



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 06/28/2020 | Report No: ESRSC01453



BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Mozambique	AFRICA	P171664	
Project Name	Economic Linkages for Diversification		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Finance, Competitiveness and Innovation	Investment Project Financing	12/1/2020	3/30/2021
Borrower(s)	Implementing Agency(ies)		
Ministry of Economy and Finance	Ministry of Commerce and Industry, Ministry of Economy and Finance		

Proposed Development Objective(s)

The project development objective is to strengthen economic linkages to the extractives sector for MSMEs in targeted areas.

Financing (in USD Million)	Amount
Total Project Cost	100.00

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 seeks to promote and strengthen an inclusive private sector development model that is conducive to harness the economic opportunities linked to large investments in the extractive sector. This will contribute to achieve, simultaneously, higher rates of local content capture by Mozambican firms (with emphasis on SMEs and women-owned firms), and stronger sustainable prosperity across the economy (especially in non-resource based sectors), with a view to creating jobs and raising incomes.



D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

Project activities will have national benefits. However the main focus will be in the Provinces of Cabo Delgado, Tete, and Nampula, where extractive investments are taking place. Cabo Delgado and Nampula provinces have extensive coastal plains prone to flooding. In terms of extreme weather events, both provinces are influenced by the monsoon winds. The provinces are located in the area of influence of cyclones originating in the Indian Ocean. Though not often hit by tropical cyclones, tropical depressions cause heavy rains. Nampula is affected by severe coastal soil erosion, particularly in the non-urbanized informal settlement areas. Nampula is seeing an expansion and its inhabitants are moving towards peri-urban areas which have limited access to water. Cabo Delgado is located in the northern region of the country. The shoreline within Cabo Delgado is well protected and characterized by intertidal mudflats, sandy beaches and extensive mangroves; whilst the shoreline on the seaward side is characterized by sandy beaches; and the shoreline along the coast is considered to be stable with no evidence of littoral movement within the coastline. Tourism is also big economic sector for the Cabo Delgado Province, and Palma has become an important center for northern Mozambique's offshore natural gas industry. Tete, on the other hand with particular emphasis on Tete City and Moatize town have one of the largest and richest coal deposits in the world. The region also has significant deposits of iron and rare metals. A number of mining projects have been developed in the last few years. Tete is located in the central region of Mozambique and is one of the hottest parts of Mozambique as it lies on a plateau 500m above sea level. Tete and Moatize have a population of 267.179 and it is estimated that 79% have access to water. In Tete, subsistence agriculture is the predominant activity on less than 2 ha, highly dependent on rain, and making use of little or no improved farming technologies and techniques.

Mozambique is the fastest growing non-oil economy in Sub-Saharan Africa (SSA). However, the vulnerability of the growth model was exposed in 2016 with significant economic slowdown. Of a total population of approximately 29 million (2017), nearly 40 percent (11.3 million) are living in extreme poverty, mainly in the Northern regions. Access to basic services is low: only one in three households has access to safe water, one in ten to sanitation, and one in four to electricity. The country is vulnerable to extreme climate events. Tete is also among the provinces hit by Cyclone Idai while Cyclone Kenneth affected nearly 55,500 hectares of crops and caused loss of livelihoods, including fishing in Cabo Delgado. Both cyclones made landfall during the critical harvest period, effectively wiping out the food of thousands of families. The Cyclones caused significant displacement and loss of housing. Many children, elderly and people with disabilities were unable to flee to safety and more than half of the affected people are children. The evolving COVID-19 crisis in 2020 could potentially have a large impact on the economy. The main immediate economic impacts from COVID-19 include the postponement of the investment decision for one the most important gas projects, cancellation of all tourism bookings, shortages in the supply of food items for informal markets with the closing of borders and a number of disruptions in export-oriented sectors like agribusiness, fisheries, and coal. Other sectors impacted include personal services, financial services, construction, transport, and real estate. The northern province of Cabo Delgado has suffered from episodes of violence, linked to terrorism. The first attack happened in October 2017. Poverty, unemployment, and education gaps have allowed insurgent leaders to exploit feelings of bitterness and marginalization among local communities. Violence has led to the displacement of some 100,000 people.

D. 2. Borrower's Institutional Capacity

The Project will be implemented by the Ministry of Economy and Finance. However, the Ministry of Industry and Commerce (MIC), regional development agencies, sub-national governments, and sectorial ministries will be key implementing counterparts. MEF, with its mandate to support sub-national entities, will provide overall project coordination. A project implementation unit (PIU) will be established at MEF to oversee the activities implemented by



all of key implementing counterparts. The PIU will take responsibility for overall project management, including management of environmental and social risks and impacts of all supported activities. While MEF has longstanding experience in implementing WB projects, limited human and technical capacity (skills and number of staff) to manage E&S risks remains a constraint. To reduce implementation risks, funding is allocated under the Project management component to strengthen the PIU’s skills by hiring local experts on a competitive basis. Hence, Environmental and Social Specialists as well as Environmental and Social Officers and other relevant specialists (e.g. on labor and GBV) shall be assigned within the PIU and key implementing agencies respectively, to prepare the applicable E&S documents that shall be materially consistent with the Environmental and Social Standards (ESSs). The E&S Specialists and Officers will also receive training on the ESF to ensure adequate capacity to implement the applicable (ESSs) throughout the project cycle.

Detailed Environmental and Social Management capacity of all the implementing agencies, including the MSMEs shall be undertaken during project preparation and appropriate arrangements developed before Project Appraisal.

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

A. Environmental and Social Risk Classification (ESRC)

Substantial

Environmental Risk Rating

Substantial

The proposed environmental risk rating is Substantial. The project has three components: Component 1 - which will specifically support both the development of existing businesses and new entrepreneurship by enabling access to finance solutions that can help firms adopt new technology and capacity to reach a wider market; small scale entrepreneurship by expanding women’s agency through participatory mechanisms in the targeted areas of focus; including specific investments related with food supply and catering: agro-industries (including horticulture, poultry, cattle); upgrading of small roads, water supply, electricity, communications, sites-and-services, including administrative support services (security; cleaning; waste management services; transport); some warehousing and storage utilities,as well as territorial frameworks, spatial plans and studies for new government programs; Component 2 - aims to support markets and finance platforms to help generate linkages across sectors and locations. It includes the design, implementation, monitoring, and information sharing of appropriate policies to maximize benefits from investment, including policies for more conducive business environment. This includes (i) investment policy reforms, (ii) coordination between stakeholders and (iii) capacity building in national agencies as well as help investors navigate regulations and procedures, and address grievances. In addition, the project will provide technical support to the National Quality Infrastructure (NQI) providers notably INNOQ to expand the number of quality certifications provided in country and Component 3 – dealing with project management. This component will provide the necessary technical, advisory, and financial support for the adequate implementation, management, and coordination of project activities.

Project Investments, mainly under Components 1, are likely to cause substantial environmental risks associated with specific investments related with food supply and catering: agro-industries (including horticulture, poultry, cattle); upgrading of small roads, water supply, electricity, communications, sites-and-services, including administrative support services and utilities. Anticipated risks and impacts are expected to lead to (i) soil erosion and degradation and increased use of agro-chemicals due to agricultural activities; disposal and management of waste during the construction phase, (ii) occupational health and safety of workers, (iii) nuisances related to air and noise emissions, and (iv) community health and safety due to increased traffic.

Public Disclosure



Under the same component, the project will support TA activities for the preparation of spatial development plans and studies for new government programs and capacity building initiatives for business and management practices. Anticipated environmental downstream implications of the TA activities are likely to be limited.

Activities to be financed under component 2 and 3 namely: platforms to help generate linkages across sectors and locations and technical advisory and studies will have negligible environmental risks. The project may cumulatively generate significant use of water or other raw materials or to generate significant GHG emissions. However, such implications will be further assessed during project preparation.

While in general, anticipated risks and impacts are expected to be localized, minor and of limited duration, proposed environmental risk rating also considers Borrower capacity and the complexity and uncertainty around management arrangements within MEF and other implementing agencies.

Social Risk Rating

Substantial

Under Component 1, the Project will support a range of capacity building initiatives, technological support measures for SMEs and MSMEs, small scale infrastructure and spatial planning. Capacity building interventions need to be undertaken in an inclusive and transparent manner so that small firms, especially those located in remote and crisis-hit areas such as Cabo Delgado are not bypassed. Training and capacity building within firms must be available to both male and female employees including those who may not have permanent contracts. Small businesses especially those owned by women will be targeted for support under Component 1.1. This will require an assessment to ensure that the marginalization and other challenges faced by such businesses are adequately analyzed and a strategy is in place to support them. Finally, the risk of SEA/SH during training cannot be ruled out. Infrastructure interventions are likely to include upgrading of small roads, water supply, electricity, communications, sites-and-services, and depending on environmental and social impacts, on waste management. These schemes will require some land parcels, although the extent of land required is not expected to be extensive. While no large-scale resettlement is foreseen, impacts on livelihoods are expected. The risk of Sexual Exploitation and Abuse and Sexual Harassment (SEA/SH) during construction of small infrastructure in rural areas is a risk. Undertaking construction activities in Cabo Delgado faces security risk in a conflict situation. Security measures may secure the construction sites but further increase the risk of SEA/SH unless strict Codes of Conduct, training and monitoring is in place to ensure that security measures do not lead to harmful impacts on the local communities. Security issues in places such as Cabo Delgado can also impact inclusion of beneficiaries and workers. A Security assessment under the ESMF will assess this risk and recommend appropriate measures. Spatial development planning can have impacts due to land zoning and future land acquisition leading to impacts such as resettlement especially for poor and marginalized groups. While Mozambique’s Land Law includes detailed guidance on resettlement, it is important that zoning is undertaken to minimize impacts on the poor and marginalized (especially women and women-headed households) and includes services and infrastructure that can enable them to benefit from growth of the extractives industry. Under Component 2, policy development and coordination of linkages will be supported. Policy development could face the risk of favoring large businesses unless consultations include NGOs, CSOs and small businesses.

Overall risks across project components include health risks due to COVID-19 pandemic that are expected in crowded situations during civil works as well as training and labor influx that poses another social risk as the project will rely on both unskilled labor and technical expertise in providing advisory services to firms and in small infrastructure works. In particular, manual labor required for works (even if drawn from local areas) may face working conditions not in line with Mozambican laws and the Bank’s ESF. There will be a need to ensure that working conditions are aligned with legal provisions and ESF requirements on labor both for training activities and for infrastructure works. Finally, low



capacity for assessment, planning and implementing measures on social risk mitigation as well as the insecure situation in Cabo Delgado mean that the social risk is Substantial.

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:

Proposed project activities are expected to generate positive environmental and social impacts that will outweigh negative ones. Expected positive impacts include: promotion of female economic empowerment and support enabling sectors to raise productivity and directly help in connecting firms to larger markets; direct project benefits to local communities; creation of skills and employment and generation of income. The project will therefore contribute to reduced poverty around selected megaprojects areas in Mozambique through investments in a variety of activities such as capacity building, as well as in the promotion of female economic empowerment and support enabling sectors to raise productivity and linkages to markets. Activities under Component 1 are likely to cause moderate to substantial environmental and social risks and impacts relevant to the World Bank Environmental and Social Standards (ESSs). The risk of exclusion of potential beneficiaries in crisis hit areas such as Cabo Delgado will be addressed through ensuring that training is available through online means and that local resources are included in training as far as possible.

Project risks arise from the proposed investments in agro-industries (including horticultures, poultry, cattle) and catering services, basic construction services which may include upgrading small roads, water supply systems, electricity, communications, sites-and-services and possibly administrative support services such as: security; cleaning; waste management services; transport services; some warehousing and storage services. The project will also support activities for the development and preparation of spatial development plans and studies for new government programs and capacity building initiatives for business and management practices. Anticipated risks and impacts include land acquisition and impacts on livelihoods, loss of assets, potential gender discrimination and marginalization of some vulnerable groups in the region, labor influx and SEA/SH risks; security issues especially in Cabo Delgado, soil, vegetation and fauna disturbance and degradation due to earth movements for preparation of construction sites, soil and water bodies contamination through uncontrolled spillages, mainly during construction phases; waste generation and handling (both solid and sewage); air, soil and water bodies contamination due to civil works, livelihoods activities and agro-processing industries, nuisance and traffic safety issues to the community as well as occupational health and safety concerns related with the use of construction equipment and industry machinery to direct and indirect contracted workers. Activities related with the proposed investments in agri-forestry may lead to water abstraction on downstream users, loss of wetland habitat as a result of the small irrigation infrastructures needed, point and non-point pollution of water sources, soil erosion and siltation, water and land-use related conflicts, SEA/SH and social conflicts. Other potential negative impacts during operation of the proposed MSMEs include occupational health and safety risks arising from operation and maintenance of agriculture and agro-industrial businesses equipment and machinery, public nuisance due to presence of odors and air pollution, community health and safety risks related with disposal and handling of hazardous waste and also substantial risks to human health and the environment due to handling of pesticides likely to be used in community agriculture activities. Furthermore, the project faces security risks as it will be implemented in areas facing security issues (Cabo Delgado). This risk needs to be assessed and appropriate measures need to be identified to minimize security risk tat



could impact project beneficiaries and workers. Risks associated with the use security personnel are expected to be substantial. Implications of the TA activities associated with development spatial plans and capacity building are likely to be low to moderate and may lead to land right conflicts and marginalization of poor. Further, risks related with COVID-19 pandemic are expected mainly, during civil works, but will be managed with application of specific provisions to included in the ESS instruments. The areas of direct intervention, as well the precise scope of construction works have not been fully defined. As such, an Environmental and Social Management Framework (ESMF) will be prepared and implemented, including procedures for screening and excluding any intervention that could cause unprecedented environmental and social impacts. The ESMF will be valid to all activities supported by the project, examining the project overall risks and impacts, setting out the principles, rules, guidelines and procedures to assess, mitigate and monitor the environmental and social risks and impacts along the project implementation. The ESMF will include framework of the borrower's capacity, roles and responsibilities in addressing the assessed environmental and social risks and impacts including sufficient guidance for the selection, preparation and implementation of project activities as well as budget to ensure its effective implementation. The ESMF will also include measures to manage environmental, health and safety for the construction works, including specific guidance for the preparation of subproject instruments, mainly under components 1 and 2. Hence, project will apply the requirements of the Environmental Health and Safety Guidelines (EHSGs) with the following specific guidelines to be adopted and utilized by the contractors and other project implementers: general, occupational health and safety, community health and safety, including applicable Industry Sector Guidelines. As part of the ESMF, labor management procedures (LMP) and campsite management will be prepared to cover infrastructure upgrading work as appropriate, including specific measures to address risks associated with use security personnel or security forces consistent with ESS and World Bank guidance on Use of Security Forces. Furthermore, the implementing agencies will ensure that security personnel follow a strict code of conduct and avoid any likely adverse impacts throughout project implementation. While labor used for reconstruction works is expected to be drawn mostly from local communities, the influx of some labor is expected to increase the risk of SEA/. A SEA/SH assessment will be undertaken as part of the ESMF and an Action Plan will be prepared for implementation across the range of project activities. The Terms of Reference for the TA outputs will be annexed to the ESMF and will include relevant requirements of the ESF. During implementation stage, site specific ESIA's and ESMPs shall be developed based on the screening guidance and risk level of each specific activity. These measures shall be implemented and their status of implementation shall be reviewed as part of project monitoring and evaluation. Furthermore, the ESMF will include a differentiated approach for the preparation of different project activities proportionate to their respective environmental and social likely risks. In particular, the risks of exclusion of women and marginalized groups across the range of project activities will be assessed in the ESMF and appropriate recommendations made to increase their inclusion. To support inclusive zoning and spatial planning, the project will develop guidelines for inclusion of poor and marginalized and minimize resettlement impacts. The ESMF will outline technical and support required to ensure that the planning process is cognizant of these issues. The Borrower will also prepare a Resettlement Policy Framework (RPF), as well as a Stakeholder Engagement Plan (SEP), including grievance redress mechanism (GRM), prior to project appraisal. Resettlement Action Plans (RAPs) will be prepared for each intervention during project implementation stage, in ac

Areas where “Use of Borrower Framework” is being considered:

The Borrower has a relevant legal framework for addressing environmental and social risks and impacts. However, its capacity through policies and institutional arrangements is limited. As such, reliance on the borrower's E&S framework is not considered to be appropriate.



ESS10 Stakeholder Engagement and Information Disclosure

The Project has several stakeholders across various sectors. These include SME and MSMEs, their employees, supply chain staff, rural communities, NGOs and government institutions particularly Ministry of Economy and Finance and Local Government institutions. A Stakeholder Engagement Plan (SEP) will be in place by appraisal to ensure that a road map for consultation, information-sharing, active inclusion and complaints management of stakeholders. The SEP will outline means of consultation especially in a COVID-19 situation in line with World Bank guidance and GoM’s policies. Adequate measures will be in place to elicit the views of rural communities who may be illiterate. A feedback loop will ensure that stakeholders are informed about how their views have been integrated in project implementation. The SEP will be updated regularly by the PIU safeguards staff. A Grievance Management Procedure will be set up at the PIU and operationalized at community, project and at relevant administrative levels to ensure that any complaints are adequately addressed. The Project Grievance Redress Mechanism (GRM) will be detailed as a specific section of the SEP.

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 will likely involve direct workers, contracted workers. The scale of labor influx into project areas remains unclear at this stage but the project will aim at hiring local labor, except for skilled workers who cannot be found in project locations. During project preparation, the environmental and social assessment process will look closely at the potential labor-related risks – child labor, bonded/ forced labor, community labor, community relations, GBV/SEA and impacts on environment. It will also adhere to Mozambique’s Labor Laws and the Bank's standards concerning labor conditions and Occupational Health and Safety (OHS), including on child labor. To ensure health and safety of workers during the construction and operational phases of the project, the Borrower will develop a Health, Safety and Environmental (HSE) guidance plan as part of the ESMF, in line with World Bank Group Environment, Health and Safety (EHS) Guidelines. The ESMF will include Labor Management Procedures to guide the production of Labor Management Plans during implementation where required. Appropriate actions for protection of workforce will be supported through contracts with sub-contractors and will be monitored for implementation. The project ESMF will also outline a workers’ GRM as part of the Labor Management Plan (LMP), that will be part of SHE-plan. The standards explained in the ESMF will also be included in work-specific ESMPs including the Contractors' ESMPs. These plans will include procedures on investigation and reporting of incidences and non-conformance, emergency preparedness and response procedures and continuous training and awareness to workers. A SEA/SH risk assessment will be undertaken for the Project. Based on this assessment, the Project will produce a SEA/SH action plan to ensure that an risks emerging from project interventions especially in the context of labor use are adequately addressed. A Code of Conduct on SEA/H for all workers is expected to be in place.

ESS3 Resource Efficiency and Pollution Prevention and Management

To minimize pollution risks, the project will require environmental rules for civil works contractors regarding the proper disposal of all liquid and solid waste (including plastic trash). Efficient use of natural resources will include the restoration of any newly-created borrow pits as either permanent or seasonal ponds, or with contours similar to pre-project. Infrastructure investments and agricultural activities may generate some adverse impacts related to the use



(although expected to be in small quantities) of agro-chemicals, pesticides, disposal and management of waste during the construction phase.

The Project is therefore expected to procure small quantities of pesticides, and promote pesticides use. For these reasons, preparation of a specific Pest Management Plan (PMP) is required in order to include detailed guidance and procedures to reduce risks to human health likely to arise from handling, transportation, application and disposal of pesticides in compliance with ESS3 requirements. Consequently, the ESMF will emphasize the promotion of Integrated Pest Management Approaches where relevant; it will also provide criteria and procedures intended to minimize any possible pesticide use and (if needed) promote the safe storage, application, and disposal of any agrochemicals. Further discussions shall be held with the Client during project preparation to determine if pesticides use will be anticipated during implementation and/or operation phase. On the other hand, the Project investments under component 2 are likely to be of “significant use of water” and generate GHG emissions due to fossil energy use from livestock supply chains and from substantial energy use due to cumulative energy and water use across all sectors. Extended analysis of implications on significant water and energy as well as GHG emissions will be carried out during project preparation in line with ESS3.

ESS4 Community Health and Safety

The Project is required to include assessments of risks and impacts of project activities to health and safety in project affected communities in all phases of the project cycle. Risks and impacts could relate to the design and safety of infrastructure, traffic and road safety (particularly during construction), or community exposure to nuisance and public health issues.

Civil works may result in the presence of outside workers and/ or influx of opportunistic migrants. This has the potential to lead to impacts on community health or safety. Additionally, the Borrower will put measures in place to prevent or minimize the spread of the infectious disease/COVID-19 to the community in in line with WHO guidelines on “Key considerations for repatriation and quarantine of travelers in relation to the outbreak of novel coronavirus 2019-nCoV” as well as the Africa CDC guideline on “Africa CDC Guidance for Assessment, Monitoring, and Movement Restrictions of People at Risk for COVID-19 in Africa”. Such guidelines will be included in the ESMF.

Other H&S risks consist of SEA/SH that are possible both within an office environment and in public works programs as well as community enterprises. These risks will be assessed through a SEA/SH Risk Assessment and Action Plan that will be implemented by the project, as described under ESS1.

Civil works, community interventions as well as technical support also face the risk of being implemented in a COVID-19 crisis situation. The Project will also support information and awareness-raising measures in the community on COVID-19 risks that could be exacerbated by the project and need to be addressed at the community level through responsible action.

The Project also need a thorough assessment of security risks in conflict affected areas (Cabo Degado) and include appropriate measures to minimize such risks that can impact beneficiaries and project workers. Project interventions may require use of security personnel or security forces in the project areas, the implementing agencies will ensure that specific measures consistent with the requirements of ESS4 and World Bank guidance on Use of Security Forces are adopted. Furthermore, the implementing agencies will ensure that security personnel follow a strict code of conduct and avoid any likely adverse impacts throughout project implementation.



ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

The Project will support small scale infrastructure as part of Component 1 which is expected to include upgrading small roads, water supply, electricity, communications and sites-and-services. These interventions will require some land although the extent of land needs is expected to be small scale. The magnitude of resettlement impacts is not expected to be large as the works are small scale in nature. Impacts on livelihoods are expected. Any land requirements and impacts on livelihoods will be addressed under Resettlement Action Plans (RAPs) which will be prepared for each intervention and will be aligned with the Project's Resettlement Policy Framework (RPF) to be prepared before Project Appraisal.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

Project interventions to improve livelihoods activities such as community-based forest, agriculture including infrastructure development may directly or indirectly affect natural habitats and the ecosystems goods services provided by such habitats. The ESMF will specifically include criteria and procedures to ensure that sub-project investments are designed and implemented in ways that avoid damage to protected areas or critical habitats. Biodiversity Management Plans shall be prepared as part of the site specific ESMPs.

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

There are no known Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities in the project area.

ESS8 Cultural Heritage

At this stage in project preparation it is unknown if there is any presence of culturally significant sites associated with the project. Chance find procedures will be included in the ESMF and subsequent ESMP but attention will given to the potential impact of civil works on other cultural heritage aspects, such as sacred groves and intangible resources. The social assessment will provide a better understanding of the potential impacts and if necessary, the ESMF screening process will be designed to avoid impacts on them.

ESS9 Financial Intermediaries

There are no financial intermediaries in this project

B.3 Other Relevant Project Risks

Further details pertaining to other relevant Project Risks shall be determined during project preparation, after gaining more information on project components and description. These shall be described in relative detail in the Appraisal ESRS. During implementation stage, site specific ESIA's and ESMPs shall be developed based on the screening guidance and risk level of each specific activity. These measures shall be implemented and their status of implementation shall be reviewed as part of project E&S risk management. The ESMF will include a differentiated approach for the preparation of different project activities, proportionate to their respective likely environmental and social risks.



Due to the insecure situation in Cabo Delgado, the project may rely on security arrangements in the case of civil works. The ESMF will assess this requirement, the risks posed by such an arrangement and proposed appropriate security measures in line with ESF guidance. In case security measures include the use of government security personnel for implementation of civil works in Cabo Delgado, the client will adhere by the ESF’s guidance to ensure that they (i) make reasonable inquiries to verify that the direct or contracted workers retained by the Borrower to provide security are not implicated in past abuses; (ii) train them adequately (or determine that they are properly trained) in the use of force (and where applicable, firearms), and appropriate conduct toward workers and affected communities; and (iii) require them to act within the applicable law and any requirements set out in the ESCP. The SEA/SH Risk Assessment will also assess this potential risk and appropriate measures identified in the SEA/SH action plan.

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

N/A

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

Actions to be completed prior to Bank Board Approval:

- Preparation, consultation and disclosure of a Draft Stakeholder Engagement Plan (SEP), including grievance redress mechanism (GRM) - Prior to Project Appraisal.
 - Preparation, consultation and disclosure of a Draft Resettlement Policy Framework (RPF) - Prior to Project Appraisal.
 - Preparation, consultation and disclosure of a Draft Environmental and Social Management Framework (ESMF) - Prior to Project Appraisal.
 - Labor Management Procedures as part of ESMF
 - Security Assessment as part of ESMF
 - Integrated Pest Management Approaches as part of the ESMF
 - SEA/H Risk Assessment as part of the ESMF prior to appraisal.
- Social Assessment on small scale entrepreneurs/businesses especially those owned/involving women to assess constraints and devise a strategy for support.

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

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- Development and implementation of a proportional Health, Safety and Environmental (HSE) plan in line with World Bank Group Environment, Health and Safety (EHS) Guidelines (for construction & rehabilitation activities);
- Preparation, consultation and disclosure of Resettlement Action Plans (RAP) for sub-projects
- Integrated Pest Management Plans
- Development of relevant ESIA/ ESMPs for subprojects
- Development of Resettlement Action Plans for subprojects
- Capacity building of implementing partner institutions in ESF

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS

25-Nov-2020

IV. CONTACT POINTS

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Borrower/Client/Recipient

Borrower: Ministry of Economy and Finance

Implementing Agency(ies)

Implementing Agency: Ministry of Commerce and Industry

Implementing Agency: Ministry of Economy and Finance

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

Task Team Leader(s):	Francisco Campos
Practice Manager (ENR/Social)	Senait Assefa Recommended on 18-Jun-2020 at 14:46:19 EDT
Safeguards Advisor ESSA	Nathalie S. Munzberg (SAESSA) Cleared on 28-Jun-2020 at 16:01:26 EDT

Public Disclosure