues. However, a simple Code of Practices for such works as well for e-Waste will be prepared. Under Component 3, Digital Economy, mainly technical assistance will be provided to (i) create a private-sector led funding mechanisms to catalyze the financing ecosystem for early stage ventures and to (ii) fostering SMEs capabilities in using platforms to access to markets. However, activities of these companies are beyond the scope of application of the ESF, so no adverse impacts are expected to stem from this component.

Social Risk Rating   Moderate

The social risk rating is "low". Under Component 1, there is a risk of SEA/GBV in capacity building and training initiatives. This risk can potentially include digital means as well as face-to-face training where available. To mitigate this risk, a GBV Risk Assessment will be undertaken by appraisal to ensure that measures are in place to mitigate SEA risks particularly within a digital context. Further, training and certification initiatives under Sub component 1.2 may lead to exclusion of potential beneficiaries if public awareness and communication on the availability of these initiatives is not widely available. Digital exclusion can include poor, illiterate and low income households (particularly women) who have no/low internet connectivity, poor digital infrastructure and services. Digital access and capacity building under Sub-component 1.2 may include investments in technology infrastructure. However, the locations of installation, operation and decommissioning of the ICT equipment are not yet clear and will be further detailed as the team moves forward with project preparation. Digital training can potentially exclude people facing poor digital connectivity unless efforts are made to include them. A Stakeholder Engagement Plan (including a project GRM) would enable identification of such groups and ensuring dissemination of activities. Additionally, any face-to-face training and capacity building may also increase the risk of communicable diseases including COVID 19. A Covid 19 protocol will need to be in place by appraisal to ensure that any potential risks are minimized. The potential risk of non-compliance of labor laws and ESS2 will also need to be addressed through the preparation of Labor Management Procedures by appraisal.

Under Component 2, initiatives to facilitate and secure access to civil registration services and legal identity for all citizens could face the risk of data insecurity on citizen/private information unless appropriate data protection systems are in place. Under this Component, service delivery to citizens through digital platforms will be promoted. This intervention needs to build in public consultations and a beneficiary feedback mechanism to ensure that digital platforms are designed and fine-tuned based on citizen preferences and user experience. The SEP will identify means for consulting with stakeholders on service delivery issues. The support to design of business models for Call Centers/BPOs must include awareness raising on SEA/SH in such businesses.

Under component 3, e-commerce training programs that focus on women sellers will need to ensure that any risks of online harassment both through training and as a result of creating e-commerce platforms are addressed. A SEA Risk Assessment would need to assess SEA risks across project interventions and recommend means of mitigating them.

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:

Based on the information available to date, it is not expected that the proposed project will require further Environmental and Social Assessment beyond initial screening. However, there might be exceptions where the nature of risks and impacts of the Technical Assistance (TA) outputs justifies the need for the WB to prior review the Terms of Reference for TA to include relevant ESF aspects. Project screening included review of the Project Concept Note, cross-checking expected impacts from similar Digital Governance and/or Economy projects elsewhere, discussions with task team members and literature review. Risks and impacts related to project activities are anticipated to be negligible.

The activities to be funded by the project can be aggregated into 3 sets of interventions: (i) technical assistance, (ii) provision of equipment and material, and (iii) private sector development. The technical assistance will encompass hiring of specialized consultants and/or firms to review and develop reforms on foundational regulatory frameworks, promote digital inclusion, and conduct large-scale skills development program. These types of TA activities (Type 2 - Policy Reforms and Type 3 – Capacity Building) are likely to generate minimal to no direct environmental negative impact.

Social risks include (i) exclusion of marginalized groups (ii) SEA/SH and (iii) spread of communicable diseases especially Covid 19. Training under the project can potentially exclude people with low access to internet connectivity, low digital skills and continuity of access to digital services. Typically such groups also have low literacy and belong to poor and marginalized households that cannot afford internet access and continuity of services. Such people may be excluded from project benefits unless efforts are made to identify them and ensure their participation. A low social risk on SEA/SH is associated with capacity building which can impact training activities. This risk is related to both training activities as well as online digital platforms and e-commerce unless awareness raising and means of addressing it are in place. The risk of communicable diseases, including COVID 19, spreading as a result of face-to-face training will be mitigated by ensuring that appropriate COVID protocol is available and implemented for any such trainings.

The terms of reference, work plans or other documents defining the scope and outputs of technical assistance activities will be drafted so that the advice and other support provided is consistent with ESSs 1–10. The provision of ICT equipment under Component 2 will typically involve acquiring and installing limited quantity of process power (servers, switches, routers, storage, communications), ancillary power (lighting, protective services, uninterruptible power supply), cooling power (air-conditioning units, chillers, fans, motors), networking systems (switches, routers), servers and processing equipment, and storage systems (tape and disk) that poses minor or no environmental, health and safety risks and impacts. However, because of the PIU weak environmental and social capacity, a simple Code of Practices for such works as well as for managing e-waste will be prepared to address potential adverse environmental impacts. Similar risks and impacts as above are expected from Component 3, through direct fostering or with the creation of a private-sector led funding mechanisms to support SMEs digital capabilities which is likely to involve provision of digital equipment as well as technical assistance. The risk of SEA/SH needs to be addressed as part of support to the design of BPOs/Call Centers. With respect to data privacy, an ongoing Identity Management Systems Assessment will cover the issue of data protection under the Project. This Assessment will provide pathways in terms of reforms and investments to strengthen the country's data protection mechanism. Additionally, the Project will carry out a specific legal review on data privacy issues, which will ultimately inform the project design as the project seeks to support the Government in implementing recommendations on data privacy.

Direct and indirect risks and impacts stemming from the activities and operations of the private sector companies that the project aims to expand their digital footprint have been determined to fall outside of the scope of the ESF. Component 3 relies heavily on technical assistance to support the SMEs. No direct financing through the project is anticipated, particularly related to the proposed support for private-sector led funding mechanisms. During preparation, activities under this component will be further assessed to determine whether any ring-fencing of Bank financing is necessary to ensure that the Project is separated from the operations of these companies which the Project would have no control or influence. Relevant requirements under the ESF related to TA will be applicable.

Therefore, consistent with the requirements of ESS1, no further environmental and social assessment has been determined necessary following screening and initial scoping, as the project is likely to have minimal environmental or social risks and impacts. Management of project workers will be conducted consistent with the requirements of ESS2. A Stakeholder Engagement Plan and a Communication Strategy will need to be prepared by Project appraisal which will outline measures for information sharing especially with potentially marginalized groups, consultations and grievance redress. A SEA/SH risk assessment will be undertaken by appraisal and will recommend further assessment and measures for implementation. Labor Management Procedures will be prepared by appraisal to ensure that requirements of ESS 2 are met during implementation. A Covid 19 protocol will also be in place by appraisal to mitigate risk of communicable diseases during face-to-face trainings. ESF requirements will be incorporated within the scope of the TOR for the technical assistant, with a particular emphasis on digital economy private sector development under Component 3.

Areas where "Use of Borrower Framework" is being considered:

None

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 digital industry. This will include mechanisms for information sharing, citizen engagement and beneficiary feedback. A Communication Strategy will be prepared within the first three months of the Project. A Stakeholder Engagement Plan will be prepared by appraisal and updated throughout the project. The SEP will identiy any marginalized and vulnerable groups who need to be consulted and included in Project activities. Further, the SEP will include the design of a Grievance Redress Mechanism.

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

The project interventions will involve include direct workers, contract workers, civil servants, and consultants to provide technical assistance. 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 Project 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. Moreover, under Component 3 the project will stimulate the growth of labor intensive sector (i.e. Call Centers, Animation, Business Processes Outsourcing [BPO], Knowledge Processes Outsourcing [KPO]) through policy, institutional and advisory support to MCTESTP or APIEX. As such, a Labor Management Procedures (LMP) will be produced to provide measures to address the terms and conditions of labor-intensive activities. Overall, labor risk 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 develop Labor Management Procedures (LMP) by appraisal, which will outline the Borrower's responsibilities for enforcing ESS2 requirements, applicable to the entire project before appraisal. The labor management procedures will also include GRM for workers so that they have an official way to communicate grievances or other concerns to the management.

ESS3 Resource Efficiency and Pollution Prevention and Management

ESS3 is currently considered not relevant to the Project. The project will require limited demand of resources (e.g. energy and water) for its functioning and is expected to generate minimal or no gas emissions, liquid effluents and solid waste to contaminate the environment.

ESS4 Community Health and Safety

The ESS4 is relevant to the Project. Mozambique continues to face Covid 19 crisis and case numbers continue to rise (over 12,000 in October 2020). Although the Emergency declared by GoM was lifted in September 2020, the crisis continues to impact the economy and daily life. Any training activities that involve face-to-face or physical classroom environment can contribute to the spread of the disease unless adequate measures are in place. Although the likelihood of face-to-face trainings taking place is low, a COVID 19 protocol will be prepared and implemented by the Project in case such trainings take place. Further, such trainings also potentially include a risk of SEA.

Digital forms of training also do not preclude the prevalence of sexual abuse and harassment. This could include use of personal information and material and lead to harassment, social exclusion and impacts on mental health. A SEA Assessment will take place by appraisal to analyze the potential risk of online harassment (especially of women beneficiaries) and recommend measures to address this risk.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

No civil works will be undertaken by the project so this Standard is not currently relevant.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

The ESS6 is not relevant to the Project at this time. The nature of the project does not involve physical intervention (e.g. land clearing, resource use) that could negatively affect the biodiversity or living natural resources.

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

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

ESS8 Cultural Heritage

The ESS8 is considered not relevant to the Project at this time. The project intervention does not involve any civil works that could affect cultural heritages.

ESS9 Financial Intermediaries

ESS9 is currently considered not relevant to the Project. The Project does not involve financial intermediaries. Under subcomponent 3.1 the Bank support to SMEs will be through technical assistance to establish a private-sector led funding mechanisms with no financial intermediary.

B.3 Other Relevant Project Risks

N/A

C. Legal Operational Policies that Apply

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

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered? No

Financing Partners

None

B. Proposed Measures, Actions and Timing (Borrower's commitments)

Actions to be completed prior to Bank Board Approval:

Draft Environmental and Social Commitment Plan (ESCP)
A Stakeholder Engagement Plan (including the design of a GRM) will be prepared by appraisal. This will identify vulnerable and marginalized groups and means of consulting and including them in project activities.
A Communications Strategy will be prepared in the first three months of the project.
A SEA risk assessment will be undertaken by appraisal and appropriate measures will be recommended for implementation in line with the risk rating. The SEA risk assessment will focus on digital/online harassment particularly of women and measures to address it.
A draft Labor Management Procedures (LMP) will be prepared by appraisal
A Covid 19 protocol will be prepared by appraisal
A Code of Practices for ICT works and e-waste management will be prepared by appraisal.

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

Timeline for operationalizing SEP (including project GRM), Communication Strategy and recommendations from SEA assessment.

Finalize the LMP including workers Grievance Redress Mechanism.

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS   15-Jul-2021

IV. CONTACT POINTS

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Borrower/Client/Recipient

Borrower: Ministry of Science and Technology, Higher and Technical Vocational Education (MCTESTP)

Implementing Agency(ies)

Implementing Agency: National Institute of Electronic Government (INAGE)

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

Task Team Leader(s):	Eva Clemente Miranda, Tiago Carneiro Peixoto
Practice Manager (ENR/Social)	Africa Eshogba Olojoba Recommended on 23-Nov-2020 at 08:15:57 GMT-05:00
Safeguards Advisor ESSA	Peter Leonard (SAESSA) Cleared on 08-Dec-2020 at 10:16:30 GMT-05:00