



The World Bank

MZ - Emergency Resilient Recovery Project (P156559)

REPORT NO.: RES44053

DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
MZ - EMERGENCY RESILIENT RECOVERY PROJECT
APPROVED ON SEPTEMBER 29, 2015
TO
MINISTRY OF ECONOMY AND FINANCE (MEF)

URBAN, RESILIENCE AND LAND

AFRICA EAST

Regional Vice President:	Hafez M. H. Ghanem
Country Director:	Idah Z. Pswarayi-Riddihough
Regional Director:	Mark R. Lundell
Practice Manager/Manager:	Meskerem Brhane
Task Team Leader(s):	Lizardo Narvaez Marulanda

**I. BASIC DATA****Product Information**

Project ID P156559	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 29-Sep-2015	Current Closing Date 31-Dec-2020

Organizations

Borrower Ministry of Economy and Finance (MEF)	Responsible Agency National Directorate of Water Resources Management (DNGRH), Ministry of Education and Human Development (MINEDH), Water and Sanitation Infrastructure Administration (AIAS), National Institute for Irrigation (INIR)
---	---

Project Development Objective (PDO)

Original PDO

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

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IDA-D3960	30-Oct-2018	23-Nov-2018	22-Mar-2019	31-Dec-2020	13.00	7.71	5.51
IDA-59510	13-Jan-2017	20-Feb-2017	08-Sep-2017	31-Dec-2020	20.00	13.46	7.41



IDA-57320 29-Sep-2015 26-Oct-2015 18-Feb-2016 31-Dec-2020 40.00 39.42 .25

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

I. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

PROJECT STATUS

1. The Project was approved on September 29, 2015, and became effective on February 18, 2016, with expected closing date on June 30, 2019. This financing focused on the resilient recovery of rural infrastructure, including irrigation schemes, roads, power lines, and protection dikes, and schools affected by the cyclones and floods in the Central and Northern provinces of Niassa, Nampula, and Zambézia as well as improvement of capacities for resilience recovery and flood risk management in the affected regions.
2. In November 2016, the Immediate Response Mechanism (IRM) was activated and US\$ 20 million was mobilized through the Contingent Emergency Response Component (CERC) to respond to a drought induced by El Nino in southern Mozambique; and an Additional Financing in the same amount from the Crisis Response Window (CRW) was approved on January 13, 2017 to provide additional support.
3. The project Mid-term Review (MTR) carried out jointly by the Government of Mozambique and the World Bank in August 2018, identified the need to restructure and extend the Project closing date by 12 months until June 30, 2020 to ensure completion of ongoing works and planned activities under the original credit. A Second Additional Financing in the amount of US\$ 13 million was approved on October 30, 2018 to reposition the resources mobilized from the original credit for the activation of the IRM.
4. In December 2018, the project was first restructured through cancellation of activities related to flood risk management and food security as agriculture production was restored mostly in result of improvement of climate conditions in previously drought affected areas. The Results Framework was revised, and the Project closing date extended to June 30, 2020.
5. In March 2019, cyclone Idai caused damages on rural infrastructure already rehabilitated under the Project in the province of Zambezia. In response, and following completion of a detailed assessment of damages, the Government amended the existing works contracts and launched the repair works of Intabo irrigation scheme, the Nante and Nicoadala dikes, the power transmission line and the pumping station of the Intabo irrigation scheme in Nante. However, in January 2020, intense rainfall in the central region of Mozambique triggered flooding of the Licungo river basin which led to interruption of all repair and rehabilitation works in Zambezia province. In addition, the COVID-19 pandemic caused interruption of shipping of construction material from China, further delaying the physical progress of rehabilitation works of the water supply system of Mocuba in Zambezia province. In the southern region, increase in water levels of the Limpopo river basin caused interruption of rehabilitation works of the Macarretane dam, in Chokwe district.



6. In response to these challenges, the project was restructured in June 2020, adjusting the results framework and extending the closing date for 6 months to December 31, 2020.
7. The PDO remains relevant and achievable. Two of the five PDO level indicators were already met: “Number of people protected by rehabilitated dike infrastructure” with 100 per cent of achievement, and “Direct project beneficiaries including female beneficiaries” with 98 per cent of achievement. One PDO level indicator is on track to be met by the current closing date: “Number of people in urban areas provided with access to Improved Water Sources under the project”, currently with 24 per cent of achievement. One PDO level indicator will be met by the extended closing date: “Number of children with access to improved education infrastructure”, currently with 47 per cent of achievement. Finally, one of the PDO level indicators will be partially met: “Number of people with access to improved irrigation infrastructure”, currently with 59 per cent of achievement. The remaining percentage corresponds to the expected beneficiaries of the rehabilitation of Munda- Munda irrigation scheme; this rehabilitation began with the ERRP, but was later included as part of the “Smallholder Irrigated Agriculture and Market Access Project- IRRIGA (P164431)” which will expand the irrigation area benefiting a greater number of farmers. The original beneficiaries of the Munda-Munda system under the ERRP, are already included as part of the expended irrigation scheme and will be then accounted for under the IRRIGA project.
8. The Intermediate Results Indicators (IRI) present various levels of completion, including 9 of 20 already met. It is expected that 5 of the remaining indicators will be achieved by the current closing date when the ongoing civil works come to completion; other 5 indicator, all in the education sector, will be met within the extended closing date when the construction of the mixed classrooms and accompanying administrative buildings, toilets and rain water systems are completed, including the training of local communities. Finally, one IRI (hectares covered with irrigation infrastructure) will be partially met, since this one corresponds to the rehabilitation works of the Munda-Munda irrigation scheme transferred to IRRIGA project as indicated earlier (see attached the updated Results Framework for further details).
9. To date, the project has disbursed US\$59.11 million (of the total US\$73 million), 89% of the remaining undisbursed funds, equivalent to US\$13.02 million are committed (signed contracts). US\$1.5 million are still available at the end of October 2020. Practically all the main activities and contracts have been completed or are on track to be finalized by the current closing date, in particular:

Component A:

- The rehabilitation of the Nicoadala dyke (5 km) and Lot 2 of the Nante dyke (11 km); the Eribacela weir; the Intabo irrigation scheme (300 ha) and its respective pumping station, the Niquídua-Mualei road (15km), the power transmission line (18km); 299 conventional classrooms, of which 214 (out of 217) corresponds to the phase I and 80 classrooms out of a total of 155 that correspond to Phase 2 classrooms;
- The completion and delivery of the construction works for 4 of the six multi-purpose boreholes in Mapai and Chibuto;
Near completion (90% physical execution) of the rehabilitation works for Lot 1 of the Nante dyke and the Mocuba water supply system, including the execution of 932 of the 1,605 planned home connections, with the delivery of works expected at the end of November 2020;
- Progress in the rehabilitation and expansion of the water supply systems in Funhalouro and Chicualacuala and the offices of the Limpopo Basin Management Unit (UGBL) in Macarretane (20% physical execution), with completion and delivery expected by the end of December 2020;



- The civil works for the construction of the 6 desalination plants in Chókwe, Massingir and Massangena (from multi-use boreholes to desalination plants due to the high water conductivity) expected to be completed in late December 2020, and the 2 Chibuto multi-use boreholes, expected to be completed by mid-November, with the finalization of the distribution network underway;

Component B:

- The implementation of UN-Habitat Technical Assistance to MINEDH that has provided training to local communities (29 out of a total of 49 planned communities) involved in the process resilient construction of mixed classrooms in Nampula provinces. UN-Habitat remained committed to monitor the supervision of Phase 2 works, as well as the monitoring and validation of the assessment made by the inspection on the quality of the rehabilitated classrooms during Phase I in the provinces of Niassa, Nampula and Zambézia.

PROPOSED CHANGES AND RATIONALE

10. While the majority of the works are on track, the construction of mixed classrooms in the Zambezia province (component A.4), is at high risk of non-completion before the current closing date. This situation is mainly due to administrative delays at the management level of the Ministry of Education (MINEDH), that have resulted in extended delays in processing regular administrative procedures and payments to providers and contractors. The CMU has met with the leadership of MINEDH to solve the situation and an action plan has been agreed to expedite the completion of the works. However, a minimum of three-month extension of the works would be required to complete the construction of all the pending 257 mixed classrooms.
11. Regarding the Macarretane dam, rehabilitated by the project and handed over to the Government on September 18, 2020, additional works were identified to address a safety issue related to the presence of a crane on the bridge over the dam. The construction of a parking bay will increase safety of the crane and road traffic transit through the bridge, as well as improve the safety of manual operation of Macarretane dam, particularly in situations of power outages during major floods events in the Limpopo river basin. This proposal is consistent with the safety recommendations provided by the Independent Panel of Experts (PoE) during their last visit to the dam in July 2019. The Government sent a letter dated October 29, 2020 requesting an extension of 6 months to complete these additional works.
12. The Bank reviewed the technical proposal and found it viable, keeping in mind the readiness to complete the additional works (design already provided) and also considering that the estimated cost (about US\$1,5 million) could be reallocated from remaining proceeds under the Additional Financing of the ERRP (IDA 5951); therefore, no additional financing would be required. If accepted, this proposal would require the extension of the project closing date by 5 months, to May 31, 2021.
13. It is confirmed that there are no overdue IFR's or audits.

II. DETAILED CHANGES

LOAN CLOSING DATE(S)



The World Bank

MZ - Emergency Resilient Recovery Project (P156559)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-57320	Effective	30-Jun-2019	30-Jun-2020, 31-Dec-2020	31-May-2021	30-Sep-2021
IDA-59510	Effective	30-Jun-2019	30-Jun-2020, 31-Dec-2020	31-May-2021	30-Sep-2021
IDA-D3960	Effective	30-Jun-2020	31-Dec-2020	31-May-2021	30-Sep-2021