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

Appraisal Stage | Date Prepared/Updated: 17-Aug-2023 | Report No: PIDISDSA36706



**BASIC INFORMATION**

**A. Basic Project Data**

|                                                                   |                                                      |                                                           |                                                                                                           |
|-------------------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| Country<br>Mozambique                                             | Project ID<br>P178928                                | Project Name<br>Second Additional Financing for the IFRDP | Parent Project ID (if any)<br>P158231                                                                     |
| Parent Project Name<br>Integrated Feeder Road Development Project | Region<br>EASTERN AND SOUTHERN AFRICA                | Estimated Appraisal Date<br>25-Aug-2023                   | Estimated Board Date<br>29-Sep-2023                                                                       |
| Practice Area (Lead)<br>Transport                                 | Financing Instrument<br>Investment Project Financing | Borrower(s)<br>Republic of Mozambique                     | Implementing Agency<br>Road Fund, National Roads Administration (Administração Nacional de Estradas, ANE) |

Proposed Development Objective(s) Parent

The Project Development Objective is to enhance road access in selected rural areas in support of livelihoods of local communities and to provide immediate response to an eligible crisis or emergency as needed.

Components

- Rehabilitation and Maintenance of Feeder Roads
- Rehabilitation of Primary Road Network
- Capacity Building and Project Administration
- Contingency Emergency Response

**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

|                           |       |
|---------------------------|-------|
| <b>Total Project Cost</b> | 25.00 |
| <b>Total Financing</b>    | 25.00 |
| <b>of which IBRD/IDA</b>  | 25.00 |
| <b>Financing Gap</b>      | 0.00  |

**DETAILS**

**World Bank Group Financing**

|                                             |       |
|---------------------------------------------|-------|
| International Development Association (IDA) | 25.00 |
|---------------------------------------------|-------|



|                                                             |       |
|-------------------------------------------------------------|-------|
| IDA Grant                                                   | 25.00 |
| Environmental Assessment Category                           |       |
| B-Partial Assessment                                        |       |
| Decision                                                    |       |
| The review did authorize the team to appraise and negotiate |       |

Other Decision (as needed)

## B. Introduction and Context

### Country Context

1. After experiencing a sustained economic growth averaging 7.7 percent between 2000 to 2015, Mozambique plunged into an economic crisis and macro-instability following the revelation of the hidden public loans in 2016, with the growth halving between 2016 and 2019. The insurgency in northern Mozambique in 2017, the COVID-pandemic and several cyclones (please refer to Sectoral and Institutional Context) that occurred in recent years have exacerbated the economic situation in the country. In 2020, gross domestic product (GDP) declined by 1.2 percent, the first economic contraction in 30 years. The global pandemic had a major impact on the country's economy, as it hit services and extractive services, decreased domestic and global demands and delayed major liquified natural gas (LNG) investments. The economy started to slowly recover and achieved a 2.2 percent growth in 2021, together with results from agricultural growth, revival of services and weak performance in manufacturing and extractive. The diminishing of COVID cases / end of pandemic led to an increase in domestic and global demand. However, the ongoing insurgency in northern part of the country, natural disasters/cyclones and heavy rainfalls, and rising import prices triggered by the war in Ukraine could hinder the economic recovery and prospects.

2. Following the COVID-19 pandemic, Mozambique's poverty rate increased, and it is one of the highest in the world. Preliminary estimates based on the INE's 2019/20 Household Budget Survey (IOF 2019/20) show an increase from 48.4 percent in 2015 to 62.8 in 2020, or from 63.7 percent to 74.4 percent using the international poverty line <sup>1</sup>, which means that around 18.9 million people of the total population of around 32 million live in poverty according to national standards in 2020. This is a reversal of the poverty reduction trend from the mid-2010s<sup>2</sup> after which declining growth rates and high population growth resulted in very low or negative per capita

<sup>1</sup> World Bank. 2022. Poverty Assessment. The international poverty line of US\$2.15 a day per person in 2017 PPP (purchasing power parity) is used for international comparison across countries. For in-country poverty analysis a national poverty line is used. In this case, the World Bank's national poverty line for the latest Household Budget Survey is MZN 40 per person per day. (CPF 2023-2027)

<sup>2</sup> Poverty as measured by national standards fell from 58.7 percent to 48.4 percent between 2008/09 and 2014/15 (1.8 percentage points annually on average) or from 69.6 percent to 63.7 percent when measured by the international poverty line (US\$1.9 per person per day in 2011 PPP) (CPF 2023-2027)



income growth. The impact of COVID-19 led to loss of earning and employment in the country. The World Bank estimates that over 3 million people slipped into extreme poverty in 2020.<sup>3</sup>

3. Most of the people living below the World Bank's national poverty line for Mozambique (40 meticaïs per person per day) are in the north. According to the FY23-27 CPF, around 11.4 million of the poor, about 59 percent of the total, live in three provinces, including the two covered by the project (Nampula and Zambezia) and the one affected by the conflict (Cabo Delgado). Most of the poor live in Nampula (28 percent), Zambezia (22 percent) and Cabo Delgado (10 percent). Zambezia and Nampula are among the country's poorest regions. These provinces have also the largest share of the population living below the poverty line - Nampula (81 percent) and Zambezia (75.1 percent).

4. A country exposed to high risks of climate change impacts and natural disaster, Mozambique has a long history of catastrophic flooding, which occurs almost annually during the rainy season, experiencing the highest impact of weather-related shocks in the last two decades in terms of fatalities and economic losses. Only in the past years, the country has been hit by several weather-related disasters resulting in devastating economic impact - including Cyclones Idai and Kenneth in 2019, tropical storm Ana and Cyclone Gombe in 2022, and more recently, Cyclone Freddy in 2023.

#### Sectoral and Institutional Context

5. Connectivity between the southern and northern provinces in Mozambique is particularly low, with National Highway N1 stretching from north to south being the only link connecting the six east-west corridors in the country. As this corridor is critical for the development and integration of the fragile northern provinces with the rest of the country, N1 is the main corridor linking the poorest and most isolated regions in the north of the country to the capital city Maputo and the South, including Nampula and Zambezia provinces. There are regular disruptions along the N1 corridor resulting in disproportionate impact of the regional mobility. N1 carries an annual daily traffic of 1,500 vehicles (average over a total of 2,400 km). At the same time, the annual traffic on the N1/N10 sections (70 km covering Quelimane - Nicoadala and Nicoadala - Namacurra, part of the project), which is the only connecting road to the capital of Zambezia region, varies between 1,700 and 2,600 vehicles.

6. Climate change and the alarmingly increasing frequency of tropical cyclones has a destructive impact on road infrastructure and its financing. For example, Cyclones Idai and Kenneth, which hit the country back-to-back in March and April 2019, damaged 3,600 km of roads, 142 culverts, 29 bridges, and 35 drifts, and left 6,142 km of roads (nearly 20 percent of the total road network) impassable, thus causing substantial disruptions in the transport system and important impact on the entire economy. Even before more recent cyclones, devastating floods occurred in 2015 that has affected, 326,000 people, killed 140, and caused damages estimated at US\$371 million in northern Mozambique, including in Nampula and Zambezia provinces. The most recent severe weather-related disaster took place in February 2023 when Cyclone Freddy hit the country, affecting 1.18 million people and resulting in estimated damages assessed by the World Bank at US\$1.53 billion. It caused severe impact in the project area, Zambezia and Nampula, as these provinces are vulnerable to heavy rainfalls, flooding and cyclones.

<sup>3</sup> World Bank. 2022-2023. Poverty Assessment.



7. Due to recurrent climatic events and the lack of maintenance, the road and rail networks have suffered extensive damage over the past two decades, with substantial funds being diverted from network improvement to the repair of flood-related damage. Because the Mozambican road network has a low redundancy, those disruptions sometimes isolate communities for extended periods of time and have a significant detrimental impact on their local economics.

8. Institutional architecture of the road sector in Mozambique is split between the Ministry of Public Works, Housing, and Water Resources (MOPWWR) and the Ministry of Transport and Communication (MTC) and its agencies. The Road Fund (*Fundo de Estradas/FE*) and the National Road Administration (*Administração Nacional de Estradas/ANE*), under the MOPWWR, manage all classified roads. At the national level, the Road Fund is responsible for strategy, planning, and monitoring, and also mobilizing and ensuring flow of funds for road investment and maintenance. ANE is the key implementation agency for road development and maintenance, using around 96 percent of total road sector spending between 2010 and 2018. Provincial governments manage regional road networks through ANE provincial delegations, while the districts manage their portions of unclassified roads. Most of ANE's resources come from Road Fund transfers. The Road Fund is a second-generation road fund, with some limited principles of a third-generation model,<sup>15</sup> consolidating internal and external resources. FEFs sources of funding come from donor<sup>7</sup> grants (63 percent), fuel levies (23 percent), government central budget (10 percent), and transit fees (3 percent).<sup>17</sup> The fuel levy is MZN 7.71 (US\$0.12) per liter for petrol and MZN 4.27 (US\$0.07) for diesel. 50 percent of the petrol levy and 75 percent of the diesel levy go to RE, with the remainder earmarked to the MTC, the Energy Fund, and the state budget. According to a recent World Bank Group study<sup>8</sup>, if Mozambique were to increase the fuel levy to US\$0.15 per liter and adjust it regularly for inflation, its annual road fund revenue could go above US\$500 million, which would allow a solid finance to manage road assets and have money for rehabilitation, upgrading, and climate change adaptation measures in order to gradually increase the percentage of the classified road network in maintainable condition.

9. One of the main sector challenges is pertaining to funding/resource constraints and maintenance of feeder road network. Due to limited funds, investment for maintenance of primary roads often crowds out maintenance and expansion of the secondary and tertiary networks, which primarily serve rural agricultural areas. ANE allocates two-thirds of its annual budget to primary roads and only 10 percent to non-primary roads, although the latter accounts for 80 percent of total network coverage. At the same time, GoM often chooses to reallocate money to emergency works on the primary network to speed recovery from natural disaster/ flood events. For example, 25% of ANE's budget in 2015 went to emergency investments, compared to only 4% to maintenance and investments in non-primary (feeder) roads. While primary roads have been well maintained by the central government, feeder roads (secondary, tertiary) need rehabilitation to reduce transport costs and enable access to markets. Only one-fourth of secondary and tertiary road networks are in good condition, while the rest are in poor condition and require rehabilitation.

10. Climate change and the alarmingly increasing frequency of tropical cyclones has a destructive impact on road infrastructure and its financing. For example, Cyclones Idai and Kenneth, which hit the country back-to-back in March and April 2019, damaged 3,600 km of roads, 142 culverts, 29 bridges, and 35 drifts ~~were damaged~~, and left 6,142 km of roads (nearly 20 percent of the total road network) impassable, thus causing substantial disruptions in the transport system and important impact on the entire economy. Even before more recent cyclones, devastating floods occurred in 2015 that has affected, 326,000 people, killed 140, and caused damages estimated at US\$371 million in northern Mozambique, including in Nampula and Zambezia provinces. The most



recent severe weather-related disaster took place in February 2023 when Cyclone Freddy hit the country, affecting 1.18 million people and resulting in estimated damages assessed by the World Bank at US\$1.53 billion. It caused severe impact in the project area, Zambezia and Nampula, as these provinces are vulnerable to heavy rain-falls, flooding and cyclones.

11. Due to recurrent climatic events and the lack of maintenance, the road and rail networks have suffered extensive damage over the past two decades, with substantial funds being diverted from network improvement to the repair of flood-related damage. Because the Mozambican road network has a low redundancy, those disruptions sometimes isolate communities for extended periods of time and have a significant detrimental impact on their local economics.

12. Road safety is one of the key issues in the road sector in the country. Mozambique is among countries with the highest road fatality rates in Africa and in the world, ranking 165 of 173 countries, according to the 2018 Global Status Report on Road Safety by the World Health Organization (WHO). It is estimated that 7,000 to 10,000 people die each year on the roads in Mozambique. According to WHO data, the fatality rate in the country (31.6 per 100,000 people) is well above the 26.6 average for all of Africa.

13. Although gender equality shows slight improvements in labor and education in Mozambique, there are still relevant gender gaps. Labor participation is high and similar for both sexes (78 percent for women and 79 for men in 2021 (ILO modelled estimates, November 2021), but hasn't changed significantly over the past several years. While the share of female graduates from STEM programs in tertiary education went up in recent years (from 21.4 percent in 2015 to 29.3 percent in 2020) and for employment in senior and middle level management was 22.1 percent in 2015, there are still relevant gaps in education and employment. The gross enrollment rate for girls in primary schools is 10 percentage points lower than that for boys, and 2 percentage points lower than that for boys for secondary schools. There is employment segregation especially in sectors like transport. Women account for only 6.5 percent of the people employed in transport and storage sector, and for 9.3 percent in construction (as per Safer Roads for Socio-Economic Integration/SRSEI PAD -P174639).

### C. Proposed Development Objective(s)

#### Original PDO

14. The Project Development Objective is to enhance road access in selected rural areas in support of livelihoods of local communities and to provide immediate response to an eligible crisis or emergency as needed.

#### Current PDO

15. The Project Development Objective is to enhance road access in selected rural areas in support of livelihoods of local communities and to provide immediate response to an eligible crisis or emergency as needed.

#### Key Results

16. **Progress towards the achievement of PDO is Moderately Satisfactory, while implementation progress is rated Moderately Unsatisfactory.** The project has approximately two and a half years remaining in the implementation schedule. This is estimated to be sufficient to carry out all civil works activities identified under



the 2018 parent project in Zambezia and Nampula. At least 55 percent of feeder road works under Component 1 have been completed while there is an overall rehabilitation progress of 73 percent. So far, the project has rehabilitated 1,100 km of unpaved feeder roads (1,400 km end target), 30% of rural population within 5 km has access to good condition roads in the project area (45% - end target), and 79% of total road network in the project area are in good and fair condition. However, despite the 2023 restructuring, a cost overrun of approximately US\$25 million remains linked to the repair of damages due to recent cyclones, and the need to strengthen climate resilience and road safety.

#### D. Project Description

17. The IFRDP was approved by the World Bank Board of Directors on May 8, 2018, comprising an IDA Grant (D2490) in the amount of US\$150 million equivalent. The Project Development Objective (PDO) is to enhance road access in selected rural areas in support of livelihoods of local communities and to provide immediate response to an eligible crisis or emergency as needed. The project became effective on November 29, 2018. An additional financing (AF) of US\$110 million IDA Grant (D5180) equivalent was approved on September 30, 2019, and became effective on December 18, 2019. The project closing date was extended from December 31, 2024, to December 31, 2025, as part of the first AF. The project is implemented by the Ministry of Public Works, Housing and Water Resources, *Ministério das Obras Públicas, Habitação e Recursos Hídricos* (MOPHRH), Road Fund, *Fundo de Estradas* (FE), and Road Administration, *Administração Nacional de Estradas* (ANE). Following the very tight fiscal constraints of the government of Mozambique (GoM), the country is at risk of debt distress, the IFRDP was restructured<sup>4</sup> in June 2023 to drop the counterpart financing contribution (approximately US\$57 million) and to revise components and activities, as presented in REPORT NO.: RES56173. The current IDA funding amounts to US\$260 million.

18. Over the past two years, the project faced implementation delays and a cost overrun on account of: (i) the escalating cost of works linked to the indices used for the adjustment of contractual prices; (ii) additional administrative costs following the creation of the Project Implementation Unit (PIU) at ANE and recruitment of staff to support project implementation following the three month suspension of the project in 2021; (iii) additional costs due to measures introduced to mitigate the risk of Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) following the three month suspension of the project in 2021; (iv) new government taxes; (v) additional unanticipated works due to damages incurred during Cyclone Gombe in 2022 and Cyclone Freddie in 2023; (vi) the lack of counterpart fund, and (vii) reduction of available funds as a result of Special Drawing Rights (SDR) and United States Dollars (USD) exchange rate fluctuation<sup>5</sup>.

19. The project has fully complied with two of the three legal covenants, and it is partially in compliance with the third one. To this end, the Recipient has prepared and submitted an annual program of activities for implementation and the proposed budget as well as the quarterly project reports (as per covenants under the parent project [P152831/ IDA -D2490]) and is finalizing the hirings at the PIU (as per legal covenant under the 2019 AF [P179013 /IDA -D5180]).

<sup>4</sup> Details on the June 2023 restructuring (REPORT NO.: RES56173) are available at: <https://documents1.worldbank.org/curated/en/099061623080529452/pdf/P1582310cbb2b205209c39028926c004b85.pdf>

<sup>5</sup> Based on information obtained from Client Connection as of May 31, 2023, loss of approximately US\$ 12 million. The SDR amount is expected to fluctuate over time.



## Project Components

20. The Project, following the June 2023 restructuring, consists of the following four components.
21. **Component 1: Rehabilitation and maintenance of feeder roads (US\$145.5 million IDA equivalent).** This component finances rehabilitation and maintenance works on sections of secondary, tertiary, adjacent, and unclassified roads to enhance mobility in selected districts in Zambezia and Nampula Provinces, including design studies and supervision activities. The types of interventions include rehabilitation of bridges and culverts, graveling, surface treatment, and routine/periodic maintenance.
22. **Component 2: Rehabilitation of primary road networks (US\$90.5 million IDA equivalent).** This component supports the rehabilitation of about 70 km of primary roads in Zambezia province to enhance connectivity to markets, ports, and other economic and social services. The intervention includes, among other things, improvement of road safety facilities, improvement of intersections, surface rehabilitation, and rehabilitation or reconstruction of culverts. The project has adopted the Output and Performance-based (OPRC) approach to implement rehabilitation and maintenance works.
23. **Component 3: Capacity building and project administration (US\$24 million IDA equivalent).** This component finances: (a) improvement of road asset management at the national and provincial levels ; (b) capacity building on road safety, including education, enforcement, engineering, and emergency response; (c) technical assistance for promoting Public Private Partnership (PPP) for the road sector; (d) enhancement of climate resilience in planning and management of road infrastructure; and (e) capacity building of a local engineering university on road engineering; (f) administrative costs for the PIU at ANE; (g) costs due to SEA/SH mitigation measures. This component also provides support and capacity building for improved management in implementation and supervision of the project, social and environmental management and safeguards, identification and mitigation of gender disparities, and mainstreaming citizen engagement in the road sector.
24. **Component 4: Contingency Emergency Response.** This component enables rapid financing through a reallocation of uncommitted project funds in the event of a natural disaster, either by a formal declaration of a national or regional state of emergency or upon a formal request from the Government of Mozambique. Component 4 will use the IDA Immediate Response Mechanism.
25. The second AF will replenish the project without changes to the scope of the components. Out of the US\$25 million of the second AF, US\$8 million will be allocated to Component 1, US\$9 million to Component 2 and US\$8 million to Component 3, respectively.

## E. Implementation

### Institutional and Implementation Arrangements

26. The MOPHRH is responsible for overall coordination of the project. The RE is the implementing agency and ANE the lead executing agency. The RE is responsible for implementation, coordination with ANE and other agencies, monitoring, financial management, and auditing of the project resources. ANE oversees execution of





works, including procurement, safeguards, and engineering. An inter-ministerial Project Steering Committee is responsible for strategic decision making and monitoring overall project implementation.

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

The project finances the rehabilitation and maintenance of existing rural roads in Nampula and Zambezia provinces and the rehabilitation of primary roads in Zambezia province. Under Component 1: Rehabilitation and Maintenance of Feeder Roads, the project is financing works in ten districts, five in Nampula (Memba, Mogincual, Mossuril, Namapa, and Monapobezia) and five in Zambezia (Maganja da Costa, Morrumbala, Chinde, Lugela, and Pebane). The selection of the feeder road segments selected for rehabilitation was based on a multi-criteria analysis conducted after project effectiveness. Under Component 2, a 70 km section of roads N1 and N10 between Quelimane and Namacurra was selected for rehabilitation. The roads selected for rehabilitation are located in areas with human occupation and don't cross high-valued biodiversity areas or critical habitats.

**G. Environmental and Social Safeguards Specialists on the Team**

Eden Gabriel Vieira Dava, Social Specialist  
Sofia Alexandra Da Silva Antunes, Environmental Specialist

**SAFEGUARD POLICIES THAT MIGHT APPLY**

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



|                                                   |    |
|---------------------------------------------------|----|
| Projects on International Waterways<br>OP/BP 7.50 | No |
| Projects in Disputed Areas OP/BP 7.60             | No |

**KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT**

**A. Summary of Key Safeguard Issues**

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

The project finances the rehabilitation and maintenance of 1,386.5 km of existing rural roads in Nampula (627.3 km) and Zambezia (759.2 km) provinces and the rehabilitation of 70 km of primary roads in Zambezia province (road N10 from Quelimane to Nicoadala and part of road N1 from Nicoadala to Namacurra), aiming to strengthen the climate resilience and road safety.

Considering that under the second AF no new activities are planned, nor any new geographical areas targeted, the project’s environmental and social risks and impacts will remain of the same nature and magnitude as the parent/AF1 Projects. The planned civil works are expected to have low to substantial adverse environmental and social risks and impacts, including soil and water resources pollution, dust and noise emissions, generation of hazardous and non-hazardous waste, loss of vegetation and habitats, disturbance of fauna, occupational and community health and safety risks, risks related to labor and working conditions, labor influx risks, SEA/SH risks, land acquisition and resettlement as result of physical and/or economic displacement. The environmental risks and impacts are primarily site-specific (focusing on the areas interfered by civil works), temporary, reversible and manageable through cost-effective mitigation measures. Some social risks and impacts, such as land acquisition/resettlement resulting from physical and/or economic displacement or labor and working conditions, are also site-specific and manageable through cost-effective mitigation measures, while labor influx, SEA/SH risks may have a larger geographic scale, affecting communities located in the project area and surrounding area. In addition, site-specific environmental and social risks and impacts have been identified on accessing and exploring existing borrow pits and quarry areas (only existing ones, no new areas are expected to be explored) to extract suitable construction material for roads rehabilitation and maintenance works, to address those impacts the project is implementing several measures, such as rigorous screening of the activities, preparation of relevant site-specific instruments reviewed and cleared by the WB team and implementation of any ARAP or compensation plan before the commencement of the works.

The IFRDP was subject to a suspension of disbursements and works (June - Oct 2021), primarily due to non-compliance of the requirements related to prevention of social safeguards including GBV/SEA/SH. As a result of the Suspension the WB and the Gov of Mozambique through ANE/RF, agreed on an Action Plan measures to Lift the suspension of disbursement and works. The suspension was then lifted on Oct 2021 and the Project resume works with strengthened E&S instruments as part of the action plan.

Despite a relatively low influx of workers and moderate to high absorptive capacity communities in the project areas, the project has a high risk of SEA/SH due to the prevalence of SEA/SH drivers, such as high levels of poverty, the reported rates of SEA/SH and social acceptance of at least one reason for spousal abuse, and high levels of child marriage. While SEA/SH risks cannot be eliminated, the project is implementing several measures, such as requirements for local hiring, use of Codes of Conduct, and implementation of SEA/SH mitigation Action Plans to



manage such risks, besides the support of a GBV mitigation service provider.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:  
The project activities are not expected to have long-term negative environmental or social impacts.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.  
No additional project alternatives are currently considered under the second AF.

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

Under the parent project and the first AF, the Borrower has prepared a set of E&S safeguard instruments to ensure project compliance with the World Bank safeguard policies, which are being implemented in all project areas. The instruments prepared include an (i) Environmental and Social Management Framework (ESMF), (ii) Environmental and Social Impact Assessments (ESIAs) for Chimuara-Nicoadala and Quelimane-Nicoadala-Namacurra, (iii) Environmental and Social Management Plans (ESMPs) for each package, (iv) Resettlement Policy Framework (RPF), (v) Resettlement Action Plan (RAP), (vi) Abbreviated RAP (ARAP), and (vii) Livelihood Restoration Plan (LRP). The Borrower has also prepared a SEA/SH Risks Prevention and Response Action Plan, which is being implemented with the support of a GBV service provider.

Following the suspension of disbursements and works (Jun - Oct 2021), primarily due to non-compliance of the requirements related to prevention of social safeguards including GBV/SEA/SH, the Borrower agreed to implement material measures under the suspension lifting Action Plan. During the 60 days Borrower teams worked to make sure critical actions were put in place to allow lifting of the suspension. The main actions included the (i) appointment of an E&S Senior Advisor to the Ministry of Public Works, (ii) establishment of a dedicated PIU within ANE, (iii) update POM to reflect the organizational and operational aspects, (iv) ANE have improved and strengthened project-level mechanism to collect, report and handle GBV/SEA/SH cases, (v) Procurement of an Independent third-party monitoring entity (TPM) to conduct regular audits of safeguards compliance under the Project, including on GBV/SEA/SH, (vi) ensure that a reputable GBV Service Provider to support the Project, (vii) Independent supervision consultant adequately staffed and mobilized to the sites and undertook GBV/SEA/SH trainings and signed the CoC, (viii) All Contractors have assessed GBV/SEA/SH risks and developed site-specific GBV/SEA/SH Action Plans with related GBV/SEA/SH mitigation measures, including contractor's GBV/SEA/SH Accountability and Response Framework, and integrated them in their C-ESMPs (following the Project's main GBV/SEA/SH Action Plan), (ix) Provision of evidence that Jhpiego conducted repeat sensitization workshops for all contractors and corresponding communities, (x) Provision of evidence of improved compliance of E&S requirements, including: i) screening and compensation of all temporary land acquisition; ii) working conditions in compliance with Mozambican laws; and iii) staffing required for the implementation and supervision of social and environmental safeguards, (xii) Provision of evidence that contractors have functional and accessible grievance redress mechanisms, including SEA/SH-sensitive measures, accessible for all workers and communities and (xiii) Provision of evidence that contractors and workers signed Code of Conducts (CoCs) related to GBV/SEA/SH and Child Protection, and have been trained on the behavior obligations under the CoCs. Therefore, following provision of evidences of compliance with above material measures by the Borrower, the Association (IDA) has received evidence satisfactory to it that the requirements set out in Schedule 2, Section I, F Safeguards and Schedule 2, Section I, G Safeguards of the Financing Agreements and Schedule,



Section I, A / 2; and D Safeguards of the Project Agreements have been complied with as determined by the Suspension Lifting Action Plan dated July 15, 2021. Accordingly, the suspension has been lifted as of October 08, 2021 and Project resumed works.

The PIU integrates a full-time safeguards team devoted to managing the project risks, which includes environmental, social and GBV specialists based at central and provincial levels. This team was hired under the parent project and first AF. Contractors and Supervising Engineering Consultants maintain full-time environmental and social safeguards staff throughout implementation. PIU capacity and performance have improved over the last year due to close and continuous support from the E&S Bank Team, which is reflected in the improvement of the overall E&S project performance, currently rated as MS.

Since the Project resumed to works the WB E&S team and the Borrower meet on a weekly basis to monitor E&S compliance and ensure the borrower capacity improved through a set of on-the job training, including field visits. The borrower complied with majority of the outstanding corrective measures defined as part of the action plan proposed for the project, including (i) hiring of E&S specialists for the PIU (central and provincial levels), (ii) hiring of consultants to conduct Independent E&S Audits and Third-Party Monitoring, (iii) development and implementation of ANE's ESMS, (iv) assessment on influx workers housing, (v) review/update of E&S management plans for borrow pits and quarries, (vi) preparation of RAPs and compensation action plans, (vii) ANE/RF to expedite the environmental licensing for borrow pits and quarries that are used under the project, (viii) Ensuring no civil works should start before the approval of resettlement instruments (RAP, ARAP, CP) and satisfactory implementation/ Compensation to the PAPs.

Therefore the rating was upgraded for MS, based on the progress made on agreed actions, and continuous improvement of ANE/RF institutional capacity. Ongoing discussions with PIU confirmed the hiring of GBV specialist by May 2023. ANE has made progress in hiring environmental and social specialists at central and provincial level (Nampula and Zambezia).

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

The key stakeholders include local communities affected by the project, local NGOs working in the project area and surrounding area, Nampula and Zambezia Provincial Governments, Contractors and Supervising Engineering, and central government entities involved in the project implementation (namely, Ministry of Public Works, Housing and Water Resources, Road Fund and National Road Administration).

The safeguards instruments prepared, cleared and disclosed under the parent project and first AF include strict requirements to ensure a comprehensive stakeholder engagement and the reception and management of grievances and feedback, with particular emphasis on the project-affected people.

Over the past six months, ANE/FE has made significant progress under the parent project on the GRM implementation, preparing the GRM Manual and launching the digital platform to report and monitor grievances.



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

**Environmental Assessment/Audit/Management Plan/Other**

|                             |                                   |                                                                                                          |
|-----------------------------|-----------------------------------|----------------------------------------------------------------------------------------------------------|
| Date of receipt by the Bank | Date of submission for disclosure | For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors |
| 11-Aug-2017                 | 02-Oct-2017                       |                                                                                                          |

**"In country" Disclosure**

**Resettlement Action Plan/Framework/Policy Process**

|                             |                                   |
|-----------------------------|-----------------------------------|
| Date of receipt by the Bank | Date of submission for disclosure |
| 11-Aug-2017                 | 02-Oct-2017                       |

**"In country" Disclosure**

Mozambique

31-Aug-2017

Comments

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

**OP/BP/GP 4.01 - Environment Assessment**

Does the project require a stand-alone EA (including EMP) report?

Yes

If yes, then did the Regional Environment Unit or Sector Manager (SM) review and approve the EA report?

Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?

Yes

**OP/BP 4.04 - Natural Habitats**

Would the project result in any significant conversion or degradation of critical natural habitats?

No



If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?

**OP/BP 4.11 - Physical Cultural Resources**

Does the EA include adequate measures related to cultural property?

Yes

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?

Yes

**OP/BP 4.12 - Involuntary Resettlement**

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?

Yes

If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan?

Yes

Is physical displacement/relocation expected?

No

Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods)

Yes

**The World Bank Policy on Disclosure of Information**

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

No



### All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

### CONTACT POINT

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**APPROVAL**

|                      |                                                      |
|----------------------|------------------------------------------------------|
| Task Team Leader(s): | Emmanuel Taban<br>Monica Augustina Cristina Moldovan |
|----------------------|------------------------------------------------------|

**Approved By**

|                           |                                    |             |
|---------------------------|------------------------------------|-------------|
| Safeguards Advisor:       | Ernani Jose Sfoggia Pilla          | 25-Aug-2023 |
| Practice Manager/Manager: | Almud Weitz                        | 25-Aug-2023 |
| Country Director:         | Zviripayi Idah Pswarayi Riddihough | 25-Aug-2023 |