



THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP

FOR OFFICIAL USE ONLY

Report No: PAD4688

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF SDR 70.70 MILLION
(US\$100 MILLION EQUIVALENT)

TO THE

REPUBLIC OF MOZAMBIQUE

FOR AN

INVESTING IN INCLUSIVE HUMAN CAPITAL DEVELOPMENT IN NORTHERN
MOZAMBIQUE PROJECT

November 29, 2021

Health, Nutrition and Population Global Practice
Eastern and Southern Africa Region

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank authorization.

CURRENCY EQUIVALENTS

Exchange Rate Effective October 31, 2021

Currency Unit = New Mozambique Metical (MZN)

MZN 63.2 = US\$1

US\$1 = SDR 0.71

FISCAL YEAR

January 1 - December 31

Regional Vice President: Hafez M. H. Ghanem

Country Director: Idah Z. Pswarayi-Riddihough

Regional Director: Amit Dar

Practice Manager: Ernest E. Massiah

Task Team Leaders: Humberto Albino Cossa, Lucia Jose Nhampossa,
Samantha Zaldivar Chimal

ABBREVIATIONS AND ACRONYMS

ADE	<i>Apoio Directo a Escolas</i> (Direct Support to Schools)
ADIN	Agency for Integrated Development of the North
AfDB	African Development Bank
ANC	Ante-natal care
APE	<i>Agente Polivalente Elementar</i> (Community Health Worker)
AWD	Acute watery diarrhea
CBO	Community Based Organization
CCD	Community-Centered Development
CERC	Contingent Emergency Response Component
COVID-19	Coronavirus Disease 2019
CUT	<i>Conta Única do Tesouro</i> (Single Treasury Account)
CPF	Country Partnership Framework
CSC	Community score card
CYP	Couple-years of (contraceptive) protection
ECD	Early Childhood Development
ENSSB II	National Strategy for Basic Social Protection II
EPI	Expanded immunization program
EU	European Union
FCS	Fragile and conflict-affected settings
FID	Final investment decision
FM	Financial Management
FMS	Financial Management Specialist
FP	Family Planning
GBV	Gender based violence
GDP	Gross domestic product
GER	Gross enrollment ratio
GFF	The Global Financing Facility (for maternal and child health)
GoM	Government of Mozambique
HCI	Human Capital Index
HD	Human development
HDPCC	Human Development Provincial Coordinating Committee
HDSC	Human Development Steering Committee
IDP	Internally displaced person(s)
INAS	<i>Instituto Nacional da Acção Social</i> (National Institute of Social Action)
LARC	Long-acting reversible contraception
LNG	Liquid natural gas
M&E	Monitoring and Evaluation
mCPR	modern Contraceptive Prevalence Rates
MGCAS	<i>Ministério do Género, Criança e Acção Social</i> (Ministry of Gender, Children and Social Action)
MINEDH	Ministry of Education and Human Development
MISAU	Ministry of Health

MozLearning	Improving Learning and Empowering Girls In Mozambique Project
MPI	Multi-dimensional poverty index
NGO	Non-governmental organization
NIP	Nutrition Intervention Package
PASP	<i>Programa da Acção Social Produtiva</i> (Productive Social Action Program)
PASD	<i>Programa Apoio Social Directo</i> (Direct Social Assistance Program)
PASD-PE	<i>Programa Apoio Social Directo Pós-Emergença</i> (Post-Emergency Direct Social Assistance Program)
PAUS	<i>Programa de Atendimento às Unidades Sociais</i> (Assistance Program for Social Units)
PDO	Project Development Objective
PHCSP	Primary Health Care Strengthening Project
PIU	Project Implementation Unit
PIM	Project Implementation Manual
POU	Provincial Operational Unit
PQG	<i>Programa Quinquenal do Governo</i> (Government 5-year Program)
PSSB	<i>Programa Subsídio Social Básico</i> (Basic Social Subsidy Program)
RBPA	Recovery and Peacebuilding Assessment
RMNCAHN	Reproductive, maternal, neonatal, child and adolescent health and nutrition
SADC	Southern Africa Development Committee
SCD	Systematic Country Diagnostic
SEA	Sexual Exploitation and Assault
SH	Sexual Harassment
SP	Social protection
SRH	Sexual and reproductive health
SRHR	Sexual and reproductive health rights
SSA	Sub-Saharan Africa
TB	Tuberculosis
TFR	Total fertility rate
TPP	Third-party provider
TVET	Technical and Vocational Education and Training
UGEA	<i>Unidades de Gestão de Aquisições</i> (Procurement Management Units)
UN	United Nations
UNHCR	United Nations High Commissioner for Refugees
WASH	Water, Sanitation and Hygiene
WBG	World Bank Group

TABLE OF CONTENTS

DATASHEET	2
I. STRATEGIC CONTEXT	8
A. Country Context.....	8
B. Sectoral and Institutional Context	11
C. Relevance to Higher Level Objectives.....	16
II. PROJECT DESCRIPTION.....	18
A. Project Development Objective	18
B. Project Components	18
C. Project Beneficiaries	29
D. Results Chain	30
E. Rationale for Bank Involvement and Role of Partners	31
F. Lessons Learned and Reflected in the Project Design	32
III. IMPLEMENTATION ARRANGEMENTS	33
A. Institutional and Implementation Arrangements	33
B. Results Monitoring and Evaluation Arrangements.....	34
C. Sustainability.....	35
IV. PROJECT APPRAISAL SUMMARY	36
A. Technical, Economic and Financial Analysis (if applicable)	36
B. Fiduciary.....	40
C. Legal Operational Policies.....	41
D. Environmental and Social.....	41
V. GRIEVANCE REDRESS SERVICES	45
VI. KEY RISKS	45
VII. RESULTS FRAMEWORK AND MONITORING	48
ANNEX 1: Implementation Arrangements and Support Plan	62
ANNEX 2: Climate Vulnerability Context and Climate-Change Adaptation and Mitigation Supported Activities	72
ANNEX 3: Geographical Prioritization	80
ANNEX 4: Complementarity to World Bank Supported Projects in Mozambique	83
ANNEX 5: Ratio of Social Protection beneficiaries to MPI poor (Percentage)	89
ANNEX 6: Economic Analysis.....	90



DATASHEET

BASIC INFORMATION

Country(ies)	Project Name	
Mozambique	Investing in Inclusive Human Capital Development in Northern Mozambique Project	
Project ID	Financing Instrument	Environmental and Social Risk Classification
P175298	Investment Project Financing	High

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input checked="" type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input checked="" type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input checked="" type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Enhanced Implementation Support (HEIS)

Expected Approval Date	Expected Closing Date
04-Jan-2022	31-Dec-2026

Bank/IFC Collaboration

No

Proposed Development Objective(s)

To improve inclusive access to effective basic social services for the most vulnerable and at-risk of conflict population in Northern Mozambique.

Components

Component Name	Cost (US\$, millions)
----------------	-----------------------



Strengthening decentralized human capital institutions and community-based structures	25.11
Enhancing system capacity for equitable availability and access to basic social services	58.36
Supporting the Post-conflict Restoration of Basic Social Services	9.40
Project implementation, monitoring and evaluation	7.13
Contingent Emergency Response Component	0.00

Organizations

Borrower: Republic of Mozambique

Implementing Agency: Ministry of Health

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

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

DETAILS

World Bank Group Financing

International Development Association (IDA)	100.00
IDA Grant	100.00

IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	Guarantee Amount	Total Amount
Mozambique	0.00	100.00	0.00	100.00
National PBA	0.00	100.00	0.00	100.00
Total	0.00	100.00	0.00	100.00



Expected Disbursements (in US\$, Millions)

WB Fiscal Year	2022	2023	2024	2025	2026	2027	2028
Annual	4.00	8.00	25.30	27.90	19.20	10.40	5.20
Cumulative	4.00	12.00	37.30	65.20	84.40	94.80	100.00

INSTITUTIONAL DATA

Practice Area (Lead)

Health, Nutrition & Population

Contributing Practice Areas

Education, Social Protection & Jobs

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● High
2. Macroeconomic	● Moderate
3. Sector Strategies and Policies	● Substantial
4. Technical Design of Project or Program	● High
5. Institutional Capacity for Implementation and Sustainability	● High
6. Fiduciary	● Substantial
7. Environment and Social	● High
8. Stakeholders	● Moderate
9. Other	● Substantial
10. Overall	● High



COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any waivers of Bank policies?

Yes No

Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Relevant
Financial Intermediaries	Not Currently Relevant

NOTE: For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

Legal Covenants

Sections and Description

The Recipient, not later than 30 days after the Effective Date, shall create and thereafter maintain at all times



during the implementation of the Project, a Project Implementation Unit (PIU) within MISAU, with mandate, composition (including dedicated technical, management and fiduciary staff and headed by a Project manager), and resources acceptable to the Association and defined in the Project Implementation Manual. (Schedule 2, section 1.A.1 of the Financing Agreement)

Sections and Description

The Recipient, not later than 30 days after the Effective Date, shall ensure that each Participating Province establish and thereafter maintain throughout Project implementation, provincial operational units (POUs) with mandate, composition, and resources acceptable to the Association and defined in the Project Implementation Manual. (Schedule 2, section 1.A.4 of the Financing Agreement)

Sections and Description

The Recipient shall create, not later than 30 days after the Effective Date, and thereafter maintain throughout Project implementation a steering committee (“HDSC”), for the purposes of supporting the Project in resolving issues that may require high-level coordination, exercise oversight on Project activities and implementation progress and to provide overall guidance and monitoring, all with terms of reference, composition (including representatives of the Project stakeholders and beneficiaries), and powers acceptable to the Association and described in the PIM. (Schedule 2, section 1.B.1 of the Financing Agreement)

Sections and Description

The Recipient shall, not later than 30 days after the Effective Date, create in each of the Participating Provinces, a human development provincial coordinating committee (HDPCC), with membership (including representatives of provincial services of education, health and social action) and terms of reference acceptable to the Association and described in the PIM, for the provision of oversight and strengthen coordination among Participating Provinces, including discussing and approving the annual implementation plan, and progress reports submitted by the POU on a regular basis. The HDPCC shall be chaired and co-chaired by the Director of the State Secretariat and the Director of the Executive Council, respectively.(Schedule 2, section 1.B.2 of the Financing Agreement)

Sections and Description

At the provincial level, the Recipient shall not later than 60 days after the Effective Date, create HD Committees consisting of the directors of the district services for health and social action, and education, youth and technology, with terms of reference and composition acceptable to the Association and described in the PIM, under the leadership of the District Permanent Secretary who will oversee the Project’s activities. (Schedule 2, section 1.B.3 of the Financing Agreement)

Sections and Description

The Recipient, not later than 30 days after Effective Date, shall prepare and adopt, in accordance with terms of reference acceptable to the Association a Project implementation manual (“PIM”) setting out detailed guidelines, methods and procedures for the implementation of the Project, including: (i) the different roles and responsibilities in the implementation of the Project, including the various mechanisms for ensuring close coordination and collaboration between various Project stakeholders; (ii) budget and budgetary control; (iii) flow of funds, disbursement procedures and banking arrangements; (iv) financial, procurement and accounting procedures; (v) Personal Data collection and processing in accordance with applicable national law and good international practice; (vi) monitoring and evaluation arrangements; (vii) the Annual Work Plans and Budget for the first year of Project implementation; and (viii) such other arrangements and procedures as shall be required for the effective



implementation of the Project. (Schedule 2, section 1.C.1(a) of the Financing Agreement)

Conditions

Type	Financing source	Description
Disbursement	IBRD/IDA	Notwithstanding the provision of Part A above, no withdrawal shall be made for Payments under Categories (3) unless and until the PASD-PE Operations Manual has been approved and adopted by the Recipient in a manner satisfactory to the Association. (Schedule 2, section 3.B.1(c) of the Financing Agreement
Disbursement	IBRD/IDA	Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments under Category (2) unless and until the Amendment to the MDSS has been completed and adopted by the Recipient in a manner acceptable to the Association.(Schedule 2, section 3.B.1(b) of the Financing Agreement.
Disbursement	IBRD/IDA	Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments under Category (4) unless and until the Subprojects Operations Manual has been approved and adopted by the Recipient in a manner satisfactory to the Association. (Schedule 2, section 3.B.1(d) of the Financing Agreement
Disbursement	IBRD/IDA	Notwithstanding the provisions of Part A above, no withdrawal shall be made for Emergency Expenditures under Category (6), unless and until all of the following conditions have been met in respect of said expenditures: (A) that the Recipient has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Association a request to withdraw Financing amounts under Category (6); and (B) the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and the Recipient has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Association. (Schedule 2, section 3.B.1(e) of the Financing Agreement)



I. STRATEGIC CONTEXT

A. Country Context

1. **Mozambique's growth in the last two decades has been strong but not inclusive.** Between 2000-2016, GDP expanded at an annual average rate of 7.2 percent, making Mozambique one of the fastest growing economies in Sub-Saharan Africa (SSA).¹ The economy is also expected to grow 2.3 percent in 2021. Yet, poverty rate is projected to change marginally from 63.3 to 63.5 percent between 2020 and 2021.² Also, with a Gini co-efficient of 0.56, Mozambique is also one of the most unequal countries in the region and 45.8 percent of Mozambicans live beneath the poverty line.^{3,4} Poverty has been historically concentrated in the North of the country, namely the three Northern Provinces of Nampula, Niassa, and Cabo Delgado. In this region, poverty rates are considerably higher than the national average and almost identical to levels recorded in the early 2000s: Nampula 69 percent; Niassa 67 percent; Cabo Delgado 50 percent.

2. **The unequal development observed across the Northern, Central and the Southern regions is deeply rooted in Mozambique's past and sub regional context, and efforts to accelerate development and tackle regional asymmetries since independence have had limited success.** For much of the colonial period, Mozambique was fragmented into separate administrative zones across the South, Central and Northern regions.⁵ The location of the capital in the extreme South, and its proximity to South Africa, contributed to concentrating higher-growth sectors and resources, including those that contribute to human capital building in the Southern region, whilst much of the country continued to be relatively marginalized.⁶ Despite various efforts since independence to support decentralization and reduce inequality, the legacy of poor inter-regional connectivity and decades of underinvestment have perpetuated the regional gap in basic infrastructure and service provision, compounded by the impacts of recurring natural disasters, rapid population growth and rural–urban migration (see Figure 1). The inequalities in per capita spending are reinforced by limited decision-making powers and voice at the subnational levels in the allocation and distribution of expenditures. Perceptions of preferential treatment and corruption undermine a sense of inclusion and fairness and continue to reinforce a North–South divide.⁷

3. **Grievances and inequalities are reinforced by Mozambique's low human capital, particularly in the Northern region.** Mozambique's Human Capital Index (HCI) 2020 shows that a child born today will be 36 percent as productive when she grows up as she could be if she enjoyed full health and complete education.⁸ This places Mozambique below the SSA average, and among the countries with the lowest HCI in the world. Disadvantages start at a young age in the Northern Provinces. Half of children under 2 years old, for example, are stunted (53.8 percent in Cabo Delgado; 47.5 percent in Nampula and 48.8 percent in Niassa), and despite progress in widening access to education, around one third of those aged 5-24 in the Northern provinces are not enrolled in school and have not attended any type of post-basic education programs (35.1 percent in Cabo Delgado; 31.6 percent in Niassa and 30.6 percent in Nampula).⁹ In addition, the average age of students in third grade was over two years above the expected age of 8 years old (11 in Cabo Delgado; 10.8 in Nampula; 10.2 in Niassa). Consequently, over ninety percent of 10-year-old children in the Northern provinces

¹ World Bank, Mozambique Poverty Assessment. April 2020. <http://documents1.worldbank.org/curated/en/248561541165040969/pdf/Mozambique-Poverty-Assessment-Strong-But-Not-Broadly-Shared-Growth.pdf>

² http://macro-povertyoutlook.worldbank.org/mpo_files/mpo/mpo-am21-moz-scope.pdf

³ <https://fragilestatesindex.org/country-data/>

⁴ *ibid*

⁵ Malyn Newitt, *A short History of Mozambique*, 2017. Pag. 22.

⁶ Alex Vines, *Violence, Peacebuilding and Elite Bargains in Mozambique since independence*, November 2020.

⁷ Prevention and Resilience Allocation PRA Eligibility Note, World Bank. February 2021.

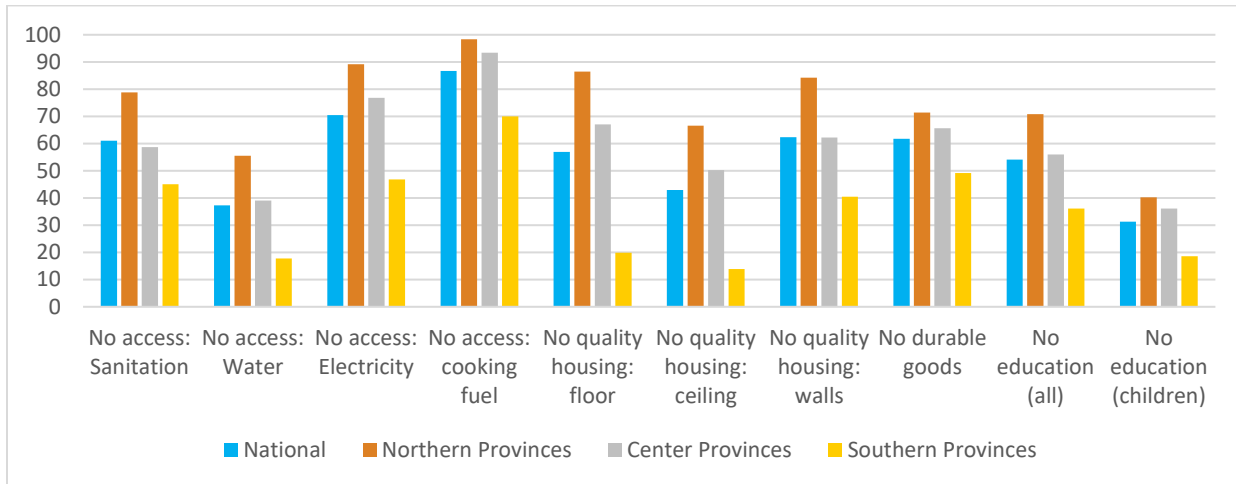
⁸ https://datatabank.worldbank.org/data/download/hci/HCI_2pager_MOZ.pdf?cid=GGH_e_hcpexternal_en_ext

⁹ Education Sector Assessment, 2019.



are unable to read and understand a basic text. Progression rates to secondary education and performance are also lower and children can only expect to complete 7.4 years of education by the age of 18. However, factoring in what children learn, expected years of school is only 4.4 years. Adjusted years of schooling is likely to be lower in the Northern provinces, considering the lower access to and quality of basic social services generally, which have been further impacted by the ongoing conflict. At older ages, access to training and vocational training (TVET) is also limited.¹⁰ As a result, there is a large stock both of unskilled workers in the labor force and unskilled youth entering the labor market.¹¹

Figure 1: Comparison of access to basic services between national and regional levels¹²



4. **The discovery of natural gas reserves in Northern Mozambique in 2010 hold the promise of bringing prosperity to the North, if properly developed.** The estimated three trillion cubic meters of natural gas in the Rovuma basin could make Mozambique one of the top five liquid natural gas (LNG) exporters in the world.¹³ The Government of Mozambique (GoM) created the Integrated Agency for the Development of the North (ADIN) in March 2019. Its mandate is to increase the competitiveness and social productivity of the provinces in the North, and to ensure sustainable management of natural resources throughout the region. However, final investment decisions (FID) for the development of some of the main projects have been persistently delayed and negatively impacted by the escalation of violence.¹⁴ An increased number of violent attacks in March 2021 close to the LNG investment sites have led to the suspension of some of the largest projects. As a result, there is increased uncertainty related to the revenues that the government was expecting.

5. **The multidimensional fragility challenges in the north of Mozambique and unresolved legacies of conflict have contributed to an upsurge of violent conflict in the region since 2018.** In October 2017, a group of insurgents going by the name al-Shabaab¹⁵ carried out a series of armed attacks on police and administration units in the port town of

¹⁰ United Nations Educational, Scientific and Cultural Organization (UNESCO) Institute for Statistics Education Statistics. 2017. The gross enrollment ratio in secondary education is even lower than the average for Sub-Saharan Africa (43).

¹¹ World Bank, 2015. Skills and employability in Mozambique: Implications for Education and Training Policies. Cho and Fedra.

¹² Authors’ estimations using multidimensional poverty data from Atlas de Pobreza Multidimensional em Mozambique, Draft June 2020 (World Bank and Ministerio de Economia e Financas), based on Recenseamento Geral da População e Habitação 2017 <http://www.ine.gov.mz/operacoes-estatisticas/censos/censo-2007/censo-2017>

¹³ Standard Bank. Mozambique Gas Supplier to the World. June 2020

¹⁴ Non-concessional debt equivalent to about 10 percent of Gross Domestic Product (GDP) was accumulated between 2009 and 2014 through guarantees issued to state-controlled companies

¹⁵ This organization shares the same name as the Somali and Kenyan extremist groups by the same name but is not affiliated with either. It is also known as Ahlu Sunnah Wa-Jamo.



Mocímboa da Praia in Cabo Delgado. Over the next four years, the attacks became more targeted and gained in range and sophistication. The conflict has challenged the government's ability to respond and threatens foreign investment opportunities, while destroying lives and physical capital, leading to a mounting humanitarian and displacement crisis. Efforts from the defense forces from the GoM to contain the insurgency have had limited success until recently when military forces from the Southern Africa Development Community (SADC) and Rwanda joined Mozambican forces in the ongoing fight.

6. **The ongoing violence has resulted in a rapidly evolving humanitarian and internal displacement crisis in already under-served areas.** As of September, 2021¹⁶, there are almost 774,041 internally displaced people (IDPs) in the Northern Provinces, equivalent to almost 35 percent of the population of Cabo Delgado. Since the attacks in Palma in March 2021 there has been an 11 percent increase in IDPs. Five districts in Cabo Delgado (Pemba, Metuge, Mueda, Montepuez, and Nangade) are hosting more than 60 percent of all displaced population. However, displacements continue to spread into neighboring provinces of Nampula and Niassa, that currently host around 106,629 and 1,221 IDPs respectively. Children continue to be reported as the largest demographic group amongst IDPs (26 and 21 percent girls and boys respectively), followed by women (27 percent). The majority of IDPs are living with relatives (80 percent of households), typically in district capitals, and their main needs reported include food, shelter assistance, non-food items, health, water, access to documentation and access to education.¹⁷ As displacement spills over into other provinces, there are concerns over the radicalization of alienated and disenfranchised youth in Niassa and Nampula as well – both of which face similar structural challenges to Cabo Delgado. Recent developments in the province have seen the security forces “liberate” key districts and towns in Cabo Delgado, which could presage the return of civilians, should the security situation allow, but which also adds to the fluidity of the current context.^{18,19}

7. **The country's recurrent climate shocks add pressure to Northern Provinces' already strained health, education, and social protection (SP) systems, threatening to reverse modest gains in human capital.** See Climate Vulnerability Analysis in Annex 2. The twin cyclones of 2019, Idai and Kenneth that hit Central and Northern Mozambique respectively, caused significant damage to infrastructure and livelihoods, and had detrimental effects on health, education and the wellbeing of more than one million people,²⁰ with at least 142,000 displaced (UNOCHA,2019). In Cabo Delgado alone, about 280,000 people were affected with US\$3.4 billion in damage. Nampula, Niassa, and Cabo Delgado hosts almost 628,000 poor households that are exposed to cyclones, and almost 99,000 that are exposed to high severity droughts, representing more than 40 and 20 percent of the total exposed population in the country to cyclones and droughts respectively. Evidence shows that households experiencing an extreme climate event face a drop of 25–30 percent in their per capita food consumption²¹ and resulted in households following risk-coping strategies, such as increasing child labor or selling productive assets resulting in further increases in poverty²². The risks associated with food insecurity are particularly serious given the already very high levels of stunting among young children and high levels of anemia among pregnant women. The vicious cycle of generational poverty and vulnerability combined with climate change impacts on food security increases the risks of long-term deleterious effects on cognitive development of children which has a direct impact on the overall development prospects in the country and particularly in the Northern Provinces.

¹⁶ ¹⁶ International Organization for Migration (IOM) Displacement Tracking Matrix. Baseline Assessment Round 13 - September 2021.

¹⁷ *ibid*

¹⁸ <https://www.africanews.com/2021/08/09/rwanda-military-says-it-has-helped-mozambique-retake-Mocímboa-da-praia/>

¹⁹ <https://www.africanews.com/2021/08/12/cautious-residents-return-to-mozambique-s-Mocímboa-da-praia/>

²⁰ Estimated losses and damages from Cyclone Idai totaled approximately US\$2.8 billion

²¹ Baez, J; Kshirsagar, V; Skoufias, E. 2019 Adaptive Safety Nets for Rural Africa: Drought-Sensitive Targeting with Sparse Data. World Bank Policy Research Working Paper No. 9071. World Bank Group.

²² Bowen, T., C. Del Ninno, A. Colin, S. Coll-Black, U. Gentilini, K. Johnson, Y. Kawasoe, A. Kryeziu, B. Maher, A. Williams. 2020. Adaptive Social Protection: Building Resilience to Shocks. International Development in Focus. Washington, D.C. : World Bank Group.



8. **The Coronavirus Disease 2019 (COVID-19) crisis has worsened the social and economic vulnerability of the country, likely exacerbating the disparities between the poorest areas, including the Northern Provinces, and the rest of the country.** COVID-19 has had direct effects on the three provinces, which registered 19,459 COVID-19 cases and 108 deaths, as well as indirect and potentially long-term effects from restrictive measures such as the closure of schools and restriction of movement.²³ Although the government has promoted the delivery of remote learning, limited access to internet and reliable electricity keep disadvantaged children in the North, including IDPs, from learning effectively. Further, the escalation of violence in the area, has resulted in the damage or destruction of infrastructure in Cabo Delgado, including the closure of 36 percent of health facilities, the abandonment of 187 schools and the loss of a primary safe water source amongst 176,000 people, as well as loss of social protection offices and equipment.

B. Sectoral and Institutional Context

Human capital investment and human capital indicators in northern Mozambique

9. **Mozambique continues to spend relatively little on health, social protection, and post-primary education, particularly in the North, perpetuating the cycle of poverty and exclusion.** Government spending on health and SP is below the SSA average. In the proposed 2022 State Budget, the allocation to Social Protection programs is worth 1.38 percent of the entire State Budget, and 0.53 percent of the projected GDP for 2022. The weight of the allocation to Social Protection programs both as a share of Government spending and as a share of GDP has significantly decreased relative to 2021 Budget. Also, the proposed allocation to the health sector as proportion of the entire state budget as decreased from 10.2 percent to 9.4 percent²⁴. The full implementation of the National Strategy for Basic Social Protection II (ENSSB II) has the potential to reduce poverty incidence by 7.5 percent, poverty depth by 16 percent, and inequality by 5 percent in the Gini index at a cost of 2.2 percent of GDP. The SP budget allocation is also not equitable: even though the provinces with the highest poverty rates (including Nampula and Niassa) are allocated the largest absolute share of the budget, on a per poor person basis, these provinces receive the lowest allocation.²⁵ This points out to an increased gap in the distribution of the sector resources on a per capita basis across the population below the nationally defined poverty line of US\$1.90 a day.²⁶ Similarly, post-primary education is under-resourced, and training of teachers and provision of adequate learning materials cannot match the continued rise in the number of students entering secondary education. Provinces in the North have traditionally received less funds per capita compared to provinces in the South, and the rate of expansion of secondary schools has been insufficient.²⁷

10. **Adult and child survival and productivity are heavily impacted by poorer quality of and access to health services in the Northern provinces.** The ratio of health facilities per 10,000 people in Nampula and Cabo Delgado is 0.38 and 0.55 respectively, in contrast to ratios of 1.01 and 0.92 in the Southern Provinces of Gaza and Inhambane. As a result, use of services is lower, with an average number of consultations per person per year of 1.52 in Cabo Delgado, 1.40 in Niassa and 1.18 in Nampula, compared to 2.82 and 2.40 in Gaza and Inhambane.²⁸ In turn, this explains the low coverage and quality of ante-natal care (ANC): only 46 percent and 45 percent of pregnant women in Niassa and Cabo Delgado have four ANC visits, against the national average of 62 percent.²⁹ Furthermore, only 36 percent of pregnant

²³ COVID-19 cases in the three Northern Provinces represent around 12.8 percent of the cases recorded in Mozambique and 5.6 percent of the deaths. Data as of November 6, 2021 from the Ministry of Health. *Boletim Diário Number 599*.

²⁴ UNICEF, MOZAMBIQUE Analysis of the Social Sectors in the 2022 State Budget Proposal, 2021

²⁵ ILO, UNICEF 2020. Social Action Budget Brief, 2020. The ratio of beneficiaries to poor indicates a similar trend, where the poorest areas in the North have amongst the lowest relative SP coverage (see Annex).

²⁶ UNICEF, Social Action Budget Brief. 2019.

²⁷ Public Expenditure Review, PER, 2015

²⁸ Service Availability and Readiness Assessment, SARA, 2018

²⁹ Maternal and Child Health (MCH) Department, 2019



women in Niassa receive four doses of Intermittent Presumptive Treatment for malaria (below the national target of 70 percent). In 2011, children under-5 mortality was 116, 101 and 64 per 1,000 live births for Cabo Delgado, Niassa and Nampula respectively,³⁰ contrasting with much lower figures in Inhambane, Maputo province and the capital City in the south with 58, 96, and 80 per 1,000 live births, respectively.

11. High levels of stunting prevent children in Cabo Delgado, Niassa and Nampula from reaching their physical and cognitive potential, with long-term impacts on their productivity.³¹ According to a baseline survey carried out by the World Bank in late 2019, see Table 1, 53.8, 48.8 and 47.5 percent of children aged 0-36 months in Cabo Delgado, Niassa, and Nampula respectively are stunted,³² the highest levels observed in the country.³³ Cabo Delgado also had the highest rate of acute malnutrition (12.3 percent). Overall, in the three provinces, 80 percent of surveyed households reported experiencing food insecurity, and less than one percent of the children were considered to have a minimum acceptable diet. More recently in 2019, a rapid assessment amongst IDPs in the North estimated that more than 900,000 people are facing crisis or emergency levels of food insecurity.³⁴ Malnutrition in Northern Mozambique is simultaneously driven by poverty, agricultural devastation of recent extreme climate events, climate vulnerability and nutritional practices amongst pregnant women.

Table 1. Baseline³⁵ of key anthropometric indicators by province³⁶

	Height		Weight for height		
	HAZ Mean ± SD	Prevalence of Stunting (%)	WHZ Mean ± SD	Prevalence of Global Acute Malnutrition (%)	Prevalence of Severe Acute Malnutrition (%)
Cabo Delgado	-2.00±1.73	53.8	-0.05±1.74	12.3	4.9
Inhambane	-1.34±1.74	29.3	0.72±1.11	0.6	0.0
Manica	-1.25±1.66	33.7	-0.06±1.50	11.2	4.5
Nampula	-1.76±1.76	47.5	-0.12±1.37	7.6	2.7
Niassa	-1.91±1.77	48.8	0.07±1.43	6.9	3.8
Sofala	-1.40±1.75	35.6	0.21±1.60	4.2	2.1
Tete	-1.35±1.77	39.6	-0.02±1.59	9.2	3.8
Zambezia*	-1.32±2.57	46.4	-0.08±2.55	17.5	10.1
All	-1.53±1.87	41.6	0.07±1.64	8.5	4.1

12. Learning outcomes for children, particularly girls, in the Northern provinces are constrained by lack of suitable environments. Lack of desks means that most children in primary education learn sitting on the floor (63 percent in Cabo Delgado; 81.8 percent in Nampula; 48.2 percent in Niassa).³⁷ Also, spending per student in the North is extremely low at around \$2 per year. When considering all sources of financing, schools in the North have half the financing per student when compared to schools in the South³⁸. Despite improvements in Cabo Delgado, only 30.4 percent and 32 percent of

³⁰ Demographic and Health Survey, DHS 2011

³¹ World Bank, Baseline Study for the community-based Nutrition Intervention Package under the PHSCP, October 2019

³² Stunting is defined as height for age < -2 SD of the WHO Child Growth Standards median

³³ World Bank, Baseline Study for the community-based Nutrition Intervention Package under the PHSCP, October 2019

³⁴ *ibid*

³⁵ World Bank, Baseline Study for the community-based Nutrition Intervention Package under the PHSCP, October 2019

³⁶ HAZ =height for age z-score; WHZ= weight for height z-score; SD = standard deviation. Stunting is defined as HAZ < -2 S.D. below the mean; Global Acute Malnutrition is defined as WHZ < -2 S.D. below the mean; Severe Acute Malnutrition is defined as WHZ < -3 S.D. below the mean.

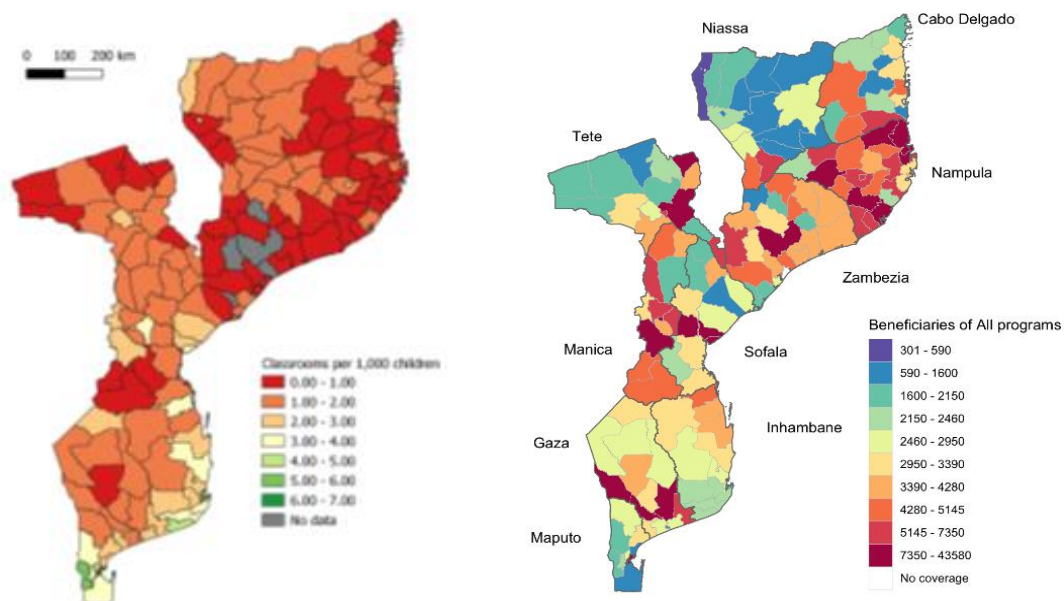
³⁷ MINEDH, Second National Assessment for 3rd grade, 2017

³⁸World Bank, Education Service Delivery in Mozambique: A Second Round of the Service Delivery Indicators Survey, 2018



children in Grade 3 in Niassa and Nampula have textbooks in all subjects.³⁹ Gross enrollment ratios (GER) in upper primary are lowest in the three Northern provinces (51 percent in Nampula and 53 percent in Cabo Delgado and Niassa), with girls' GER 10 percentage points below that of boys.⁴⁰ The overall availability of lower secondary classrooms per 1,000 children (see Figure 2) is lowest in the North (0.14 Cabo Delgado; 0.17 Nampula; 0.21 Niassa). Lower access to education and learning in the North and Center are correlated with higher levels of poverty, availability of school infrastructure, as well as with students' absenteeism and the teachers' knowledge.⁴¹ School attendance is hindered by internal displacements and the United Nations High Commissioner for Refugees (UNHCR) estimates that forced displacement results in children missing out on an average three to four years of schooling.⁴²

Figure 2. Coverage of education and SP: classrooms per 1,000 children (left) and Beneficiaries of SP programs



13. **Social protection programs have an instrumental role in addressing financial barriers that prevent households from investing more in children's education and health, but they currently cover only 19 percent of total number of poor households in Mozambique.** The Ministry of Gender, Children and Social Action (*Ministério do Género, Criança e Acção Social*, MGCAS) guides the National Institute of Social Action (*Instituto Nacional da Acção Social*, INAS) in the implementation of three major social safety net programs with national coverage under ENSSB II (see Figure 2). Namely, a non-contributory Basic Social Subsidy Program (*Programa Subsídio Social Básico*, PSSB) that includes a pension for elderly and disabled, as well as a child grant for children under the age of 2; a Productive Social Assistance Program (*Programa da Acção Social Produtiva*, PASP) for households with capacity to work targeting high poverty and climate vulnerability areas; and a Direct Social Assistance for Post-Emergency (*Programa Apoio Social Directo Pós-Emergença*, PASD-PE) that is a shock response program deployed to provide support in natural or man-made disaster settings. In addition, the government's PSSB Child Grant component for children under 2 years of age is currently limited to a pilot phase covering four districts in Nampula. Other programs such as Direct Social Assistance Program (*Programa de Apoio*

³⁹ MINEDH, Second National Assessment for 3rd grade, 2017

⁴⁰ MINEDH, *Análise do Sector de Educação (ESA): Relatório Final*, July 2019.

⁴¹ World Bank, *Education Service Delivery in Mozambique: A Second Round of the Service Delivery Indicators Survey*, 2018

⁴² Getting refugee children back to learning. Rogers, H. and Sabarwal, S. 2020



Social Directo, PASD) that support in-kind benefits, and the Assistance Program for Social Units (*Programa de Atendimento às Unidades Sociais*, PAUS) are also implemented nationally but at a smaller scale. Further expansion of social protection coverage is hampered by limited administrative and technical capacity around program implementation, including inadequate registration of beneficiary households; timely assessment of socioeconomic needs; transparent and efficient payment processes; coordination with complementary social services and programs; and inadequate effective monitoring and evaluation. The ratio of social protection beneficiaries to poor across the different districts and provinces is depicted in Annex 5.

Women's empowerment and Mozambique's potential demographic dividend

14. High rates of unwanted pregnancy and early unions curtail young women's economic opportunities in Northern Mozambique. Mozambique has a high total fertility rate of 5.3 and the 10th highest rate of early unions in the world, with almost half of the adolescent girls aged 15–19 reporting that they are married.⁴³ Cabo Delgado specifically has the highest teenage pregnancy rates in the country, with almost 65 percent of women in the province pregnant before the age of 20. This is coupled with a very early onset of sexual activity - including forced unions and sexual initiation, which is more common in the northern and central regions. High rates of unwanted pregnancy are correlated with low modern contraceptive prevalence rates and low use of more reliable long-acting reversible contraception (LARCs). In 2019, 2.5 percent and 2.8 percent of all family planning (FP) methods delivered in Cabo Delgado and Niassa, respectively, were LARCs – in contrast with the national average of 7.3 percent.⁴⁴ Socio-cultural pressure for childbearing and marriage reinforce lower educational attainment amongst girls and their disadvantaged position at an early age.

15. Gender gaps related to enrolment and retention rates are prevalent in the three Northern provinces, contributing to significant gender differentials in learning outcomes. In the 2018 Service Delivery Indicator survey, fourth grade female students scored 25.4 percent in Math and 14.5 percent in Portuguese compared to 29.9 percent and 25 percent reached by their male colleagues, respectively.⁴⁵ These gender differentials are partly related to the lower enrolment and lower retention rates of girls. The national enrolment rates are lower for girls, and the gender gap widens around 14 years of age. The Northern provinces follow a similar trend, but with even lower enrolment rates. Retention rates up to the last grade of primary education are also lower for girls with 82 percent compared to the national average of 83 percent. There's gender parity at entry, but only 45.6 percent of girls complete primary education compared with 50.4 percent of boys⁴⁶. This suggests that, beyond household economic constraints, also social norms such as families' preference to invest in boys' education than in girls'; early unions (driven by poverty, and the incentive of bride price "lobolo")⁴⁷, early pregnancies, and increasing household responsibilities are drivers of retention. These retention drivers are expected to be further worsened by the conflict context affecting the Northern Provinces.

16. Gender disparities are intensifying women's disadvantage during the conflict. Women suffer more in fragile and conflict-affected settings for several reasons, such as having more difficulty in accessing social assistance as women are less likely to have an identification card than men (48.6 vs 53.4 percent), less access to information, or less mobility due to financial or household constraints.⁴⁸ Women also have lower literacy levels than men (27 percent vs 54 percent), and are less likely to own a cellphone (43 vs 56 percent), making it more difficult to access and understand information, especially in more rural areas where information is largely managed by men, perpetuating gender inequality.

⁴³ Immunization, Malaria, and HIV/AIDS Indicators Survey (*Inquérito de Indicadores de Imunização, Malária e HIV/SIDA*) IMASIDA, 2015.

⁴⁴ Health Information System for Monitoring and Evaluation (*Sistema de Informação de Saúde para Monitoria e Avaliação*) SISMA, 2019.

⁴⁵ World Bank. Education Service Delivery in Mozambique: A second Round of the Service Delivery Indicators Survey. 2018.

⁴⁶ MINEDH, EducStat, 2020.

⁴⁷ https://resourcecentre.savethechildren.net/pdf/en_moz_child_marriage_aw-low-res.pdf/

⁴⁸ World Bank 2018b. Gender Equality and Women's empowerment in Disaster Recovery. Disaster Recovery Guidance Series. Global Facility for Disaster Reduction and Recovery (GFDRR). <https://www.gfdr.org/sites/default/files/publication/gender-equality-disaster-recovery.PDF>



17. **Internal displacement of women and girls is increasing their vulnerability to harassment and other forms of gender-based violence (GBV).** About one-third of 15-year-old adolescent girls in Mozambique are survivors of physical violence. Across Mozambique, seven in every ten girls report knowing of cases of sexual harassment and abuse in their school.⁴⁹ In addition, IDP settings often characterized by limited shelter, and inadequate sex segregation and privacy for latrines and bathing facilities, leaving young girls, especially orphaned girls, and women even more exposed to risky behavior including transactional sex, child unions, and higher risk of GBV with limited response services. More detailed studies regarding the impact of conflict on GBV among IDPs and in host communities are needed, however a rapid assessment found that women walk long distance to access food, water and services, exposing them to risks, particularly sexual and gender-based violence,⁵⁰ which can often result in early pregnancies or early unions, and other health risks. Impact and pervasiveness of GBV in conflict affected areas in Northern Mozambique are exacerbated by the lack of overall capacity to adequately identify, refer, and respond to these cases. An assessment carried out after the 2019 cyclone Kenneth in Cabo Delgado found that GBV response services were limited and not adequately survivor centered.⁵¹ Despite Mozambique having an comprehensive multi-sectoral and legal framework to address GBV and child protection cases, the referral pathways are not fully functional, especially at the Provincial level in the North of the country, where there is a lack of adequately equipped facilities, trained staff along the referral pathways to effectively identify and respond to violence and protection cases against women and girls; as well as lack of an appropriate tools and systems to manage and monitor these cases.

18. **The age structure of the Mozambican population can either exacerbate poverty and inequality or, if well managed, reap a demographic dividend and enhance prosperity.**⁵² In the last decade alone, Mozambique's population increased by 41 percent from 20 to 29 million people.⁵³ Hence, despite decreasing poverty rates, the total number of people living in poverty has grown, especially in the North.⁵⁴ Recent estimates suggest that a decrease in Mozambique's fertility rate by even one child per woman by 2050 would lead to a 31 percent increase in real GDP per capita and a 3.3 percent decrease in poverty.⁵⁵ Empowering girls and boosting human capital must, however, be coupled with enough additional jobs and labor productivity to employ the increasing inflow of new workers into the labor force. Without this, a lack of basic services and difficulty in accessing employment opportunities may leave the youth in Northern Mozambique with a perception of unfairness and in a long period of suspension, unemployed, waiting for a better life, a risk factor to turn to violence and against the state.⁵⁶

The added value of a multi-sectoral, community-centered development (CCD) approach to human capital development

19. **An integrated, multisectoral, and CCD approach to investment in human capital can catalyze local economic development, while helping address the impacts of conflict and key grievances in the North.** The World Bank has a

⁴⁹ See USAID (U.S. Agency for International Development). 2015. Lessons from the Gender-Based Violence Initiative in Mozambique, and Osorio. 2016. Mulher e Lei na África Austral.

⁵⁰ UNOCHA. Protection Cluster Status. March 2021. <https://reports.unocha.org/en/country/mozambique/card/4RnnbzazNV/>

⁵¹ Humanitarian Consortium, Rapid Gender and Protection Analysis. https://www.care-international.org/files/files/publications/reports-issue-briefs/COSACA_Rapid-Gender-Protection-Analysis-Cabo-Delgado-Mozambique_June-2019.pdf

⁵² The demographic dividend is the accelerated economic growth that may result from a decline in a country's birth and death rates and the subsequent change in the age structure of the population. In Mozambique, the working-age population will grow at a rate of 3.9 percent per year between now and 2050 (compared to the predicted average of 3 percent per year for Sub-Saharan Africa as a whole)

⁵³ Preliminary data from the Mozambique 2017 Census.

⁵⁴ World Bank. 2018. Mozambique Poverty Assessment.

⁵⁵ World Bank. 2016. Searching for the Demographic Dividend in Mozambique: An Urgent Agenda

⁵⁶ Bernhard Weimer, Reflections on Violent Manifestations of Local Discontent and their Implications for Peacebuilding: An Essay. *Instituto de Estudos Sociais e Economicos*. May 2018.



robust human development portfolio in Mozambique, supporting both supply and demand driven dimensions of service delivery in health, education, and SP. However, outcomes and service utilization in the three Northern provinces continue to demonstrate underlying inequalities in the availability and quality of care, limiting opportunities and fueling grievances among underserved populations. Moreover, the growing crisis of internal displacement highlights the need for targeting IDPs and host communities in a more integrated manner. CCD approaches can also contribute to reducing grievances related to inadequate accountability and perceptions of a ruptured social contract with the government. PASP subprojects, for example, can have a direct impact on poverty reduction, while also contributing in some rural areas to economic infrastructure and land management activities that help communities adapt to and mitigate climate change. PASP subprojects include infrastructure, natural resources management activities with a specific angle for climate change mitigation (reforestation, mangrove reforestation, restoration of riparian buffers, etc.), but also social services such as a nutrition and reproductive health campaign. PASP is also used after extreme climate events to support the recovery efforts.

C. Relevance to Higher Level Objectives

20. The proposed Project is fully consistent with the World Bank Group Country Partnership Framework for Mozambique for FY17–21 (Report No. 104733-MZ) discussed by the Board of Executive Directors in April 2017, and the Performance and Learning Review of the Country Partnership Strategy for Mozambique for FY17-Y21 (Report No. 144024, April 2020). The FY17-21 CPF includes adjustments to reflect the escalating conflict in Cabo Delgado and the COVID-19 pandemic. The FY17-21 CPF draws on the 2016 Systematic Country Diagnostic (SCD) which identified three focus areas for World Bank Group assistance to support of the twin goals of eliminating extreme poverty and boosting shared prosperity: (i) promoting diversified growth and enhanced productivity; (ii) investing in human capital; and (iii) enhancing sustainability and resilience. The Project invests in the second and third focus areas. In terms of individual CPF objectives, the Project contributes to: Objective 5, Enhancing the Skills Base; Objective 6, Improving Health Service Delivery; Objective 7, Improving Access to Water and Sanitation; and Objective 9, Extending Coverage of Social Protection and Labor Programs.⁵⁷ The Project is also aligned with the objectives of the International Development Association (IDA) -19 Prevention and Resilience Allocation, which gives access to funds that support interventions to prevent escalation of conflict.

21. The Project is also aligned with World Bank’s support to Government of Mozambique since 2020, to address the root causes of fragility, conflict, and violence (FCV) and preventing risks of onset, escalation, or recurrence of violent conflict. The World Bank carried out a Risk and Resilience Assessment (RRA) February 2021, which diagnosed the factors of fragility in Mozambique and identified sources of resilience in the country. Both the milestones and targets contained in the Government’s monitoring framework, and the Government’s Strategy on Conflict and Violence Prevention, built on the findings of the RRA. The RRA also informed the preparation of the process of securing eligibility to the Prevention and Resilience Allocation (PRA). Mozambique secured access to the PRA in March 2021, making it the third country to do so, and enabling access to an addition US\$700 million in IDA financing. As part of the process of securing eligibility to PRA, the World Bank was required to recalibrate its portfolio in Mozambique to focus on mitigating the risks of conflict and violence. Dialogue around the PRA also led to a government request to the World Bank, the United Nations (UN), European Union, and the Africa Development Bank for support to the formulation of its Integrated

⁵⁷ Specifically, (i) the expansion of cash transfers for vulnerable households in particular for families with children, and incorporating early childhood relevant interventions in the form of information sessions on nutrition, parenting, and others; (ii) the expansion of the productive social assistance program with emphasis on climate adaptation and income generation; (iii) the expansion of cash transfer as response to emergencies to improve households’ resilience; and (iv) the continued improvement of the core social protection delivery systems, and capacity building of institutions involved in program implementation and national and local levels.



Development and Resilience Strategy for the North (ERDIN) 2022-2026. By fielding a joint response to the request from the Government, the partners aimed to support the Government to identify pathways towards a coordinated and structured response to the crisis in the north, address the root causes of the conflict and its impacts, build resilience, and pave the way for longer-term recovery.

22. **The Project will address one of the key drivers of fragility and conflict identified in the RRA and PRA:** Stark regional disparities in public service delivery, as a proportion of per capita social spending by province, are a key factor of social exclusion across Mozambique. Regional disparities in the provision of quality services exacerbates grievances and contributes to uneven outcomes, while the politicization of public administration has increased corruption in service delivery and restricted vulnerable groups' access to services. These frustrations are particularly pronounced in the absence of avenues and platforms for voice, accountability, and the engagement of citizens. The Project will directly contribute to seeking to address these grievances by ensuring inclusive and equitable access to basic services across the population in a transparent and participatory manner. These interventions will help to empower the most vulnerable, level the playing field, and contribute to restore confidence in the state among the population. This approach will be key to rebuild trust in the state, as reflected in the government's ERDIN. This multi-sector strategy developed by the government for the provinces of Niassa, Nampula, and Cabo Delgado, seeks to address the root causes of the conflict, mitigate its impacts, and prepare the ground for recovery.

23. **The Project is designed as part of a comprehensive World Bank response to the multiple development challenges in the North, and to address conflict and fragility in Mozambique more broadly.** Through a series of interlinked and complementary operations, the World Bank programmatic effort combines short-term bridging finance to emergency assistance to alleviate the direct impacts of fragility and conflict, and medium- to longer-term developmental support to address the root causes of FCV. Synergies with ongoing Human Development (HD) operations in health, SP, demographic dividend, and education interventions are shown in Annex 4. This Project complements them by offering direct investment into communities and households, by delivering a package of human capital investment rather than sectors operating in parallel, and by taking a bolder approach to community-centered development, including innovation in the use of local third-party providers. The proposed project is also aligned to Mozambique's national climate change strategy developed in 2011; and align with the World Bank's climate change adaptation agenda using the Green Resilient and Inclusive Development Framework 2021.



II. PROJECT DESCRIPTION

A. Project Development Objective

PDO Statement

24. **The Project Development Objective (PDO) is to improve inclusive access to effective basic social services for the most vulnerable and at-risk of conflict population in Northern Mozambique.**

PDO Level Indicators

25. **Progress toward the PDO will be measured by the following indicators:**

To measure improved access to basic social services:

1. Beneficiaries of safety nets programs (Number)
2. Children 3-5 years old in targeted districts enrolled in approved preschool programs (Number)
3. Percentage of couple-years of protection (CYP) from family planning (FP) services provided to adolescents (women <20) in the Northern provinces

To measure improved effectiveness of basic social services:

4. Female retention rate up to the last grade of primary education in target districts (percentage)
5. Children between the age of 12 and 23 months, amongst cash transfer beneficiaries, fully immunized as per the age specific protocol (percentage)

B. Project Components

26. **The Project proposes a multi-sectoral approach that encompasses high-impact interventions in education, health, and social protection focused on critical phases of the life cycle.** The Project focuses on strengthening the institutions, systems, and assets critical for human capital development that have been damaged or destroyed in the northern provinces and supports them to make the transition from emergency response to medium to long-term restoration, building resilient systems, policies and institutions that can respond to different types of emergencies. The Project's interventions maximize the potential for protecting and promoting human capital, whilst increasing household resilience to conflict and natural disasters and reinvigorating the social contract between the government and populations in underserved regions. The aim is to educate, empower and enable the current and future generations to accelerate equal growth, to reduce poverty and increase the population's overall adaptation and resilience to climate change, thus contributing to mitigate the risks of conflict in Northern Mozambique. to mitigate the risks of conflict in Northern Mozambique. The Theory of Change (Section D) shows the integrated nature of the Project. Table 2 below summarizes the components, sub-components and financing allocations envisaged, followed by further detail on the principal activities in each component.

27. **Social Cohesion.** The Project will also seek to support and reinforce bonds and cohesion between groups where populations have been affected by the conflict, and where the impacts of the conflict and perceptions of preferential treatment of one group over another have strained relations between groups, for instance, between IDPs and members of host communities. This is key from the perspective of maintaining the social fabric and of building resilience to future



shocks, while also being important from the perspective of preventing existing tensions from being exacerbated, and to prevent the potential outbreak of secondary conflicts.

28. **The Project, especially through components 1 and 2, will support specific, evidence-based activities that will contribute to reducing gender disparities in the targeted provinces.** Specifically, the Project will aim at closing the gender gaps of: (i) girls' lower retention at the primary level; and (ii) women's and girls at higher risk of gender-based violence in areas affected by conflict and with weaker referral pathways, especially health services. Components 1 and 2, as well as the *Gender* subsection under Section IV.D (Environmental and Social), describe activities that support activities aimed at reducing gender disparities.

Table 2. Allocation of Financing across Project Components

	Allocation (in US\$ million)
Component 1: Strengthening decentralized human capital institutions and community-based structures	25.11
Sub-component 1.1: Supporting human capital policies and institutions at provincial level	10.91
Sub-component 1.2: Enabling communities to better identify, express and address their human capital needs	14.20
Component 2: Enhancing system capacity for equitable availability and access to basic social services	58.36
Sub-component 2.1: Addressing household barriers to investments in human capital	30.52
Sub-component 2.2: Giving children a head-start in their early years	10.59
Sub-component 2.3: Supporting children, girls and out of school youth and vulnerable households to enhance social and economic inclusion	16.65
Sub-component 2.4: Promoting coordinated GBV support services	0.60
Component 3: Supporting the post-conflict restoration of basic social services	9.40
Component 4: Project implementation, monitoring and evaluation	7.13
Component 5: Contingent Emergency Response Component	0
TOTAL	100.00

Component 1: Strengthening decentralized human capital institutions and community-based structures (US\$25.11 million equivalent)

29. This component will support a multisectoral collaboration between health, education, and social protection sectors to maximize local human development formation and a community-centered approach to address the human capital needs of the families.

Sub-Component 1.1: Supporting human capital policies and institutions at provincial level. (US\$10.91 million equivalent)

30. **The Project will build capacity at the provincial level for the implementation of cross-sectoral human capital interventions.** Under this subcomponent, a capacity building program focused on joint planning, and management of interventions across education, health and social protection will be put in place in Cabo Delgado, Nampula and Niassa provinces. The program will aim to strengthen technical and institutional capacity in these provinces for cross-cutting interventions, such as prevention and response to GBV and preparedness, response, and adaptation to climate shocks. The program will be designed in consultation with the members of the Human Development Provincial



Coordinating Committee (HDPCC) which is to be established by the Project in each province, and which will include the directors of the provincial services of education, health and social action, as well as the heads of relevant programs and department from the Provincial Executive Council. In parallel, provinces will be recipients of Project funds, boosting their ability and accountability for the implementation and success of the Project activities. The capacity building program will be coordinated and executed by a firm with a track record in capacity building interventions to be financed under the Project. A Project Operational Unit (POU), established in each of the target provinces, will reinforce and support cross-sectoral working, and the Project Implementation Manual (PIM) will lay out the mechanisms for disbursement of funds as well as establish details required from the provinces such as activity planning, financing and monitoring, both to be developed and adopted within 30 days after effectiveness.

31. **This sub-component will promote citizen engagement and accountability through the expansion of community scorecards in health facilities and direct support to school schemes.** This activity will build on and extend World Bank experience in assessing and rewarding performance in the health and education sectors. The consultations will be facilitated by a third-party provider (TTP).⁵⁸ In health, the community-based scorecard (CSC) element of the PHSCP undertakes performance evaluations of health facilities semi-annually by a team of external evaluators, capturing feedback and voice from the communities served. The results of these evaluations are linked to financial allocations that provide a part of the resources needed to drive quality improvement. By the end of 2021, CSCs will have been rolled out to 80 health facilities in the three provinces. The Project will consolidate the CSCs used in selected health facilities, giving preference to where the CSC tool is due to be introduced in 2022, for example in Cabo Delgado (districts of Chiure and Montepuez), Nampula (district of Erati) and Niassa (district of Cuamba).

32. **For education services, accountability and quality will be enhanced through Direct Support to Schools (Apoio Directo a Escolas – ADE).** This mechanism will be adapted to consider the additional needs of the settings and students in the Northern Provinces. The adapted ‘Vulnerability ADE’ will entail top-up Direct Support to Schools (DSS) Grants to 1,200 selected schools following a formula based on the poverty index of the district as well as an index of fragility (including an assessment of vulnerability to climate shocks) The DSS will aim to improve student’s retention and raise the educational attainment of displaced and vulnerable children, especially orphans and girls, and narrow inequalities. The operationalization of the ADE will use the same mechanism established in the Ministry of Education and Human Development (MINEDH) for nationwide support and add resources to cater for the needs of the most vulnerable students as identified by the school councils in coordination with the local leaders and Social Action services. A midterm assessment of the results of this support will inform the way forward during implementation and possible expansion of the program to other parts of the country. The decision on beneficiaries and type of support required will be done at school level by the school council and local leaders. To support the effective implementation of the program, information campaign is envisaged to take place in all participating provinces to inform people about the school grants program, and the role of the parents and school councils. The sector will assess the results at midterm to evaluate the success of the grants in addressing pupils needs, retention rates and ultimately measure the improvement in learning conditions and outcomes as well as the impact on parents’ involvement in the pupil’s attendance and performance. MINEDH will amend the existing manual to incorporate the terms and conditions that each Eligible School will follow while implementing a DSS Grant.

Sub-Component 1.2: Enabling communities to better identify, express and address their human capital needs (US\$14.2 million equivalent)

⁵⁸ In the first stage, the TPP facilitates focal group discussions with members of the community in the catchment area of a health facility to obtain their view and perception on the services provided at the facility level and by outreach teams. In the second stage the TPP facilitates a discussion between communities and health care providers using methodologies to promote open dialogue and avoid fear of retaliation. The conclusions and recommendations are shared with district health management team, which together with health facility teams design action plans to address main concerns voiced by members of the community.



33. **A community-centered approach will enhance communities' ability to identify, express, and address their human capital needs.** This subcomponent will support the identification and implementation of community-centered development (CCD) subprojects. Depending on the nature of the subproject, this may include labor payments, grants to districts and/or communities, and operational costs. The Project will work with experienced third-party providers (TPP), which are (UN agencies or other non-governmental organizations) to identify community-based organizations and platforms that support access to or provide human capital services, including community groups which can involve the community in an inclusive manner to diagnose human capital issues and work towards solutions, such as support groups for mothers, community *escolinhas*, *Xitique* saving groups, youth groups offering accelerated vocational opportunities. Once identified, these organizations and platforms will be supported through financing and/or coaching from the TPP. Support will be provided in close collaboration with traditional and elected local authorities, as well as with community mechanisms that are already in place, such as, community-based health committees and school councils. Supported subprojects will include PASP subprojects, with a focus on women's participation, including but not limited to restoration and improvement of social infrastructure, natural resources management activities with a specific angle for climate change mitigation (reforestation, mangrove reforestation, landscape resilience, restoration of riparian buffers, etc.), but also social services such as a nutrition and reproductive health campaign, among others.⁵⁹

34. **This subcomponent will finance sub-projects that prioritize climate mitigation and adaptation.** The preparation of PASP subprojects will build on MGCAS/INAS experience (under Mozambique Social Protection Project P129524), and will be harmonized with other World Bank financed projects supporting similar activities to maximize their synergies in the same implementation areas especially the Social Protection for Economic Resilience Project (SPER, P173640), and Northern Mozambique Rural Resilience Project (P174635). The CCD approach will ensure the subprojects reflect the community needs, and that the territorial development views maximize the added value of the proposed activities, especially for climate change adaptation and mitigation. PASP subprojects are expected to last a maximum of 3 cycles/years, with 4-6 months each of works, and to be directed mostly to women beneficiaries (around 70 percent), according to the PASP operations manual. Similarly, to cash transfers to households, the labor payments related to PASP subprojects are also expected to relax household financial constraints while promoting human capital investments, as well as to facilitate women's empowerment especially in terms of economic inclusion. Drawing lessons from similar programs,⁶⁰ and in response to the fragility context and exposure to climate change in the targeted areas, subprojects will: (i) prioritize within the targeted districts, areas with high exposure to extreme climate events in line with the prioritization guidelines adopted under the SPER Project (Annex 3, Part 2 provides a summary of these guidelines), to enhance the resilience of the households against climate change; and (ii) within selected areas, the community-based targeting process to select beneficiaries will also be adapted to prioritize those households most at risk of climate change, amongst other vulnerabilities in the local context. A Subproject Operations Manual will guide the implementation of this subcomponent.

35. **This subcomponent will also support, life skills, vocational and practical skills training for older youth who dropped out of school, or who never attended school or any form of vocational training, to boost their ability to participate in the community-centered development subprojects.** The areas of training will be defined in consultation with communities to ensure that their voice and needs are addressed. The private sector will also be engaged to help

⁵⁹ Social infrastructure subprojects include refurbishment of schools, health and community centers. Economic infrastructure subprojects support activities linked to community livelihoods such as maintenance of local access roads and/or irrigation canals, among others. Both, social and economic infrastructures activities would take into consideration the exposure to hazards to enhance their resilience against those extreme events through a more climate resilient design. Other subprojects would support community landscape resilience such as reforestation, mangrove reforestation in coastal areas, vegetation buffering in riverbeds and rural greenhouse to produce climate-change resistance crops.

⁶⁰ Although rigorous impact evaluations have been scarce, Mvukiyehé (2018) summarizes detailed evidence from Comoros, the Democratic Republic of Congo, Côte d'Ivoire, Egypt, and Tunisia.



define training standards and to offer internships. In addition, training will be provided to young adults, with a focus on young mothers, to enhance their ability to implement relevant health and nutritional advice, and to support their participation in learning needs of their children. Training will include both standard modules (including access to literacy programs), vocational and technical training, and customized packages of support covering, financial inclusion, micro-entrepreneurship, and life-skills training; as well as awareness raising and training on climate change risks, adaptation, and mitigation activities. The identification of potential beneficiaries will be made from beneficiary household participating in CCD subprojects, as well as through several assessments in each of the provinces. The programs will leverage on interventions supported by existing World Bank financed projects, such as the MozSkills and the Northern Crisis Recovery projects.

Component 2: Enhancing system capacity for equitable availability and access to basic social services (US\$ 58.36 million equivalent)

36. **Component 2 encompasses a set of key early interventions to serve IDPs and host communities that will have a sustained impact at the most critical phases of the lifecycle.** This is attained through four sub-components that bring together social protection, education and health sector interventions to: (i) address household barriers to investments in human capital; (ii) give children a head-start in their early years; (iii) support girls and youth through skills and opportunities; and (iv) promote coordinated GBV support services.

Sub-component 2.1 Addressing household barriers to investments in human capital (US\$ 30.52 million equivalent)

37. **Social protection programs will be expanded to support vulnerable IDPs and host communities to improve their food security, as well as access to health and education services.** This subcomponent will support the scale up of direct cash transfers through the expansion of PASD-PE adapted to respond to the conflict context, targeting the most vulnerable IDPs and host households, through the delivery of cash transfers as well as additional services including but not limited to psychosocial support and/or GBV support services. Cash transfers to vulnerable populations are expected to help mitigate and adapt against climate change, by building resilience through increased food security, preventing negative coping strategies (e.g. economic activities that contribute to deforestation⁶¹), and support diversified livelihoods income generation activities. Cash transfers are also expected to facilitate school enrolment and retention of children, especially girls, by reducing household financial constraints which are associated with triggers for girls' early engagement in paid or unpaid work or engaging in early unions. Vulnerability criteria will be established in collaboration with the communities. For instance, prioritizing climate vulnerable communities and households (using climate hazard maps, and leveraging community-based targeting to identify those that are more at risk of climate shocks); as well as households that are likely to be poorer and more food insecure (e.g. large households, women-headed, those with children). Project implementation will draw on current experiences in the SP sector, and in line with their operations manuals, to be adapted to the conflict context. Beneficiaries will be registered in the social registry (hosted in the INAS Management Information System, also known as eINAS) and will be provided with an INAS identification card, as well as social assistance booklet that can support the tracking of social services received. Also, income support will be delivered as far as possible to the female head of the household and through digital payments (using, for example, commercial banks as well as mobile money)⁶², building on the successful digital payments experience during the SP COVID-19

⁶¹ Ferraro and Simorangkir (2020): "Conditional Cash Transfers to alleviate poverty also reduced deforestation in Indonesia", *Science Advances*, Vol.6, 24. As well as A 2018 World Bank *study* found a link between deforestation and poverty, with a particularly strong link in the project province of Nampula where over 9 percent of forest cover was lost between 2000 and 2012 and poverty rates were above 71 percent as of 2008.

⁶² Digital payments readiness will follow the strategy under the upcoming Social Protection Project (P173640) where readiness is estimated based on cellphone network coverage, coverage of agents of financial institutions, and other variables that determine the feasibility of using payment providers, as well as local validation of this information from INAS Delegations.



Response.⁶³ Graduation criteria, currently under development at MCGAS, will be used, in conjunction with eligibility criteria to determine entry into and exit out of the program. The most vulnerable households will receive additional services such as psychosocial support or GBV support services (with the delivery of these additional services supported by TPPs as needed), see also subcomponent 2.4. Eligibility criteria and implementation mechanisms will be according to the PASD-PE Operations Manual.

38. Delivery of payments and other key moments related to the provision of cash transfers will be coordinated with community-based awareness and service provision sessions. These opportunities will be utilized with several purposes: (i) disseminate key messages that will educate and promote behavior change among women and men of beneficiary households and community members more broadly, and encourage service uptake at the health facilities, particularly related to maternal and child health, especially nutrition, and sexual and reproductive health, but also related to basic financial literacy to maximize use of income support; (ii) to provide outreach community-based outreach services to hard-to-reach communities using the mobile brigades system⁶⁴; (iii) promote better health practices, such as infant and young children feeding practices at the household level and the importance of enrolling and keeping girls in school; (iv) promote GBV support services, including key information on the Grievance Mechanism and Survivors Protection; and (v) promote other messages critical for the community such as on Water, Sanitation and Hygiene (WASH) or climate change, based on existing government materials. As part of the community outreach health services, the Project will strengthen institutions and mechanisms, such as the mobile brigades led by the Expanded Program on Immunization (EPI) to prevent outbreaks of vaccine-preventable diseases through vaccination programs. However, the Project will not finance the procurement of vaccines. Participation and topic relevance for these community sessions will be coordinated with groups supported under sub-component 1.2, as well as other influential groups such as traditional birth attendees. Where possible, this will make use of 'safe spaces' established under the *Demographic Dividend Project* (P166100) or other appropriate sites such as *escolinhas*.

39. This subcomponent will also enhance access to services for Infectious Diseases as well as Reproductive, Maternal, Newborn, Child, and Adolescent Health and Nutrition (RMNCAHN) services. The Project will support existing health facilities that have been affected by the increased demand of services because of IDP presence, as well as support new health facilities that are to be established or expanded under the World Bank's Northern Crisis Recovery Project (P176157). Support will ensure that new health facilities adhere to national protocols and standards of care for infectious diseases and RMNCAHN services, including the prevention and management of malaria, and other vector borne climate sensitive diseases, HIV and other sexually transmitted diseases as part of routine ante and post-natal care. Working with newly established health facilities, the Project will directly support health facility management personnel and district authorities in activities in planning and supervision, including the provision of on-the-job support to health personnel. Existing supervision checklists and tools will be reviewed, and a new system of supervision linked to performance will be piloted in selected health facilities. The Project will also reinforce the referral mechanisms between health facilities and communities within their catchment areas with defined barriers to access (insecurity, distance, and lack of outreach equipment). This will entail the provision of ambulances and other key equipment to be defined by an initial assessment.

Sub-component 2.2: Giving children a head-start in their early years (US\$10.59 million equivalent)

This sub-component comprises a coherent package of interventions to support child welfare and learning: nutrition, early childhood stimulation and the provision of adequate learning environment. Activities will target IDP children and children in host communities.

⁶³ The Automated Payments System (SPA in Portuguese) was developed, and Service Level Agreements (SLAs) were signed with some payments' providers.

⁶⁴ Mobile brigades or *brigadas moveis* are the community-based services provided by health facility personnel to hard-to-reach communities within the health facility's catchment area to facilitate uptake to services and bring them closer to the beneficiaries



40. **The Project will follow national registration strategy and activities as authorized by the GoM.** Any identification activities (of IDP household and children) are to follow standard INAS procedures as authorized by the GoM, including potentially provision of ID cards with biometrics features from INAS and consolidating and extending the delivery of an improved ID cards supported under the Social Protection and Economic Resilience Project (P173640). This will strengthen the social registry and allow a faster identification of populations at risk of other shocks, including climate shocks, in the future.

41. **Early childhood development activities will comprise early stimulation for children between 0-2 years old through parental education, and community level child safe spaces for pre-primary age children (3-5 years of age).** These will be provided both to IDPs and host communities through pre-existing and new community institutions, such as health facilities and preschools (*escolinhas comunitárias*). Preparedness for learning, psychomotor stimulation and psychosocial support for children between 3-5 years old will be provided through the child safe spaces located at the resettlement centers, host communities and whenever possible in the premises of a primary school. The new 260 *escolinhas comunitárias*/child safe places will involve small works to establish safe spaces while taking advantage of the local materials and knowledge to build basic infrastructures. The Project will benefit from the experience of the Emergency Recovery and Reconstruction Project (ERRP, P156559), which is supporting the retrofitting of mix schools (built with local and conventional materials). This intervention will benefit from the institutional framework for pre-primary education, curriculum and standards being developed under the Improving Learning and Empowering Girls in Mozambique Project (Mozlearning, P172657) and programs will be approved by MGCAS to ensure harmonization with national standards. Classes will be delivered both in local language and in Portuguese and will be imparted by trained facilitators and community health care workers (*agentes polivalentes elementares*, APE), and whenever possible will include professionals drawn from the displaced populations. In addition, APEs supported by specialized health professionals will help identify children with special needs to help address the issues at early stages of development and provide them with the necessary follow-up and referral to the health system and social action accordingly.

42. **Community-based nutrition interventions will be adapted and expanded to respond to food and emergency needs amongst IDPs and host communities.** This subcomponent will consolidate and extend the community-based nutrition intervention package (NIP)⁶⁵ provided to children aged 0-2 through the PHCSP. Specifically, a TPP will be engaged to design a modified NIP that responds to needs amongst IDPs and host communities (treating, for example, cases of acute malnutrition and ensuring referral to health facilities). This TPP will also support the Ministry of Health (MISAU) in procurement and in delivery of community-based services through existing structures and systems, including APEs. Provision of nutrient supplements will complement other interventions such as food distribution and school feeding programs, by focusing on training parents in appropriate infant and young child feeding practices using information sessions and practical demonstrations of meal preparation. In areas with geographical overlap, parents will benefit from the parental education program supported under *MozLearning*. For older children in school, the possibility and added value of providing vitamin supplementation will be assessed. Further, beneficiaries from districts prioritized by the PASSB (Child Grant) social program supported by the Bank will be supported to access those benefits.

Sub-component 2.3: Supporting children, girls and out of school youth and vulnerable households to enhance social and economic inclusion (US\$16.65 million equivalent)

⁶⁵ NIP – O Pacote Básico de Intervenções em Nutrição (PIN) comprises seven interventions: i) counseling on exclusive breastfeeding from 0 to 6 months; ii) counseling on adequate and responsive complementary feeding, including on timely and continuous consumption of MNP from 6 to 23 months; iii) deworming the child from 12 to 23 months; iv) advice on improving practices in relation to drinking water, hygiene and sanitation; v) regular monitoring (every 2 months) of the Weight for Age (W/A) parameter and growth promotion in children aged 0 to 24 months; vi) Vitamin A supplementation every 6 months in children aged 6 to 24 months, and; vii) Powdered micronutrient supplementation (MNP) in children aged 6 to 23 months (60 sachets every 6 months, ie at 6, 12 and 18 months).



43. **Under this sub-component, the Project will ensure that children aged 6 – 15 located in the resettlement areas and host communities are enrolled and retained in schools.** At the same time this sub-component will contribute to awareness raising and mitigation of climate change in the Northern Provinces which are already experiencing the negative impact of global warming. Support at the primary education level will be focused on girls, given existing gender gaps in both educational outcomes and opportunities of women in the North. Specifically, the Project will focus on: (i) training teachers on local content, including the use of specific methodologies to support the use of local languages in early grades of primary education; (ii) training a selected group of teachers and school managers on identification of students requiring psychosocial support, as well as supporting collaboration mechanisms with health and social protection services to enable effective support to students and parents, in collaboration with INAS *Permanentes*; (iii) training school councils to strengthen their ability to connect the school with community and raise awareness on the importance students participation in school and monitor their attendance; (iv) development of programs to strengthen social cohesion and a sense of common identity - namely, the *Education for Peace* program, which can be delivered at school as part of the local content and through community radios to reach out of school youth and overall communities. Also, (v) development of training modules on climate change awareness, adaptation, and mitigation measures to be provided by teacher training institutes; and (vi) training a selected group of teachers on preparedness and response to climate shocks, as well as climate change related content to act as school focal points and promote activities to improve the school and community resilience to climate change and climate shocks. Simplified communication materials will be developed, such as leaflets, to be used by school council members appointed as 'climate change champions' within their schools to work with learners in groups to: (a) raise students' and staff members' awareness of climate change; (b) motivate them to take steps to combat it; and (c) encourage them to form 'eco-clubs' with a focus on climate change mitigation and sustainability (such as planting trees, especially in areas with less trees, as a mitigation measure to preserve the greenery and recycling, food waste and energy-efficiency school campaigns), and/or engage in other activities which would contribute to making their schools more eco-friendly in collaboration with communities in particular parents and caregivers.

44. **Special attention will be given to children with disabilities, to foster inclusion and ensure that no child is left behind.** Accordingly, the Project will support: (i) investment in training institutions to train teachers and health care workers in inclusive service provision; (ii) development of modular training courses to be integrated in the training of teachers and health technicians nationwide; (iii) building on existing efforts (e.g. INAS tools to identify deficiencies, supported by UNICEF), the development of standardized approaches to disability screening and referral mechanisms to support students identified with disabilities and help them receive adequate services, including compensatory means from Social Action (delivered through the PASD).

45. **The Project will leverage supply and demand interventions in the field of sexual and reproductive health rights (SRHR) to address girls' lost opportunities due to early and unwanted pregnancies.** This will include supporting the expansion of information, education, and communication activities on sexual and reproductive health (SRH) in secondary and TVET schools developed under the PHCSP, expanded to upper primary schools through *Mozlearning* and delivered in a youth-friendly manner. A TPP will be engaged to support MISAU to support the implementation and adequate monitoring of youth-friendly services. At the same time, TPP will work with and strengthen the capabilities of community-based actors directly working and involving in and out of school youth – including, for example, sports and theatre groups. The Project will work in coordination with the safe-spaces approach promoted by the *Demographic Dividend* Project (P166100), identifying spaces that can be used for complimentary service delivery of SRH services in addition to schools and health facilities. To further support girl's school attendance and help them stay in school, this subcomponent will



also support the distribution of dignity kits⁶⁶ to girls in upper grades of basic education (5-10 grades) based on needs. The use of these spaces for other RMNCAHN services for girls will also be considered, as outlined in Component 2.1.

Subcomponent 2.4: Promote coordinated GBV support services (US\$0.6 million equivalent)

46. **This subcomponent will promote coordinated GBV support services between community structures and health facilities.** This subcomponent will support the strengthening of the referral pathways for GBV at the subnational level and capacity to deliver GBV prevention and response programs in the Northern Provinces. In particular, the subcomponent will support: (i) assessment of the subnational referral pathways and integrated service centers; (ii) training of health, police and other staff on referral services to identify and respond to GBV; (iii) training of other staff that are not in the referral pathways but that are in contact with potential beneficiaries (e.g. teachers, social workers, INAS Permanentes) with the objective of raising awareness, and enable them to correctly refer potential victims; (iv) procurement of equipment and other needs to facilitate the provision of these services (e.g. rape kits, dignity kits, funding for transport); and, (v) development or adaptation an existing case management system that allows to collect grievances, process them, and monitor services delivered.

Component 3: Supporting the post-conflict restoration of basic social services (US\$ 9.4 million equivalent)

47. **The Project allows for flexible response to the evolving situation in the Northern Provinces.** Anticipating to the voluntary return of former residents of those districts (including civil servants), the Project will ensure critical soft elements for the provision of basic social services are available to complement other emergency interventions in areas where security is reestablished. Priority will be given to health and education, and the Project will assess the opportunity to also restore social assistance services as security is re-established to a degree allowing basic operations. This component will also include support to sectors' staff through housing and installation kits. Involvement of TPPs will be considered for the provision of this support, see also section on Implementation Arrangements.

48. **Activities will firstly be focused on the establishment of services through temporary spaces for basic provision for primary health care and education for returnees.** Service provision will be provided through a hybrid model of TPP personnel with experience in conflict and post-conflict settings and returning civil servants who had been internally displaced. The Project will support the equipment and supplies necessary to establish and provide basic social services. In addition, suitable accommodation will also be set up for returning health facility and school personnel. In the case of health services, as the number of returning providers increases, the TPP will shift towards providing supervision, on-the-job training, and the establishment of referral links to the permanent health facilities as these become operational. Temporary health facilities will be compliant with COVID-19 guidance from the MISAU, ensuring that disinfectant and hand-washing facilities are available, making use of open spaces to establish waiting areas. For education, TPPs will be used to support the mobilization of students to return and remain in schools, as well as the provision of psychosocial support to students and school personnel. Temporary learning spaces, including tents and prefabricated classrooms and water and sanitation facilities may be considered to accommodate the returning students, while observing COVID-19 social distancing protocols. In the case of social assistance services, this component may also support equipment to help restore delivery of benefits and services.

49. **The Project will also support the restoration of facility-based basic social services once stability and safety are guaranteed and sustained.** This will be primarily focused on soft components and be based on an assessment of available and existing infrastructure and workforce to select critical sites to support. Where repairs are needed, the Project will

⁶⁶ Dignity kits include girls' hygiene items



consider small works for health facilities, *escolinhas* and other social services facilities, which will incorporate climate adaptation measures, such as ensuring buildings are raised to prevent flooding and roofing that is more resistant to high winds, as well as measures to reduce use of fossil fuels such as use of LED lights and installation of solar panels.

Component 4: Project Implementation, monitoring and evaluation (US\$7.13 million equivalent)

50. **The Project will invest in building the capacity of national and provincial governments to evaluate the impact and contribution of the Project activities for Human Capital building.** This will entail various levels of support, including: (i) technical assistance and support to key structures of the proposed institutional arrangements; (ii) enhancing routine national information systems to capture and report data in fragile and hard to reach settings; and (iii) enhancing the availability of relevant measures of human capital, and its determinants, in the north.

51. **The Project will also offer technical assistance to the Project Implementation Unit (PIU) and the Provincial Operating Units (POU).** The PIU, hosted within MISAU, will be responsible for managing fiduciary aspects as well as the monitoring and evaluation of the Project, preparation of reports and activities related to environmental and social (E&S) standards. A Project Preparation Advance is available, and a part of the resources will finance the recruitment of the PIU core team, including Project manager, key safeguards, financial management (FM) and monitoring and evaluation (M&E) specialists. The PIU will be responsible for coordinating with relevant government entities such as MINEDH and MGCAS and working through the three POUs that will be established by the Project (staff members are listed in Section III, Institutional Arrangements). The Project will cover costs related to quarterly coordination and quarterly meetings amongst the three sectors and those of participating provinces, including collaboration between the PIU and the provincial POUs. Costs related to quarterly/bi-annual meetings of the HD HDPCC will also be supported by this component.

52. **This component will also support monitoring of activities.** The national information systems in place will also be the primary basis for routine reporting against results framework indicators. The Project will work with the POUs and PIUs to assess enhancements to facilitate reporting and monitoring of activities in districts affected by IDPs and insecurity. Key indicators collected as part of routine data collection will be reviewed and discussed, considering whether additional sources such as monitoring of food prices and other indicators can serve as proxies to interventions implemented. In addition, the Project will consider whether elements of geo-enabled monitoring supervision (GEMS), which has proven useful to enhance supervision in fragile and conflict affected settings can be utilized for remote supervision, monitoring of certain results and real-time risk.

53. **The availability of relevant measures of human capital, and its determinants, at regional level will be enhanced.** Under the Project, available data from ongoing and recent surveys will be utilized, where possible, to quantify the six components of the HCI, disaggregated by gender.⁶⁷ Where direct equivalents are not available, additional surveys/data collection will be considered to complement limited availability of information for certain components. These indicators will reflect the reality of the Northern region, and gender and provincial disaggregation of data will be used to inform the design of appropriate interventions according to the needs and dynamics of each one of the provinces. National and provincial staff in the three sectors will be trained to use data to inform policy decisions. In addition, provincial and district staff will be trained on the job on frequent data collection using tablets or remote geo-enabled tools to generate timely reports and feed into the annual planning cycle of the Government. An annual report of these human capital metrics will be generated and discussed with the key stakeholders, including the central government and the provincial authorities.

⁶⁷ HCI Components are: i) Probability of survival to Age 5; ii) Expected years of school; iii) Harmonized test scores; iv) Learning-adjusted years of school; v) Adult survival rate and vi) Not-stunted rate. complementary indicators will be used to capture key elements of health elements of health, nutrition, education, social protection, gender, as well as elements of resilience to conflict and emergency.



Component 5: Contingency Emergency Response, CERC (US\$0)

54. **This component will facilitate access to rapid financing through the reallocation of uncommitted Project funds in the event of an eligible crisis or emergency.** A conditional emergency fund, without allocation, will be included in the Project. This fund will provide an immediate response through rapid reallocation of Project proceeds in the event of a natural or man-made disaster or crisis that has caused, or is likely to cause, an imminent major adverse economic and/or social impact. The PIM will stipulate in detail the simplified financial management, procurement, guarantees, and other implementation arrangements as required. In case of emergency, this component would be triggered to reallocate funds between components or to reallocate funds to new activities to respond to the negative impacts of a potential crisis on human capital.

Implementation Plan

55. **The Project will be implemented in a staggered manner over a period of five years.** Table 3 shows the projected roll out of activities under the different components in different geographies. In year 1, the Project focuses on the districts within the three provinces with the most pressing needs due to the high-level presence of IDPs. In year 2, the Project expands coverage of interventions under Components 1, 2 and 4 to additional districts in Niassa an Nampula and introduces services under Component 3 (restoration and temporary services) for currently conflict-affected districts in Cabo Delgado, with the condition that these districts are accessible and secured. This is based on the recent trends observed in Mozambique, where the armed forces have made progress ensuring the safety of the districts. In years 2-5 the Project consolidates efforts under Component 1, 2 and 4 for the districts covered and considers additional districts for Component 3 also with the pre-condition of accessibility and safety.

Table 3. Projected roll out of Project activities by district and by component

Period	Year 1	Year 2	Year 3	Year 4	Year 5
Geographical Coverage	Cabo Delgado: 11 Districts Nampula: 6 Districts Niassa: 3 Districts Total = 20 Districts	Cabo Delgado: 12 districts + secured districts Nampula: 15 Districts Niassa: 5 Districts Total = 32 Districts + secured districts	Cabo Delgado: 12 districts + secured districts Nampula: 15 Districts Niassa: 5 Districts Total = 32 Districts + secured districts	Cabo Delgado: 12 districts + secured districts Nampula: 15 Districts Niassa: 5 Districts Total = 32 Districts + secured districts	Cabo Delgado: 12 districts + secured districts Nampula: 15 Districts Niassa: 5 Districts Total = 32 Districts + secured districts
Components	Component 1 Component 2 Component 4	Component 1 Component 2 Component 3 Component 4	Component 1 Component 2 Component 3 Component 4	Component 1 Component 2 Component 3 Component 4	Component 1 Component 2 Component 3 Component 4



C. Project Beneficiaries

56. **Interventions under this operation will support both IDPs and host communities, based on recommendations provided by the United Nations High Commissioner for Refugees (UNCHR) and the particularities of the current displacement in Mozambique.** Recent assessments show that approximately 80 percent of IDPs currently reside within host communities. Further, providing assistance mainly through camps can undermine traditional coping mechanisms and limit the choices available to IDP sites.⁶⁸

57. **The geographical prioritization approach aims at addressing both the impacts of the conflict as well as its underlying drivers.** For this purpose, the prioritization criteria allow the Project to cover areas with highest concentration of IDPs, as well as the most vulnerable in terms of poverty and exposure to climate change shocks. Geographical coverage of the intervention was discussed in detail with representatives from the Central and Provincial Authorities. To measure levels of poverty, the multidimensional poverty index (MPI) is used, which covers dimensions and indicators related to education, health, and living standards, and hence it is considered to provide a suitable proxy for human capital needs. Exposure to climate change shocks is measured as population at risk of natural disasters (cyclones and flooding are the most common in the region). The Project considers supporting service delivery under Component 3 for districts currently affected by conflict for inclusion once peace has been restored. The prioritization criteria based on MPI rating, exposure to climate change shocks, and numbers of IDPs for districts is included as Annex 3.

58. **The operation is proposed to target 32 districts in the three provinces.** The prioritized districts together account for more than 93 percent of all IDPs; In Cabo Delgado, the 12 districts with the highest number of IDPs are included,⁶⁹ covering 80 percent of IDPs. However, Mocimboa da Praia, Palma, Quissanga, Muidumbe and Macomia are proposed to be included from years 2 onwards, provided that security is re-established. In Nampula, the 13 districts included host 14 percent of all IDPs. Seven of the districts included, are relevant also due to their proximity and road links to Pemba, which has resulted in a steady increase in the number of IDPs and which is foreseen to remain: Memba, Erati Monapo, Rapale, Mossuril, Nacala Velha e Nacaroa. Also, to ensure inclusiveness of the most vulnerable across the three Provinces, the criteria prioritize at least the four MPI-poorest districts in each Province. The prioritized districts are also the most exposed to climate change shocks; a total of 3.6 million people is estimated to be at risk of natural disasters, equivalent to 720,000 households, but the current number is considerably higher as these estimations are pre-conflict crisis and thus do not include IDPs.

59. **This coverage would result in over 7.3 million people (23.6 percent of the population) directly benefiting from the Project, of which approximately 774,000 people are IDPs⁷⁰ and almost 6.5 million people are host community members.** Based on recent reports from UN Agencies, 25 percent of IDPs are women and 54 percent are children below 5 years old, hence the Project expects to target more than 193,000 IDP women and almost 418,000 children. Based on the most recent population census in 2017, according to which approximately 43 of the population are women and 15 percent are children below the age of 5, the Project will directly benefit over 2.8 million women and almost 990,000 children below the age of five. A summary of the expected beneficiaries is provided in Table 4:

⁶⁸ UNHCR, <https://www.refworld.org/pdfid/4fe8732c2.pdf>

⁶⁹ However, Ibo district could be excluded as it is an island-district being used as a transit centre for humanitarian interventions, prior to onwards resettlement on the mainland.

⁷⁰ Note that for those districts where no estimation was available in September 2021, this exercise uses the estimation relative to the previous DTM report March 2021. This could result in an overestimation of IDPs.

**Table 4. Expected numbers of Project beneficiaries**

	IDPs			
	Women	Children (1-5)	Men	Families
All provinces	165,875	358,289	139,335	150,795
TOTAL	774,041			

	Community members			
	Women	Children	Men	Families
Cabo Delgado	778,092	271,428	741,902	411,254
Nampula	1,741,700	607,570	1,660,691	920,560
Niassa	298,296	110,994	284,422	157,662
Subtotal	2,818,088	989,991	2,687,014	1,489,476
TOTAL	6,495,093			

D. Results Chain

60. **This Project is designed to address persistent challenges to build Human Capital in the Northern region in Mozambique including due to uneven access to basic services, which, increases fragility and fuel risks of conflict.** The Project seeks to have a transformational impact by focusing on crucial stages of the life cycle: early childhood development – through early stimulation that engages parents and that is supported and based within the community; retention in primary education, particularly for girls and children that have been displaced and in an effort to ensure their education is continued; and, a new focus on adolescents and youth – particularly those who are out of school, idle and who need opportunities for themselves and their future families. In parallel, the Project support systemic changes to ensure that institutions (health facilities and schools primarily) are equipped to cater for these services and fosters community-based interventions that can have a sustained impact on chronic challenges such as malnutrition. By focusing on the long-disadvantaged northern provinces, the Project is also – from a national perspective – inherently inclusive. The Project’s Theory of Change is shown in Figure 3.



Figure 3. The Project’s Theory of Change

61. Theory of change to achieve the project development objective: To improve inclusive access to effective basic social services for the most vulnerable and at-risk of conflict population in Northern Mozambique.

HD challenges in Northern region exacerbating fragility and risks of conflict escalation	Underlying factors and cross-cutting issues contributing to HD challenges	Project’s interventions contributing to develop Human Capital, in the short and medium run	Output and Outcome Results
<ul style="list-style-type: none"> • Low access to education services • Low average years (7.4) of education by age 18 • High share of out of school and unskilled youth, especially women and girls, leading to under or unemployment, and exclusion 	<ul style="list-style-type: none"> • Poor quality of primary and secondary education • Households’ financial barriers to invest in children’s education and health • Low investments in post primary education • Limited availability of services and inputs (classrooms, teachers, materials) 	<ul style="list-style-type: none"> • Ensure displaced children are enrolled and retained in primary school (6-15 yrs.) • Establishing safe spaces for preprimary age pupils (3-5 years old) • Increase basic school materials in IDP areas and host communities • Skills training to promote self-employment for young women • Incentivize greater autonomy of service providers to solve problems through direct allocation of funds to health facilities 	<p>II. Strengthen institutions and community structures institutions.</p> <ul style="list-style-type: none"> • Schools benefitting from DSS • Health facilities receiving performance-based allocations • CCD sub-projects led and implemented by communities
<ul style="list-style-type: none"> • Low access to primary health care services • High total fertility rate and unwanted pregnancies, particularly amongst adolescents • High maternal mortality ratio • High levels of stunting among children aged under 5 years 	<ul style="list-style-type: none"> • Limited and maldistribution of critical inputs: personnel, infrastructure, medicines, and equipment • Gender and decision-making at family and community levels • Climate shocks, food security and poor nutritional practices amongst pregnant women and infants 	<ul style="list-style-type: none"> • Equipping health facilities for RMNCAHN, infectious disease and psychosocial support services • Incentivize greater autonomy of service providers to solve problems through direct allocation of funds to health facilities • Supporting community-based outreach for behavior change practices, integrated with SP • Integrate and expand community-based nutrition and early stimulation interventions for 0-2 years old • Enhanced coverage of school and community-based services, focused on SRH and family planning 	<p>III. Enhance system capacity for availability and access to services</p> <ul style="list-style-type: none"> • HHs benefitting from cash transfers • Children 3-5 enrolled in approved preschool programs • Improved retention in primary education
<ul style="list-style-type: none"> • Weak coverage of social safety net programs for poor households 	<ul style="list-style-type: none"> • Social norms favoring childbearing and marriage at younger ages • Low government spending in social services and safety nets 	<ul style="list-style-type: none"> • Reduce vulnerability of households through expansion of social safety net programs • Linking payment for cash transfers to community outreach activities for soft conditionalities and improved behaviors 	<ul style="list-style-type: none"> • Children receiving NIP • Health facilities with dedicated spaces and trained professionals to provide care for GBV survivors
<ul style="list-style-type: none"> • Massive displacement of people, especially women and children further reducing access to basic social services including GBV services and with limited identification 	<ul style="list-style-type: none"> • Insecurity • Weak Governance and institutional capacity • Limited Voice and representation • Grievances, exclusion 	<ul style="list-style-type: none"> • Incentivize community engagement in identification of problems and solutions to improve access to social services through subprojects • Support the restoration of health services in retaken districts • Ensuring availability of spaces and referral systems for GBV survivors at community and health facilities 	<p>III. Support post-conflict restoration of services</p> <ul style="list-style-type: none"> • Temporary health supported

E. Rationale for Bank Involvement and Role of Partners

62. The World Bank is uniquely positioned to support fragility in the North of Mozambique and address underlying causes of the current conflict. Through its multisectoral approach, convening power, and current and planned engagements in Northern Mozambique (through the PRA, Emergency project, and two projects in the social development and infrastructure sectors) is well placed to address the challenges. This Project is designed to dovetail with the other



World Bank supported activities in the North to bring an integrated approach to a broad set of challenges.

63. **The Project builds on the World Bank’s national-level engagements to bring an integrated and innovative approach to addressing human capital formation in the North.** The World Bank is active in all three human development sectors: in SP, it is one of the main sector financiers through the allocation of US\$185 million over the period of 2013-2020. In education, the World Bank has allocated US\$194 million over the period 2013-2020 and has developed a comparative advantage in the areas related to the proposed activities such as teacher training and support, development and procurement of learning materials, distance learning, and implementation of learning assessments. In health, the World Bank, the Global Financing Facility and co-financiers support a US\$ 253.1 million investment to expand the coverage and quality of RMNCAHN services. The World Bank has also been a key partner in GoM’s COVID-19 pandemic preparedness and response, and an operation under preparation to support the acquisition and deployment of COVID-19 vaccines is crucial to the country’s economic recovery. The proposed operation builds on the central backbone of these engagements to bring an integrated approach to addressing the long-standing inequalities in human capital in the Northern provinces.

64. **The Project interventions are aligned with the World Bank Group Strategy for Fragility, Conflict and Violence 2020-2025.**⁷¹ The Project is consistent with the core principles of the World Bank’s renewed approach to fragile and conflict-affected situations (FCS), given that its design: contains a holistic focus on addressing and mitigating the root causes of fragility and conflict, while building resilience; is flexible, adaptable, and designed for the specific context and challenges at hand; is conflict sensitive and does no harm; ensures a focus on inclusion of the most vulnerable; and supports efforts over the longer term to chart a pathway towards sustainable peace. The emphasis on CCD also contributes to the inclusive approach promoted by the Project with the aim of reaching underserved areas of the country and addressing regional imbalances in access to basic services. In turn, this increases voice and agency of communities in development decisions, addressing perceptions of unfairness and inequality in access to services.

F. Lessons Learned and Reflected in the Project Design

65. **Project design and institutional arrangements reflect experience and lessons from previous World Bank engagements in health, education, and social protection in Northern Mozambique.** These are listed in Annex 3. One example of lessons learned and reflected relates to the establishment of POU’s., which will be created to specifically ensure ownership and accountability of provincial authorities within the current context of decentralization in Mozambique, whilst also facilitating the availability of funds at provincial and district levels, given that this has been hinderance to progress in other World Bank projects. Similarly, the Project proposes a community-centered development approach, in which TPPs could be engaged, to address government’s limited capacity to deliver of community-based interventions in remote and rural settings, which has been an obstacle in the successful delivery of other projects.

66. **The Project prioritizes activities and approaches that are evidence-based, and which have been found to have a positive impact on fostering human capital, including in FCS.** These include:

- Cash transfers aimed at vulnerable families with children draw on the demonstrated positive impacts on human capital protection and development, particularly nutrition and other early childhood development outcomes, reduction of poverty and on women’s empowerment (decisions, productive inclusion, time use,

⁷¹ World Bank Group Strategy for Fragility, Conflict, and Violence 2020–2025 (English). Washington, D.C.: World Bank Group.
<http://documents.worldbank.org/curated/en/844591582815510521/World-Bank-Group-Strategy-for-Fragility-Conflict-and-Violence-2020-2025>



marriage, and prevention of gender-based violence).^{72,73} These findings are consistent with evidence from programs in Sub-Saharan Africa⁷⁴ as well as specifically from FCV settings such as Nigeria.⁷⁵ To have an impact, SP interventions need to include the poorest effectively, have regular, predictable, and large enough transfers, enabling poor households to invest in the human capital of their members. This has been considered in the interventions designed by the Project, aimed at vulnerable host and IDP communities.

- Education interventions prioritizing Early Childhood Development (ECD) and girls' education. A review by Sperling and Winthrop clusters the evidence on what works in girls' education into seven groups of interventions – making schools affordable, helping girls overcome health barriers, reducing the time and distance to get to school, making schools more girl-friendly, improving the school quality, increasing community engagement, and sustaining girls' education during emergencies.⁷⁶ Making school more affordable through scholarships has increased secondary school completion for girls and boys in Ghana,⁷⁷ reduced dropout for students who were in school and increased re-entry those who had dropped out in Morocco,⁷⁸ and boosted enrollment for teenagers by 10 percentage points in South Africa.⁷⁹ While not every scholarship program has reduced fertility, programs in Ghana,⁸⁰ Kenya,⁸¹ and Malawi⁸² have successfully reduced pregnancy or early unions.

III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

67. **The Project will be implemented at both central and provincial levels, namely Cabo Delgado, Nampula, and Niassa.** MISAU will be the Project's implementing agency. A PIU established within MISAU will serve as core management and technical team to guide and facilitate the multisectoral management and coordination of the operation in the three provinces. In each of the three participating provinces, a Provincial Operating Unit (POU) will be formed to manage operations, in close collaboration with the PIU. An HD Provincial Coordinating Committee (HDPC) will also be established in each participating province, to provide oversight and strengthen coordination. Each POU will be accountable to the HDPC. Given the multisectoral nature of the proposed Project, an HD Steering Committee (HDSC) will be created at central level to strengthen coordination of the three-line ministries – MISAU, MGCAS, and MINEDH – to exercise oversight on Project activities and implementation progress; and to provide overall guidance and monitoring. A representative of ADIN will also participate in the HDSC to ensure consistency of Project activities with the Integrated Development and Resilience Strategy for the North (ERDIN) 2022-2026. Other heads of programs and/or

⁷² World Bank Group Brief Note, 'The Contribution of Social Protection and Jobs to Human Capital Formation', by Margaret Grosh, Julieta Trias, Ruslan Yemtsov, and Ian Walker. 2018

⁷³ "Botea, Ioana; Coudouel, Aline; Heinemann, Alessandra; Kuttner, Stephanie. 2021. Safety First: How to Leverage Social Safety Nets to Prevent Gender Based Violence. Washington, DC: World Bank. © World Bank. <https://openknowledge.worldbank.org/handle/10986/35641> License: CC BY 3.0 IGO."

⁷⁴ Willenborg E. et al (2019) "Child Grants and Universal Social Protection: Case Studies from Africa"

⁷⁵ Carneiro, Pedro, Lucy Kraftman, Giacomo Mason, Lucie Moore, Imran Rasul, and Molly Scott. 2021. "The Impacts of a Multifaceted Prenatal Intervention on Human Capital Accumulation in Early Life." *American Economic Review*, 111 (8): 2506-49.

⁷⁶ Gene, Sperling and Rebecca, Winthrop. 2016. "What works in girls' education: evidence and policies from the developing world."

⁷⁷ Duflo et al 2019

⁷⁸ Benhassine, N., F Devoto, E Duflo, P Dupas, V Pouliquen. (2015). "Turning a Shove into a Nudge? A "Labeled Cash Transfer" for Education." *American Economic Journal: Economic Policy*, 7 (3): 86-125.

⁷⁹ Eyal, K., Woolard, I., Burns, J. (2018). More than just a blackboard: Cash transfers and adolescent education in South Africa. Cape Town: SALDRU, UCT. (SALDRU Working Paper Number 125, Version 2/ NIDS Discussion Paper 2013/7).

⁸⁰ Duflo, E., P Dupas, M Kremer. (2019). The Impact of Free Secondary Education: Experimental Evidence from Ghana. Accessed February 28, 2021 from https://web.stanford.edu/~pdupas/DDK_GhanaScholarships.pdf

⁸¹ Duflo E, Dupas P, Kremer M. (2015). „Education, HIV, and Early Fertility: Experimental Evidence from Kenya." *American Economic Review*. Sep;105(9):2757-97.

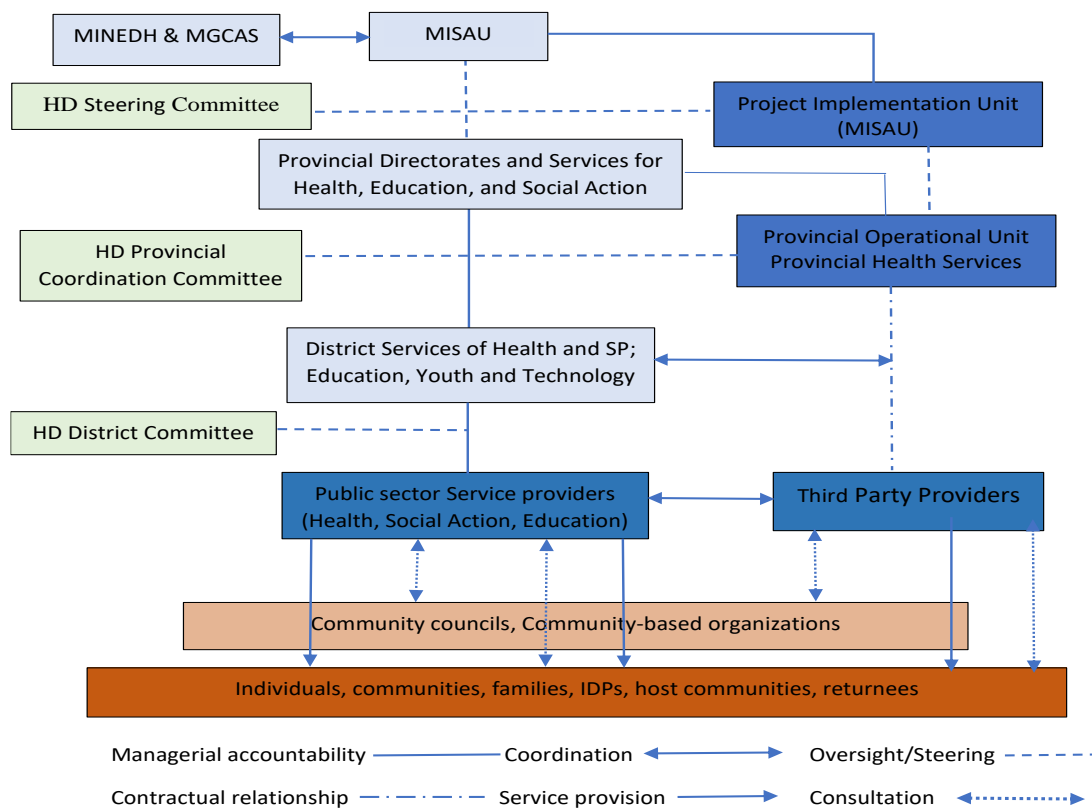
⁸² Baird, S., C McIntosh, B Özler. (2019). "When the money runs out: Do cash transfers have sustained effects on human capital accumulation?" *Journal of Development Economics*; 140(169-185).



central departments may also be invited to participate in the HDSC when required. Similarly, at district level, a small HD Committee consisting of the directors of the district services for health and social action, and education, youth and technology will be established under the leadership of the District Permanent Secretary, who will oversee the project’s activities. In consultation with the provinces, the central PIU will also manage the recruitment process of Third Party Providers (TPP) in close collaboration and consultation with the Provinces, including development of the Terms of Reference. TPPs will comprise non-government organizations and, in a few cases, UN agencies with expertise in community development, nutrition, adolescent and youth issues, training, and skills development, who will be engaged in the implementation of select activities, especially under components 1, 2, and 3. All TPP contracts will include a plan with specific measures to transfer knowledge and capacity of any activities performed to the Government and gradually phase out as the capacity is strengthened.

- 1. The proposed institutional arrangement structure is shown in Figure 4, and more details are provided in Annex 1. The composition as well as the roles and responsibilities of each entity will be detailed in the PIM.

Figure 4. Institutional arrangements



B. Results Monitoring and Evaluation Arrangements

68. The POUs will be responsible for Project monitoring, with oversight from the PIU. At Provincial level, the M&E specialist at the POU will be responsible for compiling information for Project indicators based on the results framework on a quarterly basis. Centrally, the M&E specialist at the PIU will ensure quarterly meetings amongst the POUs, compile



and quality-assure data and reports. The OM will assist in liaising centrally with MINEDH and MGCAS for the review of Project results. The provincial-disaggregated Human Capital Index to be introduced by the Project will be monitored twice during the Project after the initial baseline.

69. **The Project will primarily draw on existing sectoral M&E systems from the three sectors to monitor proposed indicators.** The indicators proposed for the Project are aligned with routine data collection systems that the three Ministries already collect. The proposed indicators also build on the technical assistance that the World Bank has provided through other projects to institutionalize key indicators that are crucial to human capital, such as the coverage of the NIP that is proposed as an intermediary indicator.

70. **GRM, and Citizen Engagement.** INAS has developed an improved GRM system with paper and tablet-based data collection that considers various entry points (e.g., INAS staff, health providers, and others). The Social Protection and Economic Resilience Project (P173640) is supporting the improvement and scale up of this GRM system, including expansion to all Provinces in the North. The proposed Project will use the existing INAS GRM and will benefit from any improvement and scale up supported under the SPER, to collect, process, and address grievances related to this project as well. The routine data collection systems of the three sectors (MISAU, MGCAS, and MINEDH) will be complemented by regular and standardized spot checks of the main project processes, including but not limited to targeting, payments and delivery of services, GRM. The Project will also support yearly consultations with relevant Civil Society Organizations (CSOs) to gather feedback related to the implementation of interventions and provide resolutions as needed. It is expected that this will contribute to improve the citizens' perception and understanding of the supported interventions, its effective implementation and transparency. The outcomes of these consultations will be included in the regular project reporting. In addition, the project is also expected to support citizen engagement through two main interventions: (1) promoting citizen engagement and accountability through the expansion of community scorecards in health facilities supported under subcomponent 1.1; and (2) community-centered development approach subprojects supported under subcomponent 1.2, that will ensure communities are able to identify, express, and decide how to address their human capital needs. To measure the progress towards promoting citizen engagement, the Project will monitor two indicators: "Percentage of complaints registered by the INAS GRM that are resolved in a timely manner"; and "Number of health facilities that received performance-based allocations based on scorecard and community consultations".

C. Sustainability

71. **Investing in Human Capital is one of the priorities outlined in the Government of Mozambique's five-year development plan for 2020-2024.** Developing human capital and social justice features as the priority of the government plan, which informs the country's priorities in the next five years. This commitment from GoM is key to ensuring a conducive environment for the Project to operate and build sustainability beyond its life cycle. While the Project will support the strengthening of the front-line institutions to deliver quality social services, GoM will ensure that the necessary human and other resources are deployed and oriented towards the achievement of the Project's objectives, whilst also contributing to government plans.

72. **The Project's emphasis on strengthening community engagement and social accountability is a key foundation for sustainability.** The Project will engage communities from its design through completion, including consultations on the relevance of the proposed interventions and systematic feedback on the Project implementation to inform potential adjustments as needed. Also, the Project emphasizes the CCD approach, which will allow communities to participate and own the Project and its results, and most likely replicate them beyond the Project life and scope. For example, the work at family level will generate knowledge on key aspects of nutrition, early stimulation, and girls' protection, should be transmitted through generations.



73. **Supporting human capital in Northern Mozambique is critical to boosting and reinforcing social cohesion between groups, for instance, between IDPs and members of host communities, and laying the foundations for inclusive economic and social development.** The Northern region of Mozambique has been lagging in key Human Capital Indicator and the proposed interventions under this Project will help pave the way for the equitable access to services aiming at providing the populations with the necessary tools to enjoy good health, develop lifelong skills, as well as feel protected. These elements would contribute to the development of a sense of belonging among the communities and reinforce inter-group dynamics, particularly where these have played into conflict dynamics, or where relations between groups have come under strain because of the conflict. The proposed approaches to foster equitable access to social services are expected to build the basis for the communities to have greater participation in economic development and benefit beyond the time frame of the Project.

IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis (if applicable)

Technical assessment

74. **Direct benefits to human capital development of the poor are expected from the Project.** The Project's targets IDPs and their host communities - the most vulnerable populations in the North. The proposed investments are designed to improve the human capital and welfare of families living in Northern Mozambique in a fiscally and institutionally sustainable manner and are fully aligned with the World Bank's twin goals of reducing poverty and increasing shared prosperity. The Project is also an appropriate response to the government's request for a multisectoral intervention encompassing health, education, and employment of the IDPs and their host communities, following a holistic approach that leverages synergies between these sectors.

75. **The Project is aligned with government programs to build human capital and bring stability to Northern Mozambique.** The Project builds upon existing government initiatives, including the recently prepared *Country Strategy on Conflict and Violence Prevention*.⁸³ This strategy emphasizes the need to invest in inclusive provision of infrastructure, facilities, and basic services, as well as support for livelihoods and formal employment opportunities (for example, through training, support to more productive and sustainable agriculture). The Project is also aligned with the policy conclusions emerging from recent World Bank analytic work, including the Risk and Resilience Assessment, the Prevention and Resilience Allocation, as well as the Government's Integrated Development and Resilience Strategy for the North. These analyses emphasize the need to provide integrated and holistic responses to forced displacement, focusing on the needs of the displaced population and host communities in a joint and comprehensive manner, between the government, communities, and development partners. Recovery and peacebuilding envisage several outcomes, including (i) safe, voluntary, and dignified return resettlement of displaced populations; (ii) improved human security, reconciliation, and violence prevention; (iii) enhanced government accountability and citizen engagement in service delivery; and (iv) increased equity in the provision of basic services and employment opportunities.

76. **Critical weaknesses in how health care, education and social protection work together to meet needs in Northern Mozambique will be addressed.** Previous World Bank supported Advisory Services and Analytics (ASA) work find that the root causes of high neonatal, infant and under-five mortality rates, poor learning outcomes, high fertility

⁸³ Government of Mozambique (2021). Eligibility Note for Access to the Prevention and Resilience Allocation for Mozambique.



and low readiness for the labor market are inter-related and require a coordinated response. As noted earlier, for example, low progression rates to secondary education in the Northern Provinces, which particularly impact young women, are driven by high rates of adolescent pregnancy, which in turn cause negative health outcomes and stunting in both mothers and their children. Stunting is associated with poor learning outcomes, thereby perpetuating the cycle of low human capital attainment. The Project will help to break this cycle by investing in a holistic response that addresses interlinked causes of inadequate care for infants, school dropouts, early unions, high fertility rates, poor health, and reduced income.

77. Synergistic investments in health and education are backed by strong international and local evidence. The evidence that investment in ECD yields life-long gains, for example, is unequivocal. Evidence from several Sub-Saharan countries finds a strong correlation (0.55) between ECD and successful completion of higher levels of education,⁸⁴ and in Mozambique, investing in early childhood development has led to improvements in several cognitive and socioemotional indicators for young children, and improved labor force participation of mothers and caregivers and school attendance by older siblings (especially girls).⁸⁵ Taken together, the Project's investments provide a balanced approach across three fronts: (i) providing a package of essential services based on the principle of continuum of care throughout the lifecycle (childhood, adolescence/adulthood, pregnancy, childbirth, postnatal period); (ii) supporting the public services and facilities with the basic inputs for maintaining their operational capacity; and (iii) keeping the design flexible enough to respond to the fast-paced changing context during the crisis, as well as to respond to the possible impact and spread of COVID-19 and other diseases that can affect displaced populations (such as cholera).

78. Activities to support women to reduce family size must be nuanced but are justified. Only 25 percent of Mozambican women ages 15–49 use a modern method of contraception.⁸⁶ Cultural norms and personal preferences are important reasons for non-use: only 50 percent of women express an interest in family planning methods to delay, limit, or avoid childbearing.⁸⁷ Nevertheless, recent quantitative research in Mozambique finds that the demand for family planning could be raised significantly by improving women's information on the effectiveness of modern methods of contraception.⁸⁸ It has also been shown that increased literacy among females reduces the expected number of infant deaths.⁸⁹ Project activities to support women's knowledge of and access to family planning services are critical given that pregnant women, newborns and children are extremely vulnerable in humanitarian emergencies, such as that currently found in northern Mozambique.

79. Investments in social protection also have a strong evidence base. The planned cash transfers (PASD-PE) are expected to support individuals and communities by alleviating the burden of IDPs in host families and host communities and supporting integration of IDPs. Cash transfers can also overcome households' financial barriers for investment on children's human capital protection and have a positive impact on consumption, income, food security, and physical and mental health. The Project's investments in vocational and livelihood activities are expected to (i) enhance young adults' ability to participate in economic activities and boost their ability to maximize the implementation of knowledge acquired through other interventions (including nutrition and early stimulation activities) and (ii) promote income generation which in medium term could become the basis for asset accumulation of the poor, vulnerable and excluded groups such

⁸⁴ Bashir, S., Lockheed, M., Ninan, E., & Tan, J. P. (2018). *Facing forward: Schooling for learning in Africa*. Washington, DC: World Bank

⁸⁵ Martinez, Sebastian; Naudeau, Sophie; Pereira, Vitor Azevedo. 2017. World Bank Group.

⁸⁶ Demographic and Health Survey 2015. The figure is in line with the poor performance of Sub-Saharan Africa (26 percent of women using a modern method of contraception) but lower than frontrunners in the region (Tanzania: 32 percent; Ethiopia and Uganda: 35 percent; Rwanda: 38 percent; Kenya: 53 percent; Malawi: 58 percent; Zimbabwe: 66 percent). Prevalence of modern methods is significantly higher in other developing regions (South and Southeast Asia: 40 percent; Latin America and the Caribbean: 56 percent; North Africa: 56 percent).

⁸⁷ Demographic and Health Survey 2015.

⁸⁸ Miller, de Paula, and Valente 2018. "Subjective Expectations and Demand for Contraception." Working paper.

⁸⁹ Jain, G. and Bisen, V. (2012). Female Literacy and its Relevance with Maternal and Infant Mortality Rates. *Int. Journal of Management*, 3(2), 65-79.



as youth, women, poor farmers. Over the longer term, interventions that tackle the specific challenges of youth to access livelihoods are also expected to reduce risky behaviors thus contributing to address some of the drivers of conflict.

80. CCD is a distinctive feature of this Project and is critical to develop human capital in Northern Mozambique.

The Project emphasizes CCD as means to strengthen and reinforce cohesion between groups in the North, as well as between IDPs and members of host communities. Increasing international experience and evidence confirms the importance of engaging citizens and communities directly to drive improvements in human capital accumulation in areas of weak state presence. Grievances related to inadequate accountability and perceptions of a ruptured social contract with the government can also be targeted through CCD approaches. Engaging women in this regard is particularly important. In Ethiopia, strengthening the community level engagement of women was associated with improved uptake and quality of key maternal and child health services, as well as gender equality in utilization of such services.⁹⁰ Local evidence confirms the importance of CCD. A recent randomized controlled trial in Cabo Delgado, for example, found that interventions directly engaging citizens and providing information to communities was effective at raising awareness, improving trust in government, and decreasing violence.⁹¹

81. Mozambique has increasing experience with Community-Centered development, which this Project will help continue building.

In recent years, the government, with World Bank support, has made significant progress in introducing mechanisms such as community service co-management committees, scorecards that allow communities to rate the quality of local services, complaints hotlines and redress mechanisms. In the health sector, for example, community scorecards were piloted in 64 health centers in 2018 and should expand to 400 health centers by 2022. The government's efforts to disseminate information on service availability and quality to the community at large (instead of being limited to community leaders) have also generated several positive effects, such as increased uptake of essential public services, trust, voice, demand for political accountability and a decrease in violence. This Project supports continued investment in these and other mechanisms of Community-Centered development, to build community knowledge and confidence, establish trust, ensure that the government responds to community needs.

82. The Project's emphasis on the use of TPPs to develop local capacity and responsibility for service provision should yield several benefits.

World Bank experience in other crisis situations supports the use of existing local delivery networks, including third-party providers, at community levels to provide essential services. In Yemen, for example, weaknesses in state institutions and capacity meant that a wide network of non-state partners, including Non-Governmental Organizations (NGOs), civil society organizations and other TPPs were used to ensure service delivery at local level. These were a principal foundation for protecting and building human capital and supporting the World Bank operation. This was also found to contribute to a more inclusive future for the crisis-affected areas, where all parties became engaged in the rebuilding process on an equal footing.⁹² This Project will follow a similar approach, aiming to address immediate needs through a range of service providers and institutions, and reinforcing the pathway towards greater regional stability.

Economic Analysis

83. Estimates of the economic benefits from Project interventions confirm that it has potential to make large contributions to Northern Mozambique's economic development.

Integrated improvements in efficiency and quality of health care, education and social protection services are expected, will yield economic returns for the population in general, with marginal improvements more likely to benefit the poor and the vulnerable. The potential economic benefits

⁹⁰ Ethiopia Human Capital Program for Results (P172284).

⁹¹ Armand et al. Does Information break the political resource curse? Experimental evidence from Mozambique. IFS Working paper, 2019

⁹² Yemen Emergency Human Capital Project (P176570)



of the Project in different areas of human development are summarized below (US\$ figures are present values) and presented in detail as Annex 6.

84. Project interventions to improve access to maternal and child health are estimated to potentially save up to 828 lives per year by 2028, with expected life-time earnings of the lives saved equivalent to US\$10 million. Of the lives saved, 97 are expected to be due to avoided maternal deaths, 75 are avoided neonatal deaths, and the rest are other children under 5 years old. This is based on a modelling that builds on available evidence of the impact of improved maternal and child health care (see Graham et al. 2011, Black et al. 2010, Lopez et al. 2006, etc.). In addition, healthier individuals are more productive, learn more in school (and thereby get higher income growth during their lives), and because they live longer, have stronger incentives to save and to invest in human capital. Investments in health, including family planning, have been shown to also contribute directly and indirectly to demographic trends (by increasing the ratio of workers to dependents for example), household savings and investment, investment climate (which impacts the level of foreign direct investments), and overall growth of the economy.⁹³

85. The Project's nutritional interventions are estimated to lead to future increases in productivity of up to US\$43 million. This represents a 7 percent increase in lifetime earnings for children covered by the program, who are expected to avoid stunting thanks to the planned interventions. This reflects available international evidence on the long-term impact of early childhood malnutrition on labor productivity (see Alderman et al. 2006). Up to 27,229 children per year are expected to avoid stunting by 2028, based on the assumption that the program will achieve a 5 percent reduction in the stunting rate amongst beneficiaries. The excel model focuses on stunting, because it captures the compounded long-term effects of nutrition interventions at various levels.

86. The Project's education interventions are estimated to lead to an additional 312,201 girls graduating from primary school by 2028, and 69,081 children receiving vocational training, equivalent to a contribution of US\$316 million to the economy. This represents the projected increases in productivity of additional primary and vocational school graduates, through increased life-time earnings of primary and vocational school graduates facilitated by the program.

87. The Project's social protection interventions are estimated to yield indirect benefits more than US\$16 million. Based on evidence from similar projects, that the proposed social protection interventions could lead to an additional 22,733 graduations from primary school by 2028, and avoidance of up to 2,409 cases of stunting. The projected lifetime gains in productivity from reduced stunting and reduced drop-out could amount to close to US\$13 million in present value over the course of the project. Direct productivity gains amongst beneficiaries during the Project are projected to amount to US\$3.2 million

88. Combined, the projected benefits of the Project activities across education, health and nutrition outcomes could amount to as much as US\$364 million over the course of the Project in present value terms. This is to be compared with the planned nominal investment cost of US\$100 million mentioned in this document. This would mean a net positive value of US\$281 million or a return on investment of 342 percent over the duration of the project, if one considers the future productivity gains enabled by the project. The Project is estimated to have a net present value of US\$281.7million at a discount rate of 5 percent.

⁹³ Ozawa et al. 2016; Richter et al. 2016; Joses Muthuri Kirigia et al. 2015; WHO 2013; Ashraf, Weil, and Wilde 2011; McKee, Figueras, and Saltman 2011; Bloom 2005



B. Fiduciary

(i) Financial Management

89. **The overall FM arrangements of the Project were assessed as adequate with substantial financial management residual risk.** A virtual FM assessment was conducted to evaluate whether the Project implementing agencies meet the Bank's minimum FM requirements in Directives and Policy for Investment Project Financing (IPF). The assessment was conducted at the implementing agencies: MISAU, MINEDH, MGCAS, INAS, and POUs with a particular focus on financial management arrangement responsibilities. The assessment complied with the Bank Guidance on FM in World Bank IPF Operations issued on February 28, 2017. The assessment revealed that there are acceptable financial management arrangements at MISAU, MINEDH and MGCAS and INAS⁹⁴ as they as been involved in implementing other Bank financed operations. At the provincial level, the management of MISAU confirmed that the departments of administration and finance of the POUs in Cabo Delgado, Nampula and Niassa have the capacity to handle the Project funds that will be channeled to them to finance operating costs. It was further noted that the POUs had been involved in implementing the WB-financed Public Financial Management Program and the PHCSP. MISAU will provide appropriate training and support throughout the Project implementation period to enhance the skills of POUs' staff.

90. **Several FM actions shall be implemented to ensure adequate FM arrangements throughout Project implementation.** Specifically: (i) develop and adopt a PIM including a section on the FM procedures; (ii) develop and adopt a simplified FM guideline for the three participating provinces; (iii) develop and adopt a procedure manual for cash transfers; (iv) Prepare external Audit's TORs (terms of references); (v) customize the accounting packages by creating codes to maintain separate records and ledger accounts for the proposed project; (vi) request the budget line of the Project in e-SISTAFE, and (vii); recruit a Project accountant and FM Specialist to support the FM team already in place.

91. **FM arrangements.** MINEDH, MGCAS, INAS, and the POUs will also have specific fiduciary responsibilities. Project funds, expenditures, and resources will be accounted for by MISAU using the existing automated accounting software, and accounting will be based on Financial Reporting under Cash Basis. MGCAS and INAS will be accounting for other projects expenditures through e-SISTAFE and MINEDH through PRIMAVERA accounting software. The POUs will use excel spreadsheets to account for Project funds channeled at the provincial level. However, the PIU will be able to generate this information through e-SISTAFE and request the POUs Finance Manager to confirm the data before its integration into PHC accounting software. POUs' capacities are being strengthened under other WB-financed projects implemented by MISAU to enable them to use PHC accounting software. Internal controls system and procedures of the Project will be based on national procedures, defined in the Manual de *Administração Financeira* (Financial Administration Manual - MAF, the PIM, the cash transfer manual and the simplified FM guidelines. The current manuals used for the implementation of the ongoing projects will serve as the basis for preparing the PIM, FM guidelines for the POUs and manual for cash transfers. Cash transfers will be allocated and managed by INAS, funds will be transferred by MISAU through e-SISTAFE to the payment agent, who will handle payments to the beneficiaries. IDA funds will be disbursed on transaction-basis using the following methods: (i) reimbursement; (ii) advances; (iii) direct payments; and (iv) special commitments. MISAU will prepare a consolidated quarterly unaudited interim financial report (IFRs) and provide such reports to the World Bank within 45 days of the end of each quarter. The implementing agencies and the provinces will be required to submit their financial reports to MISAU within 30 days after the end of each quarter. The Project financial statements will be audited annually by the Administrative Tribunal, and audit report together with separate Management Letter will be submitted to the World Bank no later than six months after the end of each fiscal year.

⁹⁴ The recent review of the FM arrangements of the ongoing projects⁹⁴ implemented by three agencies concluded that they continue to have acceptable FM arrangements.



(ii) Procurement Residual risk is Substantial

92. Procurement activities under the proposed Project will be carried out in accordance with the World Bank’s “Procurement Regulations for IPF Borrowers” (Procurement Regulations) dated November 2020 and the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016, and other provisions stipulated in the Financing Agreements.

93. Procurement planning, procurement processing, and the related decision-making authority for the proposed Project including the activities to be implemented by the MISAU, MINEDH, MGCAS, and INAS will be carried out under MISAU’s Procurement Management Unit (*Unidade de Gestão de Aquisições* - UGEA). Nevertheless, each ministry will be responsible for the management of contracts in their area of responsibility.

94. The UGEA at MISAU is also responsible for the procurement function of three World Bank funded projects (including two IPF and one P4R), the PHCSP, the Southern Africa Tuberculosis and Health Systems and Mozambique and the COVID-19 Strategic Preparedness and Response Project. The UGEA using national procedures is responsible for the procurement activities of Program for Results. The procurement activities of the two IPF projects are handled by one procurement specialist and the capacity is not adequate.

C. Legal Operational Policies

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

D. Environmental and Social

95. The overall delivery of the Project will have a positive impact in the receiving community and IDPs by providing safe access to health, education, social protection water and sanitation services and improving service delivery especially investments under Components 2 and 3 which is anticipated to have a positive impact on school attendance particularly for girls and will positively contribute to improved service delivery at health care and social security for the vulnerable people. The environmental and social risks and impact were assessed, and mitigation measures will be put in place, in accordance with the World Bank environmental and social policies.

96. **The environmental risk is substantial due to the adverse risks and impacts that may arise from Component 3 through restoration of basic social services.** Civil works are expected to be from small to medium scale but in several locations and at construction phase will involve issues such as occupational and community health and safety; air pollution, soil erosion, and water contamination; transmission of communicable diseases (Human Immunodeficiency Virus, HIV, and COVID-19); road traffic safety; waste management; dust, noise, and vibration; opening and extraction of inert materials from quarries and borrow pits or habitat conversion. During operation phase it is expected that the investments in services will pose several risks and impacts: health services – risks associated with biomedical waste management and handling, storage and disposal of hazardous materials; water and sanitation services – generation and discharge of waste water and management of effluents; education services - solid waste generation and handling and



disposal of waste, communicable diseases (COVID-19); restoration of livelihoods – chemical hazards and management; vegetation clearing and biodiversity loss. These social services will be operated by local authorities, so their environmental management capacity needs to be strengthened to face the new or increased environmental impacts.

97. **There are other substantial environmental risks stemming from Component 2**, namely the vaccination campaigns and the prevention and management of infectious diseases, which may cause injuries to beneficiaries and generates medical waste including needles, syringes, alcohol prep pads, or empty and expired vials. Older youth interventions will involve vocational and practical skills training which may involve use of hazardous machinery (such as saws, grinders, or welders). Under Component 1 the strengthening of institutions will be promoted mainly through technical assistance activities that have environmental diffuse and induced impacts, often playing out over a longer term. To manage the above environmental risks and impacts and since the exact Project intervention locations are not known at this stage an Environmental and Social Management Framework (ESMF) including a Pest Management Plan (PMP), Infection Control and Waste Management Plan (ICWMP) and Emergency Preparedness Plan (EPP) were pre-disclosed on MISAU's website on September 14, 2021 and redisclosed on the same website and World Bank website on November 16, 2021. The ESMF will provide a screening tool for assessing and classifying impacts at sub-Project level and will provide guidance for the preparation of Project specific, Environmental and Social Management Plans (ESMPs) or Environmental and Social Impact Assessment - ESIA as per the typology of sub-projects as well as following the World Bank General Environmental, Health, and Safety Guidelines on Occupational and Community Health and Safety issues, particularly for CCD sub-projects. A Regional ESIA will be prepared during Project implementation.

98. **All but Environmental and Social Standards (ESSs) 7 and 9 are regarded as relevant at this stage of the Project.** ESS1, which deals with environmental and social risks associated with the construction of new and rehabilitation of existing social infrastructure investments under Components 2 and 3, required the development of an ESMF, which was pre-disclosed on MISAU's website on September 14, 2021 and redisclosed on the same website and World Bank's website on November 16, 2021. The ESMF will provide a screening tool for assessing and classifying impacts at sub-Project level and will provide guidance for the preparation of Project specific ESMPs and Occupational Health and Safety (OHS) plans. In addition, the Environmental and Social Commitments Plan (ESCP), which sets out the environmental and social commitments for the Project, specific ESMPs and relevant management plans as required by the ESF were prepared and pre-disclosed on MISAU's website on September 14, 2021 and redisclosed on the same website and World Bank's website on November 16, 2021. ESS 10 required a Stakeholder Analysis and Stakeholder Engagement Plan (SEP), which were pre-disclosed on MISAU's website on September 14, 2021 and redisclosed on the same website and World Bank's website on November 16, 2021. The SEP allowed for meaningful consultation⁹⁵ in a participatory manner and will be tailored to ensure the involvement of IDPs, disadvantage and vulnerable groups and will outline means of consultation under COVID-19 conditions. Since the interventions proposed under the Project are associated with construction/rehabilitation of social infrastructures, mainly under Component 2, such activities may lead to physical and economic displacement of Project Affected People (PAP). ESS5 which deals with Land Acquisition, Restrictions on Land Use and Involuntary Resettlement, required a Resettlement Policy Framework (RPF), which was pre-disclosed on MISAU's website on September 14, 2021 and redisclosed on the same website and World Bank's website on November 16, 2021. The RPF will provide guidance on preparation of site-specific Resettlement Action Plans (RAP) and Abbreviated Resettlement Action Plans (ARAP) once detailed Project scope is known and the need for resettlement is required.

99 Gender

⁹⁵ Consultations on the overall project design, including safeguards aspects took place in Cabo-Delgado during the pre-appraisal mission on August 22-25, 2021 and a virtual consultation on safeguards instruments was held on October 22, 2021.



99. **The Project is supporting coherent and integrated interventions that aim at closing the gender gap related to girls' lower retention at the primary level.** The Project will provide cash transfers to the female head of the household (both subcomponent 2.1 and subcomponent 1.2). Cash transfers interventions have shown to reduce households' financial constraints, thus helping to cover education costs and reducing the need for girls to be involved in unpaid house chores as well as paid work. By reducing households' poverty, cash transfer can reduce incentives to engage in early unions or transactional sexual relationships, and thus reducing early pregnancies; as well as increase women's decision-making power including use of contraception. Moreover, behavioral change information sessions for women and men under subcomponent 2.1 will support awareness raising on taking up basic social services including health and education, especially nutrition and importance of sending girls to school, further incentivizing, and helping families navigate the various challenges to keeping girls in school. In addition, subcomponent 1.1 will support allocation of school grants based on "vulnerability ADE", that will allow schools to provide specific support to girls, to help keep them in school. ADE Vulnerability grants will be a top up to normal ADE, which is allocated on a per capita basis to all schools. ADE vulnerability grants will support the schools in assisting the most vulnerable students, especially girls and orphan girls and boys, through provision of uniforms, learning materials, etc. Furthermore, subcomponent 2.3 in collaboration with MozLearning (P172657) will expand access to SRH Education to youth, including information and FP services, and provision of dignity kits. Together, ADE Vulnerability grants and additional support to SRH education and items, such as locally procured school uniforms, shoes, bags and additional learning materials, are expected to further reduce the monetary and social barriers of girls attending school, and thus increase the female retention rate.

100. **The Project will also support activities aimed at reducing women and girls' risk of gender-based violence in areas affected by conflict, mainly by strengthening government's capacity to prevent, identify and respond to GBV cases in the Northern Provinces.** In these Provinces, risk, prevalence, and impact of GBV is expected to be higher due to the conflict context and low capacity, with typically weaker referral pathways for orienting GBV survivors toward necessary services. Activities for capacity building and awareness raising under subcomponent 2.4 are expected to strengthen the subnational pathways' integrated services centers in the targeted Provinces, including by ensuring facilities have adequate equipment and tools to provide the essential GBV-related services, ensuring staff along the referral pathways are well-trained, especially health staff,; raising awareness of other staff and capacity to refer to the right services; ensuring case data is collected and managed efficiently and effectively through appropriate management information system and protocols. In addition, other projects' interventions are also expected to contribute to GBV prevention and risk reduction. Evidence shows that information sessions for behavioral change, such as those supported under component 2.1 can also catalyze change to social norms, reduce both intimate partner violence (IPV) incidence as well as attitudes towards acceptance of IPV both in the short and longer term. Moreover, these information sessions will include specific chapters to increase awareness on GBV and child protection issues among families and communities. The provision of cash transfers under subcomponent 1.2 and 2.1 will also provide financial support for girls that can support them in reducing their risk for early unions, that are often related to gender-based violence or other types of violence.

101. **The project will monitor progress in the closing the gender gap related to girls' lower retention at the primary level,** through the PDO indicator "Female retention rate up to the last grade of primary education in target districts", as well as a subindicator related to "overall retention rate" to capture the trend of the gap between women compared to the whole population and thus with men..

Climate

102. **Human Capital investments, i.e., ensuring a healthy, well-educated, well-nourished population, can pay significant dividends to the economy, which can in turn significantly contribute to climate change adaptation and mitigation.** A stronger human capital base, resulting from these interventions, can help communities adapt to a changing



climate, and reciprocally, investments in low-carbon, climate-resilient development can help countries unlock further human capital gains.⁹⁶ Multi-sectoral human capital projects such as the proposed Project can contribute to climate change mitigation and adaptation in various ways. For instance, climate change-sensitive education and training is essential to help people, communities, and governments understand the impacts of climate change, how their communities can adapt and contribute to prevention. Second, climate change mitigation can be improved through investments in sustainably equipping schools and clinics to use renewable/more efficient energy sources. Finally, social safety nets are critical for both climate adaptation and mitigation at households and community level. Social assistance transfers to poor and food insecure households and communities can help build resilience through increase food security, preventing negative coping strategies and support diversified livelihoods income generation activities. Moreover, some social protection instruments hold climate mitigation potential by helping households and communities engage in climate mitigation activities linked to production economic inclusion, livelihoods diversification and even adopting implementation measures that have a direct impact on mitigation, including reduced risk to engage in practices that harm the environment (e.g. deforestation).

103. The Climate and Disaster Risk Screening done for the project indicated a High Risk for the proposed operation. The project's exposure to climate and geophysical hazards is high due to increased intensity and frequency of floods, cyclones, droughts, and epidemics. The potential impact on Project activities is moderate given that the Project will utilize community based approaches and will target communities which overlap with those that are among the most impacted by climate change: resettlement areas for primary schooling, and vulnerable populations for social protection activities. In addition, the Project will include activities to train service providers on responding to climate emergencies and address the impacts of climate change, including food insecurity and infectious disease. Given these activities, the level of risk to the service delivery under the Project is determined to be Moderate. Annex 2 provides a comprehensive Climate Vulnerability Context.

104. The proposed Project supports activities that will promote adaptation and mitigation to the impacts of climate change, and was screened to assess its contribution to the World Bank climate change commitments. The proposed Project seeks to achieve human capital investments with a multisectoral approach to tackle key drivers and impacts of the conflict, thus putting critical vulnerabilities of the region, especially to climate change, front and center. Supported adaptation activities are expected to contribute to: (i) Building capacity to implement climate-change sensitive interventions, building or improving capacity, including systems and instruments, to respond to climate-induced emergencies, or improving services for climate vulnerable population; and (ii) Improve beneficiaries' and communities' preparation, resilience, and/or response to climate shocks, or to address vulnerabilities that are exacerbated by climate change (e.g. food insecurity). Mitigation activities are expected to contribute to (i) reduced greenhouse gas emissions; (ii) reduced environmental degradation; (iii) improved carbon sinks; and (iv) reduced deforestation. Some examples of adaptation and mitigation activities are provided below, and Part 2 of Annex 2 provides a detailed explanation of the activities and evidence supporting the activities for adaptation and mitigation to the impacts of climate change. To measure the progress towards achieving these impacts, the Project will monitor the following climate related indicators: (i) Percentage of CCD subprojects with direct impact on landscape resilience, and (ii) Number of vulnerable households in disaster prone areas registered in the social registry for emergencies.

105. Examples of adaptation activities include: (i) activities supported under subcomponents 1.2 and component 2 finance the expansion of cash transfer programs, "climate-smart" community-centered subprojects, the expansion of other climate-sensitive health and education initiatives, as well as the registration of vulnerable families in climate-related disaster-prone areas, thus contributing to the expansion of the disaster responsive social registry. These efforts,

⁹⁶ <https://blogs.worldbank.org/climatechange/human-capital-and-climate-action-outcomes-deliver-people-and-planet>



in turn are expected to build resilience of the poorest and most vulnerable people to climate change before shocks happens and mitigate the impacts after the shocks; (ii) Building of systems and capacity of implementing actors at different levels on climate-sensitive planning, response, and evaluation, supported under subcomponent 1.1; and (iii) Expansion of the human capital interventions in areas highly exposed to natural disasters in order to strengthen the resilience of the households against climate change. For instance, the implementation of climate-smart community-centered subprojects, in those areas will be critical to tackle food-insecurity generated by exposure to shocks. Natural shocks in Mozambique can generate a significant negative impact on food consumption with a decline of 25-30 percent reduction of food consumption.⁹⁷ Meaning that these shocks can push individuals closer to malnutrition. **Examples of mitigation activities include:** school grants under subcomponent 1.1 that will include climate mitigation actions such as tree planting, solar panel installation; vocational training under subcomponent 1.2, in areas such as installation and maintenance of solar panels; and cash transfers under subcomponent 2.1 that have demonstrated to reduce deforestation; among others.

V. GRIEVANCE REDRESS SERVICES

106. Communities and individuals who believe that they are adversely affected by a World Bank supported Project may submit complaints to existing Project-level grievance redress mechanisms or the World Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address Project-related concerns. Project affected communities and individuals may submit their complaint to the World Bank's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of World Bank non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/Projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

VI. KEY RISKS

107. **Given the context of this Project and the circumstances under which it will be implemented, the overall risk to the achievement of the project's objective is "High".** The key risks that may negatively impact the successful implementation of the Project are the following:

108. **Political and Governance risks are rated High.** The Project's areas of intervention include districts affected by conflict and vulnerable settings with large numbers of IDPs. Since its appointment in January 2020, the government has faced ongoing national and international pressures given the rise in violent attacks allegedly linked to religious extremists. In addition, the decentralization structure and division of power between different representatives at Provincial level limits accountability and hinders decision-making. To mitigate the above risks, the World Bank will strengthen the capacity of local actors by engaging an experienced firm in capacity building and change management to encourage collaboration between all actors at provincial level. In addition, service providers capable of working in FCV context will be engaged to ensure provision of basic health, education, and social protection services to large numbers of IDPs. Lastly, considering the recent improvements in security in some districts, quick resumption of provision of basic services during the transition emergency-recovery will help restore trust on the state and pave the way to increasing social stability.

⁹⁷ Baez, J.; G. Caruso, H. Pullabhotla. 2019. Who Wins and Who Loses from Staple Food Price Spikes?: Welfare Implications for Mozambique. Poverty & Equity Note; N. 15. World Bank Group.



109. **Sector Strategies and Policies' risks are rated Substantial.** The government has adopted, or is in the process of adopting, plans and legislative frameworks to improve the availability and performance of social services for IDPs and host communities in the Northern Provinces. This includes GoM's ERDIN 2022-2026. These policies are aligned with World Bank recommendations and supported by other development partners. Strategic capacity and policy making in Cabo Delgado, Nampula and Niassa, however, is less well-developed. In addition, integrated multi-sectoral policy making continues to be challenging and reflected in the Government limited success in improving productivity and sustainable management of natural resources in the North. The recent establishment of ADIN aims to steer the equitable development of the region. But ADIN, is still building internal capacity to perform its coordinating role in the region while the drivers and risks of instability remain due to the impoverished context. To mitigate the risk of weak sector strategies and policies, the World Bank will work closely with the relevant authorities to ensure that well-defined and relevant sectoral priorities have been articulated and, if necessary, formally adopted prior to Project effectiveness

110. **Technical Design of Project risk is rated High.** The nature of interventions will require multi-sectoral coordination and operationalization of activities in complex settings across three provinces that include IDPs and host communities. The Project will also require coordinated efforts from all stakeholders, including local communities, teachers' associations, health facility personnel, cooperating partners, UN agencies and civil society. These risks will be mitigated the continuous consultation with key stakeholders, including beneficiaries, to allow for adjustments in implementation during project implementation

111. **Institutional Capacity for Implementation and Sustainability risk is rated High.** The Institutional Implementation Capacity and Sustainability risks are rated high because of the low implementation capacity in the Northern region, which is further affected by the conflict in Cabo-Delgado. These risks will be mitigated through capacity building of the HD institutions at all levels, including through the engagement of TPPs at the initial stage of the project, aiming at transferring knowledge and implementation capacity to the relevant Government entities. The TPPs will be phased out as capacity is strengthened and full functionality of services can be reached, stability is fully restored, and staffing is complete.

112. **Fiduciary risks are rated Substantial.** The FM capacity, particularly in the implementation of externally funded Projects as well as the procurement capacity of the PIUs located in MISAU, MINEDH, MGCAS/INAS and the three provinces is limited are limited, especially at provincial level. In addition, the limited capacity of the market and supply chain to meet the demand, due to the global nature of the COVID-19 pandemic will be mitigated by applying flexibilities of value for money and fit for purposes available in the World Bank Procurement Regulation for IPF Borrowers. As mitigation measures, the FM and procurement procedures to be employed in the implementation of the Project will be recorded in the PIM, and the implementing agencies will ensure that qualified procurement and FM specialists are on board throughout the Project implementation.

113. **The anticipated overall environmental and social risks are High.** The rating is based on analysis of the Project likely environmental and social risks and impacts combined with the borrower's fragmented and challenging implementation arrangements and current commitments. The rationale for this rating and areas of special attention include:

- (i) The lack of experience of capacity of the implementing agencies to jointly manage environmental and social aspects in conflict affected areas; To address this challenge, the PIU will hire of dedicated Social Specialists, Gender and GBV Specialists, and Environmental Specialists at the provincial level. Training will be provided to PIU and POU's staff.
- (ii) The selection of Project areas and beneficiaries may be controversial. To mitigate this risk, the selection



criteria will be clearly defined in close collaboration with stakeholders and potential beneficiaries. They will take into consideration the Security Risk Assessment and Management Plan as well as the GBV assessment (included in the ESMF). In addition, the selection of sub-projects that will include small to medium scale civil work will take into account land-related issues and conflicts between the IDPs and host communities, labor influx as well as GBV, Sexual Exploitation and Assault (SEA) and Sexual Harassment (SH) related risks.

114. **Other risks assessed in the project are rated Substantial.** Common risks across all Project components include health risks due to COVID-19 pandemic that are expected in crowded situations such as delivery of services in IDP camps or host communities. The management of COVID-19 will be addressed by the borrower during the development of a pandemic management plan in accordance with ESS4.



VII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Mozambique

Investing in Inclusive Human Capital Development in Northern Mozambique Project

Project Development Objectives(s)

To improve inclusive access to effective basic social services for the most vulnerable and at-risk of conflict population in Northern Mozambique.

Project Development Objective Indicators

Indicator Name	PBC	Baseline	Intermediate Targets		End Target
			1	2	
Improved access to basic social services					
Beneficiaries of social safety net programs (CRI, Number)		128,070.00	231,000.00	284,000.00	231,470.00
Beneficiaries of social safety net programs - Female (CRI, Number)		102,400.00	122,000.00	142,000.00	162,000.00
Beneficiaries of Safety Nets programs - Unconditional cash transfers (number) (CRI, Number)		73,890.00	102,000.00	129,000.00	157,297.00
Number of new beneficiaries participating in PASP subprojects (Number)		0.00	7,000.00	13,000.00	20,000.00
Number of children 3-5 years old in targeted districts enrolled in approved preschool programs (Number)		0.00	1,400.00	4,900.00	18,200.00



Indicator Name	PBC	Baseline	Intermediate Targets		End Target
			1	2	
Percentage of couple-years of protection (CYP) from FP services provided to adolescents (women <20) in the Northern provinces (Percentage)		0.00	25.00	40.00	50.00
Improved effectiveness of basic social services					
Female retention rate up to the last grade of primary education in target districts (Percentage)		81.50	82.00	83.00	86.00
Retention rate up to the last grade of primary education in target districts (Percentage)		82.00	82.00	83.00	86.00
Percentage of children between 12 and 23 months of age, amongst cash transfer beneficiaries, fully immunized as per the age specific protocol (Percentage)		0.00	40.00	70.00	80.00

Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets		End Target
			1	2	
1. Strengthening decentralized human capital institutions and community-based structures					
Percentage of provincial and district offices that have completed training on planning and monitoring human capital interventions (Percentage)		0.00	20.00	50.00	80.00
Number of CCD sub-projects implemented by communities (Number)		0.00	50.00	100.00	200.00



Indicator Name	PBC	Baseline	Intermediate Targets		End Target
			1	2	
Number of schools benefitting from direct budget transfers (Apoio Directo às Escolas) based on vulnerability criteria (Number)		0.00	1,200.00	1,200.00	1,200.00
Number of health facilities that received performance-based allocations based on scorecard and community consultations (Number)		0.00	30.00	60.00	80.00
Percentage of CCD subprojects with direct impact on landscape resilience (Percentage)		0.00	10.00	20.00	50.00
2. Enhancing system capacity for equitable availability and access to basic social services					
Number of social protection beneficiary households registered in the social registry (Number)		0.00	30,000.00	50,000.00	95,000.00
Number of vulnerable households in disaster prone areas registered in the social registry for emergencies (Number)		0.00	10,000.00	35,000.00	50,000.00
Number of beneficiaries that received a program ID card (Number)		0.00	30,000.00	40,000.00	80,000.00
of which female (Percentage)		0.00	30.00	50.00	60.00
Percentage of social protection beneficiaries that participate in community-based awareness and service provision sessions (Percentage)		0.00	40.00	60.00	75.00
Number of primary health facilities equipped for RMNCAHN services (Number)		0.00	7.00	15.00	17.00
Percentage of parents who received information on early stimulation (Percentage)		0.00	5.00	15.00	40.00



Indicator Name	PBC	Baseline	Intermediate Targets		End Target
			1	2	
Number of community ‘escolinhas’ operational (Number)		0.00	20.00	70.00	260.00
Number of students benefiting from direct interventions to enhance learning (Number)		0.00	480,000.00	489,600.00	519,657.00
Number of young people enrolled in acceleration and skills development programs (Number)		0.00	1,000.00	4,500.00	15,000.00
Percentage of young girls enrolled in acceleration and skills development programs (Percentage)		0.00	50.00	50.00	50.00
Number of children covered with the Nutrition Intervention Package (NIP) (Number)		0.00	30,000.00	60,000.00	80,000.00
Number of adolescents that were provided with out-of-health facility SRH services (Number)		0.00	110,000.00	220,000.00	280,000.00
Targeted district offices that have completed training of health staff on GBV prevention, identification, treatment and referral (Percentage)		0.00	30.00	60.00	70.00
Number of health facilities adequately equipped to provide essential services to survivors of GBV victims (Number)		0.00	30.00	60.00	80.00
Number of teachers benefiting from in-service Teacher Training (Number)		0.00	500.00	1,000.00	2,500.00
Percentage of GBV cases recorded that were adequately processed by the case management system (Percentage)		0.00	5.00	10.00	20.00
3. Supporting the post-conflict restoration of health and education services					
Number of temporary health facilities established and operational in post-		0.00	5.00	8.00	10.00



Indicator Name	PBC	Baseline	Intermediate Targets		End Target
			1	2	
conflict districts (Number)					
Number of temporary schools established in post-conflict districts (Number)		0.00	0.00	15.00	30.00
Number of health facilities supported for the restoration of primary healthcare services (Number)		0.00	5.00	8.00	10.00
4. Project implementation, monitoring and evaluation					
Human Capital Index by province monitored regularly (Yes/No)		No	Yes	Yes	Yes
Percentage of complaints registered by the INAS GRM that are resolved in a timely manner (Percentage)		32.00	40.00	50.00	75.00

Monitoring & Evaluation Plan: PDO Indicators					
Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Beneficiaries of social safety net programs		Annual. Cumulated number of beneficiaries of social assistance programs in the Northern Provinces	eINAS	admin data This indicator refers to all beneficiaries of social assistance programs in the North. Baseline are the estimated beneficiaries (PASP,PASD-PE), and the endline considers	MGCAS/INAS



				the new beneficiaries supported by this project.	
Beneficiaries of social safety net programs - Female		Cumulated number of FEMALE beneficiaries of social assistance programs in the Northern Provinces	eINAS	This indicator refers to all FEMALE beneficiaries of social assistance programs in the North. Baseline are the estimated FEMALE beneficiaries (PASP,PASD-PE), and the endline considers the new FEMALE beneficiaries supported by this project.	MGCAS/INAS
Beneficiaries of Safety Nets programs - Unconditional cash transfers (number)		Annual. Cumulated number of beneficiaries of direct social assistance program (PASD-PE) in the Northern Provinces	eINAS	This indicator refers to all beneficiaries of direct social assistance program (PASD-PE) in the North. Baseline are the estimated beneficiaries (PASD-PE), and the endline considers the new PASD-PE beneficiaries supported by this project.	MGCAS/INAS



Number of new beneficiaries participating in PASP subprojects	Total new beneficiaries of PASP in the target area	semi-annual	eINAS	Total new beneficiaries of PASP in the target area	MGCAS/INAS
Number of children 3-5 years old in targeted districts enrolled in approved preschool programs	pupils 3-5 years old attending approved preschool programs for at least one year. The programs will have to be approved by MGCAS according to pre-primary standards developed by MINEDH and MGCAS.	annual	Administrative data MGCAS	Administrative data	MGCAS
Percentage of couple-years of protection (CYP) from FP services provided to adolescents (women <20) in the Northern provinces	Proportion of estimated protection among women below the age of 20 years provided by contraceptive methods during a one-year period measures	Semi-annual	SISMA	Data will be collected by health facilities and outreach team providing family planning services. Applying different coefficients to each method the total time (years) of protection due to use of contraceptive	MISAU
Female retention rate up to the last grade of primary education in target districts	Proportion of female students enrolled in primary education who reach the last grade of primary education.	annual	Educstat	Annual school census	MINEDH
Retention rate up to the last grade of primary education in target districts	Proportion of students enrolled in primary	annual	EducStat	Annual school census	MINEDH



	education who reach the last grade of primary education. Up to 2022, the last grade of primary education will be grade 7. Starting in 2023, grade 6 will be the last year according to the new education Law.				
Percentage of children between 12 and 23 months of age, amongst cash transfer beneficiaries, fully immunized as per the age specific protocol	Proportion of children aged 12-23 months living with a family benefiting from cash transfer who have received the full course of 8 vaccines as per the Expanded Program of Immunizations protocol.	semi-annual	SISMA	Routine information system. Date is entered in a digital platform (DHIS) at district level and can be seen at provincial and central level	MISAU

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Percentage of provincial and district offices that have completed training on planning and monitoring human capital interventions	This indicator will measure the proportion of Provincial and District offices in the three provinces that have completed training on planning and monitoring of Human Capital Interventions	Annual	Project Monitoring Report	Administrative data	MISAU
Number of CCD sub-projects implemented by communities	This indicator measures the number of CCD projects	Annual	TPP reports	Administrative data	MISAU, MGCAS, MINEDH



	implemented by eligible communities.				
Number of schools benefitting from direct budget transfers (Apoio Directo às Escolas) based on vulnerability criteria	# of primary and lower secondary schools receiving ADE based on vulnerability criteria	Annual	MINEDH ADE Report	Administrative data	MINEDH
Number of health facilities that received performance-based allocations based on scorecard and community consultations	Number of health centers and district hospitals that receives direct allocation of funds proportionally to the assessed performance from the scorecards. Community consultation are intended to give voice to community members and engage them in discussions about health services delivery and challenges associated to it. As such it supports increased accountability of health services to local populations, using the Community Scorecard developed by the Primary Health Care Strengthening Project (P163541)	Twice a year	Specific assessment on the basis of score card and Community consultations	Community consultation facilitated by a TPP done in two stages. First stage the consultation is done with only members of the community through focus groups and other methods. In second stage the TPP facilitates a discussion between community members and health care providers and district management team.	MISAU –Score cards and TPP – Community Consultations
Percentage of CCD subprojects with direct impact on landscape resilience	sub-projects with a direct impact on climate resistance and disaster prone areas	Annual	Project Annual Report	Supervision	MGCAS, INAS
Number of social protection beneficiary households registered in the social	This indicator measures the cumulative number of social	Annual	eINAS	Administrative data	MGCAS, INAS



registry	protection beneficiary households registered in the social registry				
Number of vulnerable households in disaster prone areas registered in the social registry for emergencies	total new beneficiaries of social protection programs that are registered in the social registry that could be use in emergency response for vertical expansion of social protection programs	semi-annual	eINAS	Administrative	MGCAS/INAS
Number of beneficiaries that received a program ID card	Total new beneficiaries of social protection programs that receive a program ID card	Semi-annual	eINAS	Administrative	MGCAS/INAS
of which female	FEMALE beneficiaries of social protection programs that receive a program ID card, as percentage of total	Semi-annual	eINAS	Administrative data	MGCAS/INAS
Percentage of social protection beneficiaries that participate in community-based awareness and service provision sessions	As percentage of total beneficiaries receiving direct cash transfer	semi-annual	eINAS/MISAU	Administrative data	MGCAS/MISAU
Number of primary health facilities equipped for RMNCAHN services	Number of health facilities newly built under the Emergency Project that will receive furniture and medical equipment to allow provision of primary health care services focused on RMNCAHNS	Annual	Reports from the Directorate of Medical Services of the Ministry of Health	Administrative data	MISAU



Percentage of parents who received information on early stimulation	% of families receiving at least one session on early stimulation per year	Annual	Annual Survey report	Survey	MISAU
Number of community 'escolinhas' operational	# of community "escolinhas" built and operational for at least six months per year. Cumulative number.	Annual	Project Annual Report	Supervision	MGCAS/MINEDH
Number of students benefiting from direct interventions to enhance learning	# of students enrolled in primary and secondary education in target districts	annual	EducStat	Annual school census	MINEDH
Number of young people enrolled in acceleration and skills development programs	# of young people (15-24 years old) enrolled in short duration skills development programs. The project will benefit 15000 youth	annual	TPPs' Reports	Administrative data	TPPs
Percentage of young girls enrolled in acceleration and skills development programs	Proportion of female beneficiaries of the accelerated skills development program	Annual	TPPs' reports	Administrative data	TPPs
Number of children covered with the Nutrition Intervention Package (NIP)	Number of children who received a nutrition intervention package consisting of the following : i) counseling on exclusive breastfeeding from 0 to 6 months; ii) counseling on adequate and responsive complementary feeding, including on timely and continuous consumption of micronutrient powder (MNP) from 6 to 23 months;	annual	SISMA	Data collected during the various interventions and compiled by the Nutrition Department of MISAU	MISAU



	<p>iii) deworming children aged 12- 23 months; iv) counselling on improving practices in respect to potable water, hygiene and sanitation; v) regular monitoring of Weight-for-Age (W/A) parameter (every 2 months) and growth promotion in children aged 0 to 24 months; vi) Vitamin A supplementation every 6 months in children aged 6 to 24 months, and; vii) supplementation with MNP for children aged 6 to 23 months (60 sachets every 6 months, i. e. at 6, 12 and 18 months).</p>				
<p>Number of adolescents that were provided with out-of-health facility SRH services</p>	<p>Number of adolescents, particularly girls who received sexual and reproductive information and services (contraceptive methods) from a TPP (NGOs) at community level in selected safe spaces It measures access to and use of modern contraceptive methods to reduce unwanted or untimely pregnancy in adolescent</p>	<p>Annual</p>	<p>SISMA</p>	<p>Reports from the TPP and Reports from Community Health Workers</p>	<p>MISAU/TPPs</p>



	women.				
Targeted district offices that have completed training of health staff on GBV prevention, identification, treatment and referral	Number of target district that have completed training on GBV	Annual	Project Annual Report	Supervision	MISAU
Number of health facilities adequately equipped to provide essential services to survivors of GBV victims	Number of health facilities with an adequate room to attend survivors of GBV, with critical supplies, i. e. , essential medicines, essential medical equipment and tools, trained staff, guidelines, documented cases	Annual	Regular reports on GBV from health facilities and districts.	Regular reports and files. No private data should be shared with unauthorized person who are not part of the GBV model.	MISAU
Number of teachers benefiting from in-service Teacher Training	Cumulative number of teachers (primary and lower secondary) benefiting from in-service training.	Annual	Project Progress Report	Administrative	MINEDH
Percentage of GBV cases recorded that were adequately processed by the case management system	This indicator will measure the proportion of GBV recorded cases processed according to the GBV GRM.	Annual	GRM Report	Administrative	MISAU
Number of temporary health facilities established and operational in post-conflict districts	Number of temporary places functioning as a fixed health facility (tents, mobile units and old facilities etc.) with minimum equipment and staffed that can offer basic health care services to beneficiaries	Semi-annual	Project Reports	Reports	MISAU
Number of temporary schools established in post-conflict districts	Cumulative number of temporary schools	Annual	EducStat	Annual school census	MINEDH



	established in post-conflict districts				
Number of health facilities supported for the restoration of primary healthcare services	Number of health center and or posts rehabilitated and equipped to provide basic primary care services.	Annual	MISAU Reports	Administrative data	MISAU
Human Capital Index by province monitored regularly	Development and annual monitoring of a Human Capital Index by Province	Annual	Administrative data	Administrative data analysis	MISAU
Percentage of complaints registered by the INAS GRM that are resolved in a timely manner	This indicator measures the proportion of complaints registered by the INAS GRM system that are resolved timely, according to the defined standards in the GRM	Semi-annual	eINAS/GRM reports	Administrative data	INAS/MGCAS



ANNEX 1: Implementation Arrangements and Support Plan

COUNTRY: Mozambique

Investing in Inclusive Human Capital Development in Mozambique

Institutional and Implementation arrangements

- MISAU will be the Project's implementing agency.** A central PIU will be established at central level in MISAU to serve as core management and technical team to guide and facilitate the multisectoral management and coordination of the operation. The PIU will consist of a Project Manager assisted by three assistant managers with a background in Health, Education and Social protection. The PIU will be in the Directorate of Planning and Cooperation of MISAU where the Management Unit for World Bank funded projects is located. The PIU will be accountable to MISAU's Permanent Secretary, and will have a high degree of operational autonomy to ensure fast decision-making and good coordination between the three participating line ministries and the three Northern provinces. The PIU will recruit an experienced social specialist with a gender background to ensure mainstreaming of social standards, including addressing GBV, in all Project activities. In addition, an environmental specialist will be recruited to assist the sectors in better managing environment issues and implement required environmental standards detailed in various environmental and social documents. Additional staff to compose the PIU will include: a procurement specialist, a financial management specialist (FMS), an accountant, and an M&E specialist. The key role of the central PIU is to plan and supervise the implementation of Project activities in close collaboration with the participating provinces. Specifically, the PIU will provide technical support to provinces in operational matters including fiduciary, social and environmental aspects, management of funds, reporting and support in problem solving beyond the reach of the provinces.
- In each of the three participating provinces, a POU will be established and will manage operations and ensure good linkages with the central level PIU.** The POU will be composed of an Operations Manager (OM) who will be assisted by two operations assistants with background in health/education/social protection Project management. The POU will also include: a social and gender specialist; an environmental specialist; a FMS; and an M&E specialist. The POU's will be located within the premises of the Provincial Health Services. A key role of the POU is to ensure active engagement of the three sectors at provincial level to obtain maximum synergies and results from the interventions of the sectors in defined geographical areas and target populations. The POU's will meet quarterly in each of the participating provinces to share implementation lessons and coordinate on matters that require actions from more than one province, such as movement of people across provinces and control of epidemics, or population health surveillance. The POU's of the three provinces will be accountable to the HDPCC, whose composition and functions are described below.
- In consultation with the provinces, the central PIU will also manage the recruitment process of TPP in close collaboration and consultation with the Provinces, including development of the Terms of Reference.** The provinces will participate in every step of the procurement process, especially in the short listing and evaluation panel. The TPP will comprise non-government organizations and, in a few cases, UN agencies with expertise in community development, nutrition, adolescent and youth issues, training, and skills development just to mention a few. The TPP are expected to implement activities at district level in close collaboration with the district authorities and public service providers, especially in hard-to-reach districts, areas of significant presence of IDPs, and districts with significant number of people returning from refuge resulting from improvements in security. The TPP are also expected to provide the needed expertise and flexibility to deliver services in a context of fragility and transitional phases from reestablishment of peace and security to recovery and resumption of normality. The TPP will sign a service contract with the Provincial Health Services to whom they



will be managerially accountable. TPP will collaborate closely with the POU on a daily basis. All TPP contracts will include a plan with specific measures to transfer knowledge and capacity of any activities performed to the Government and gradually phase out as the capacity is strengthened. In addition, TPP plans and reports will be discussed and endorsed by the HDPCC.

An HDPCC will also be established in each participating province, to provide oversight and strengthen coordination. The HDPCC will comprise the directors of the provincial services of education, health and social action, from the State Secretariat; the provincial directors of health, education and social action from the Provincial Executive Council, the heads of relevant programs and departments for each sector, and a representative from ADIN, to a maximum number of 15 members. For the case of social action, participation of INAS Delegations would be considered given their critical role in the implementation of social protection programs. The participation of ADIN in the HDPCC will contribute to improve coordination and sharing of information among key stakeholders. The HDPCC will be chaired and co-chaired by the Permanent Secretary of the State Secretariat and the Director of the Executive Council respectively. The main role of the HDPCC is to discuss and approve the annual implementation plan, and progress reports submitted by the POU on a regular basis. The HDPCC will guide the POU to ensure better targeting of interventions for both IDPs, host communities and general population and across geographical areas in line with the development objectives of the Project and the overall development strategy for Northern Mozambique. The HDPCC will monitor implementation progress initially every two months and after the first year on a quarterly basis throughout the life of the Project. As noted earlier, all TPP will report primarily to the POU, and through it, to HDPCC, who will approve plans and progress reports. Terms of Reference for the HDPCC will be developed and agreed upon by the participating sectors at provincial level. The Terms for Reference will detail the specific role and mandate of the HDPCC and its membership in respect of the Project. The HDPCC functioning and operating costs will be supported by the POU. The HDPCC will monitor implementation progress initially every two months and after the first year on a quarterly basis throughout the life of the Project.

4. **Finally, given the multisectoral nature of the Project an HD Steering Committee (HDSC) will be created at central level to strengthen coordination of the three-line ministries, exercise oversight on Project activities and implementation progress and provide overall guidance and monitoring.** At national level, the HDSC will be composed of the three Permanent Secretaries of the participating ministries who will take turns to chair the HDSC annually. Members of the HDSC will include National Directors of each of the participating line ministries who are responsible for the key areas of Project interventions. A representative of ADIN will also integrate the HDSC to ensure consistency of Project activities with the Development Strategy and contribute to improve coordination. Other heads of programs and/or central departments may also be invited to participate in the HDSC when required. The HDSC will play a significant role in unblocking institutional issues that may hamper implementation progress. The HDSC will meet quarterly during the first year of Project implementation and depending on the pace of implementation it may reduce to two annual meetings from second year onwards. The terms of reference for the HDSC will be included in the PIM.

5. **Similarly, at district level, a small HD Committee consisting of the directors of the district services for health and social action, and education, youth and technology will be established** under the leadership of the District Permanent Secretary who will oversee the project's activities. The district annual operational plan will be approved by the HD Committee, with actual implementation being the responsibility of the district services. TPP will be expected to coordinate their activities with district services for health and social action and education and youth. TPP will provide information about their action plans, targeted geographical areas to ensure consistency and to support local plans. The TPP and district services will organize consultations with community leaders, community councils, beneficiaries, and other key stakeholders at district and subdistrict levels to discuss the programs and plans, especially those related to community centered development activities. These consultations will include beneficiaries themselves.



FM Risk Assessment and mitigating measures

6. **The overall FM residual risk was assessed as Substantial**, due to country fiduciary risk, capacity issues in the country and the project’s complexity. Table 1.1 below details the action plan to mitigate the identified risks.

Table 1.1. FM Action Plan

No.	Action	Responsibility	Completion date
1	Develop and adopt the PIM	MISAU in coordination with MGCAS, MINEDH	Within 30 days after effectiveness
2	Develop and adopt the simplified FM guidelines for the provinces	MISAU	Within 30 days after effectiveness
3	Prepare and adopt PASD-PE operations manual, including procedures for cash transfers	MGCAS/INAS	Condition of disbursement
4	Preparation of External Audit’s TORs	MISAU	Within 30 days after effectiveness
5	Customize the accounting packages by creating codes to maintain separate records and ledger accounts for the project.	MISAU	Within 60 days after effectiveness
6	Request the budget line of the Project in e-SISTAFE	MISAU	After signing of the Financing Agreement
7	Recruitment of Project accountant	MISAU	Within 30 days after Project effectiveness
8	Recruitment of Project FMS	MISAU	Within 30 days after Project effectiveness

Financial Management arrangements

7. **Budgeting.** Budgeting, budgetary control, and budget revisions will follow national procedures requiring that the Project budget is inserted as part MEF’s budget and approved by parliament. MISAU will have primary responsibility for preparing annual work plans and budget in coordination with MINEDH, MGCAS/INAS and POU. MISAU will lead preparation and consolidations of annual work plans and budgets, following the budget preparation cycle of the Government of Mozambique. MISAU will ensure that an adequate Project budget monitoring system is in place and this will be described in the PIM. Each implementing agency will be responsible for producing variance analysis reports comparing planned with actual expenditures on a quarterly basis. These quarterly variance analysis reports will be part of the IFRs that will be submitted to the World Bank on quarterly basis

8. **Staffing.** MISAU, MINEDH, MGCAS and INAS have staff with skills and experiences to fulfil FM responsibilities of the project. However additional staff (Project FMS and Accountant) will be hired to support the existing structure at MISAU. The staff capacity of the participating provinces was assessed to be adequate. In addition, the provincial finance staff will report to MISAU and this agency will provide support and training as needed.

9. **Internal control.** Internal controls system and procedures of the Project will be based on national procedures, defined in the MAF, the PIM, simplified FM guidelines and cash transfer manual. The current manuals used for the implementation of the ongoing projects will serve as basis for the preparation of the PIM and FM guidelines for the POU. Procedures for



cash transfer will be guided by the PASD-PE operations manual to be prepared and adopted, as a condition of disbursements related to expenditures related to cash transfers under component 2.1. In addition, MISAU will develop and adopt a simplified FM guideline to guide the provincial finance staff in managing Project proceeds to be channeled to them. The Project should be subject to the review of the General Inspectorate of Finance (*Inspecção Geral das Finanças* [IGF]) based at the Ministry of Economy and Finance. The Bank FM team will also conduct regular supervision through desk review and field visits (that include expenditures and asset reviews) to ensure that the implementing agencies are maintaining adequate systems of internal controls and key procedures are complied with. However, with the current fragile security situation in the country and the provinces benefiting from the Project funds the Bank team may be called upon to provide remote supervision by using Geo-Enabling initiative for Monitoring and Supervision (GEMS) platforms. The COVID-19 may negatively impact the implementation support of the project. Under these circumstances, the Bank team will provide remote support to the Project through internet solutions and phone calls. The Project will use the World Bank New Procurement Framework (NPF).

10. **Accounting.** MISAU will account for all Project funds, expenditures, and resources using the existing automated accounting package - PHC and E-SISTAFE, which are adequate as it can produce reliable financial reports required to monitor and effectively manage the progress of the Project and being used by other Bank-financed operations. PHC will be customized by creating codes to maintain separate records and ledger accounts for the proposed Project and allow preparation of Project specific financial reports. MGCAS and INAS will be accounting for Project transactions that it will be responsible for implementing through e-SISTAFE, and MINEDH through PRIMAVERA accounting software. The POU in Cabo Delgado, Nampula and Niassa will use excel spreadsheets to account for Project funds channeled at provincial level. However, the central level can generate this information through e-SISTAFE and request for the POU Finance Manager confirmation before its integration in PHC accounting software. There is an ongoing program through the other projects implemented by MISAU to have all POU capturing all financial information in PHC accounting software. MISAU will request the National Directorate of Budget at the Ministry of Economy and Finance to register the budget line for the Project in e-SISTAFE after the signing of Financing Agreement. Cash transfers will be managed by a PST at INAS who will be managing the Social Protection project. This team will be responsible for managing fiduciary aspects of cash transfers and will submit reports to MISAU within 30 days after the end of each quarter. All implementing agencies and POU will submit their reports to MISAU for consolidation purpose.

11. **Financial Reporting.** The implementing agencies are already producing acceptable quarterly IFRs for the ongoing World Bank operations. MISAU will prepare consolidated quarterly IFRs for the Project in form and content satisfactory to the World Bank, which will be submitted to the World Bank within 45 days after the end of the quarter to which they relate. MINEDH, MGCAS, INAS and POU will be required to submit their financial reports to MISAU within 30 days after the end of each quarter which will be condition for subsequent disbursements. The formats will be customized from those used for current ongoing projects, however the preparation and submission of IFR may be delayed due to the COVID-19 as some activities will be implemented at provincial level. The implementing agencies will make use of internet solutions to mitigate this challenge. MISAU will prepare at the end of each fiscal year consolidated Project annual financial statements (PFS) in accordance with Financial Reporting under Cash Basis of Accounting. In addition, the PFS's components will be outlined in the terms of reference for audit of this proposed project. Formats of the reports of cash transfer payments will be included in the service provider contract as annex and payments will be linked to the reporting arrangements.

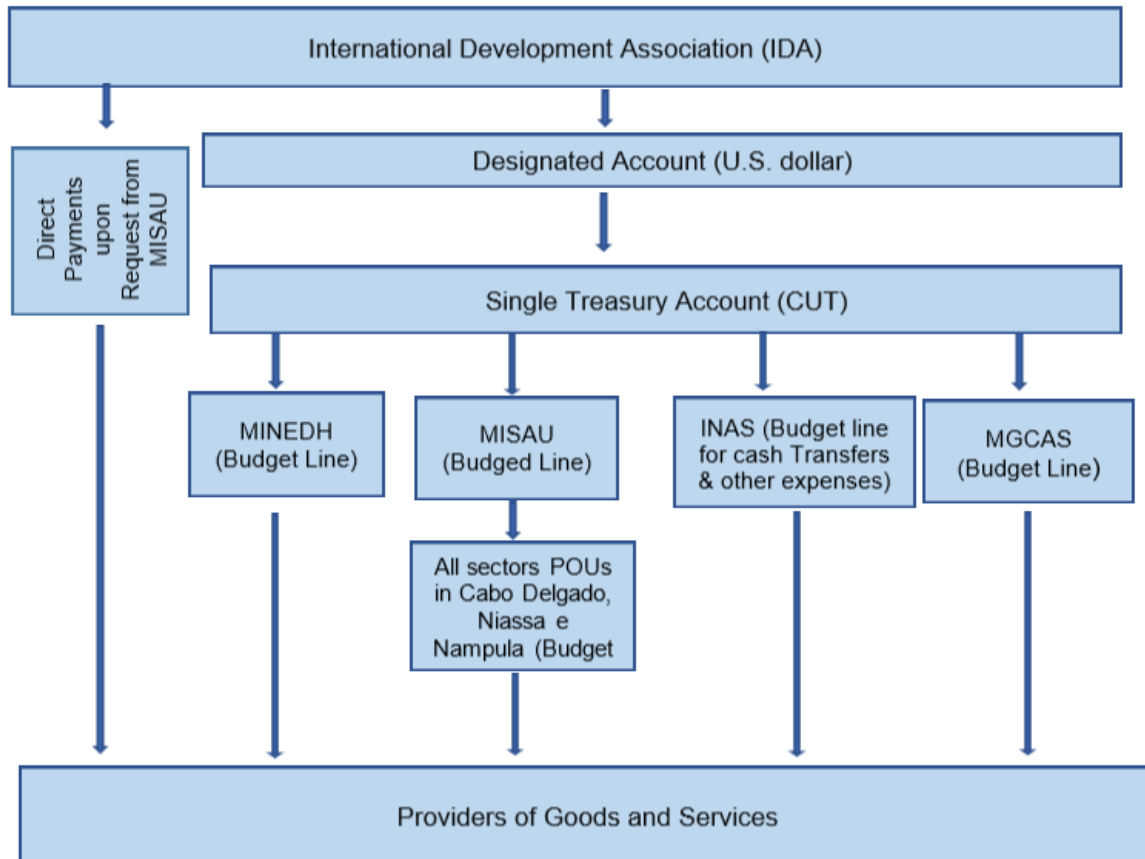
Disbursement

12. **Funds Flow.** One Designated Accounts (DA) in US dollars to be managed by MISAU will be opened at the Bank of Mozambique (Central Bank) to receive funds from IDA. From the DA, funds will be transferred to the Single Treasury Account (*Conta Única do Tesouro* [CUT]) based on requests from MISAU to the National Directorate of Treasury. Payment of eligible



Project expenditures will be made from CUT to providers of goods and services. MISAU will also transfer funds from CUT through e-SISTAFE to the other implementing’s budget lines to finance other costs. In addition, funds from CUT will also be transferred to POUs to finance activities at provincial level. Figure 5 below shows funds flow mechanism for the Project activities. All payments to local suppliers and consultants will be made strictly in local currency in compliance with Mozambique exchange control rules and regulations.

Figure 1.2 Project Fund Flow



13. **Disbursement arrangements.** Disbursements of IDA funds for the IPF activities would be report-based (i.e., based on IFRs). An initial advance will be made into the Designated Accounts upon the effectiveness of the Loan, based on cash forecast to meet the Project expenditure for the first two quarters. After every subsequent quarter, MISAU will submit the IFRs. And the cash requests at the reporting date will be the amount required for the forecast period as shown in the approved IFRs less the balances in the Designated Account at the end of the quarter. The option of disbursing the IDA funds through direct payment, reimbursement, and special commitment will also be available. The Disbursement Guidelines for Investment Project Financing (issued in February 2017) provide guidance on disbursement arrangements for financing provided or administered by the World Bank. In addition, the Bank will issue the Disbursement and Financial Information Letter (DFIL) which will specify the additional instructions for withdrawal of the proceeds of the IPF. The payments for eligible beneficiaries of various schemes to be financed under Project will be centralized and managed by MISAU.

14. **Cash transfer payments.** The Project will provide cash transfer to vulnerable host and IDP communities. The selection of the beneficiaries will be done by INAS and it will build on the experienced gained in the implementation of the ongoing



Social Protection Project. A payment agent (a service provider) will be recruited by INAS through a competitive process to handle the payment of cash transfers to the beneficiaries. Funds will be allocated to INAS transferred by MISAU through e-SISTAFE to the payment agent, and the payments to the beneficiaries will be done by this agent. A cash transfer manual documenting the implementation arrangements, processes (including selection and registration of beneficiaries), and reporting arrangements of the cash transfer should be prepared and adopted before the disbursement for this component. PST that will be created under the Social Protection Project will be responsible for the fiduciary aspects of the cash transfers and will report directly to MISAU who will consolidate the information for reporting and auditing purpose. The internal audit will be conducted at INAS on a regular basis for the ongoing Social protection Project and will also review of funds/ transactions under this Project twice a year. Internal audits will check adequacy and adherence of Internal controls with special attention to the procedures described in the cash transfers manual. External Audit TORs will also include cash transfer component

15. **Auditing.** The Administrative Tribunal (the country’s supreme audit institution) is mandated to audit all government funds, including donors-financed projects. As such, the Tribunal will be responsible for auditing the annual Project financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) issued by INTOSAI. The audits will cover implementing agencies and POUs operations and the Administrated Tribunal will submit only one and consolidate audit report. The audit report together with Management Letter will be submitted to the Bank within six months after the financial year-end; that is June 30th of each following year. The terms of reference for audit will explicitly requires the auditors to conduct physical verification. These ToRs will be reviewed by the Bank FMS and discussed with The Administrative Tribunal within one month after the Project effectiveness. The audit report together with Management Letter will be submitted to the Bank within six months after the financial year-end.

16. **Governance. International benchmark indicators and surveys suggest that corruption represents a problem in Mozambique.** However, the Government has adopted several initiatives to fight corruption although further efforts are necessary to ensure that those measures are implemented effectively. For the project, clearly defined procurement procedures will be documented in the PIM. The Administrative tribunal will conduct annual financial audit.

Implementation support plan.

17. **Based on the current overall FM risk of this operation, the Project will be supervised twice a year.** In addition to desk-based reviews, the FM will perform field visit to ensure that Project’s FM arrangements operate as intended. The World Bank FM team will provide remote support to the Project through internet solutions and phone calls during this time of COVID-19 pandemic.

Table 1.3 FM Risk Assessment for MINEDH

Type of Risk	Residual Risk Rating		Brief Explanation of Changes and any New Mitigation Measures
	Previous	Current	
INHERENT RISK			
Country Level	H	S	Please see the Risk assessment and mitigation measures table
Entity Level	S	S	Please see the Risk assessment and mitigation measures table
Program Level	S	S	Please see the Risk assessment and mitigation measures table



OVERALL INHERENT RISK	S	S	
CONTROL RISK			
Budgeting	S	S	MINEDH may not be able to produce realist budget. The PIM including FM procedures will be developed.
Accounting	S	S	Project funds, expenditures, and resources may not be properly recorded since MINEDH is accounting for other Project and may be confused in handling record of the Project transactions. MINEDH will make use of an automated accounting software – PRIMAVERA that can maintain separate account records for each project.
Internal controls	S	S	Non-compliance with key internal controls procedures. The Project will follow MAF and those procedures to be documented in PIM.
Funds Flow	S	S	Delays in funds flow. The disbursement arrangements will be documented in PIM.
Financial Reporting	M	M	Delay in submission of the IFR. MINEDH has experienced FM staff.
Auditing	S	S	Delay in submission of the audit reports. The Project will be audited by the Administrative Tribunal.
OVERALL CONTROL RISK	S	S	

Table 1.4 FM Risk Assessment for POUs

Type of Risk	Residual Risk Rating		Brief Explanation of Changes and any New Mitigation Measures
	Previous	Current	
INHERENT RISK			
Country Level	H	S	Please see the Risk assessment and mitigation measures table
Entity Level	S	S	Please see the Risk assessment and mitigation measures table
Program Level	S	S	Please see the Risk assessment and mitigation measures table
OVERALL INHERENT RISK	S	S	
CONTROL RISK			
Budgeting	S	S	POUs may not be able to produce realist budget. FM guidelines for the POUs will be developed.



Accounting	H	H	Project funds, expenditures, and resources may not be properly recorded since POUs is accounting for other government projects and may be confused in handling record of the Project transactions. The POUs will use excel spreadsheets to account for Project funds channeled at provincial level as E-SISTAFE.
Internal controls	S	S	Non-compliance with key internal controls procedures. The Project will follow MAF and those procedures to be documented in the FM guidelines for POUs
Funds Flow	S	S	Delays in funds flow. The disbursement arrangements will be documented in PIM.
Financial Reporting	M	M	Delay in submission of the IFR. The POUs have the experienced FM staff who handled previous World Bank operations under the Program for results.
Auditing	S	S	Delay in submission of the audit reports. The Project will be audited by the Administrative Tribunal.
OVERALL CONTROL RISK	S	S	

Procurement

18. The risk rating for procurement for MISAU is Substantial.

19. Filing and record-keeping. The Procurement Manual (part of the PIM) will set out the detailed processes for maintaining and providing readily available access to Project procurement records, in compliance with the FA.

20. Approach to market. Based on the size of the contracts under this project, open international bidding will be followed; however, generally, the thresholds shown in Table 1.5 will be used for open national/ international and Request for Quotation bidding under this project.

Table 1.5 Thresholds for Procurement Approaches and Methods (US\$, millions)

Category	Works			Goods, Information Technology, and Non-Consulting Services			Shortlist of National Consultants	
	Open International	Open National	Request for Quotation	Open International	Open National	Request for Quotation	Consulting Services	Engineering and Construction Supervision
Market Approach and Methods	≥	<	≤	≥	<	≤	≤	≤
Mozambique	15	15	0.2	3	3	0.1	0.3	0.3

21. Procurement plan. Based on the PPSD findings, the Procurement Plan (PP) for the first 18 months was prepared, setting the selection methods to be used by the Borrower in the procurement of goods, works, non-consulting services, and consulting services under the project. The Procurement Plan will be updated and disclosed at least every 12 months, or as required, to reflect the actual Project implementation needs.

22. Review by the World Bank of procurement decisions. The table 1.6 below indicates the contract thresholds that require prior review by the World Bank. All activities estimated to cost below these amounts shall be treated as post review and will be reviewed by the World Bank during the Implementation Support Missions under a Post Procurement Review



exercise. Direct Contracting/Single Source will be subject to prior review only above the amounts given in the table. The World Bank may, from time to time, review the amounts based on the performance of the implementing agencies.

Table 1.6 Thresholds for Procurement prior review (US\$)

Procurement Type	Prior Review (US\$)
Works	10,000,000
Goods and non-consulting services	2,000,000
Consultants (Firms)	1,000,000
Individual consultants	300,000

23. Monitoring by STEP. STEP will be used to prepare, clear, and update procurement plans and conduct all procurement transactions for the project. Through the mandatory use of STEP by the Ministry of Science and Technology, the World Bank will be able to consolidate procurement/contract data for monitoring and tracking of all procurement transactions. Using STEP, comprehensive information of all prior and post review contracts for goods, works, technical services, and consultants’ services awarded under the whole Project will be available automatically and systematically on a real-time basis whenever required, including, but not limited to: (a) the reference number as indicated in the Procurement Plan and a brief description of the contract; (b) the estimated cost; (c) the procurement method; (d) timelines of the bidding process, (e) the number of participated bidders; (f) names of rejected bidders and reasons for rejection; (g) the date of contract award; (h) the name of the awarded supplier, contractor, or consultant; (i) the final contract value; (j) procurement complaints and (h) the contractual implementation period.

24. Publication of Procurement Information. The Project will follow the World Bank’s policies on publication of procurement information that are outlined in the World Bank’s Procurement Regulations.

25. Training, Workshops, Study Tours, and Conferences. Training activities would comprise workshops and training, based on individual needs, as well as group requirements, on-the-job training, and hiring consultants for developing training materials and conducting training. All training and workshop activities (other than consulting services) would be carried out based on approved Annual Work Plans/Training Plans that would identify the general framework of training activities for the year, including (i) the type of training or workshop; (ii) the personnel to be trained; (iii) the institutions which would conduct the training and reason for selection of this particular institution; (iv) the justification for the training, focusing on how it would lead to effective performance and implementation of the project; (v) the duration of the proposed training; and (vi) the cost estimate of the training. Report by the trainee(s), including completion certificate/diploma upon completion of training, shall be provided to the Project Coordinator and will be kept as parts of the records, and will be shared with the World Bank if required.

26. Training Plan. A detailed plan of the training/workshop describing the nature of the training/workshop, number of trainees/participants, duration, staff months, timing and estimated cost will be submitted to IDA for review and approval before initiating the process. The selection methods will derive from the activity requirement, schedule and circumstance. After the training, the beneficiaries will be requested to submit a brief report indicating what skill has been acquired and how these skills will contribute to enhance their performance and to attain the Project objective.

27. Operating Costs. Operational costs financed by the Project would be incremental expenses, including office supplies, operation and maintenance of vehicles, maintenance of equipment, communication, rental expenses, utilities, consumables, transport and accommodation, per diem, supervision, and salaries of locally contracted support staff. Such services’ needs will be procured using the procurement procedures specified in the Administrative and Financial Manual accepted and approved by the World Bank.



28. Procurement Manual. Procurement arrangements, roles and responsibilities, methods and requirements for carrying out procurement under the proposed Project will be elaborated in detail in the Procurement Manual, which will be a section of the PIM. The PIM will be prepared by the Borrower and agreed with the World Bank within one month after effectiveness.



ANNEX 2: Climate Vulnerability Context⁹⁸ and Climate-Change Adaptation and Mitigation Supported Activities

1) Climate Vulnerability Context

- 1. Mozambique is highly exposed and vulnerable to natural hazards and climate variability, with over half of its population vulnerable to climate-related shock.** Mozambique ranks third among African countries exposed to risks from multiple weather-related hazards like flooding, epidemics, cyclones, and drought.⁹⁹ With more than 60% of the population living in low-lying coastal areas and 70 percent of the population dependent on climate-sensitive agriculture, the frequent cyclones, river/coastal storm surge flooding, and severe cyclical droughts in the country have a major impact on the population, food security and livelihoods.
- 2. The Project provinces of Nampula, Niassa, and Cabo Delgado are particularly vulnerable to climate shocks.** Analysis using satellite data and social protection beneficiary administrative data estimates that almost 1.5 million poor households in the country are exposed to cyclones and more than 500,000 poor households are exposed to high severity droughts; of these, more than 40 and 20 percent are concentrated in the Northern Provinces, respectively. See Table 2.1.
- 3. Droughts, tropical cyclones, and flooding are the most frequent shocks, and are expected to continue increasing in frequency and intensity due to climate change.** Long and severe droughts are experienced in seven out of ten years in the Southern regions, and in four out of ten years in the Central regions.¹⁰⁰ According to UN-Habitat, Mozambique is also hit by one tropical storm or cyclone and by three or four additional tropical disturbances each year. Floods generally occur every two or three years, mostly along the nine major international river systems that cross Mozambique or across the low-lying, densely populated coastal areas.¹⁰¹ The frequency and intensity of climate-related shocks in Mozambique have increased over the past four decades and are projected to further increase due to climate change. Mean annual temperature in Mozambique is projected to increase by 1.4- 3.7°C by 2060, with warming more rapid in southern and coastal areas of the country. Rainfall projections vary by season and region, suggesting decreased rainfall during the dry season (January-June) and increased rainfall in the wet season (July-September). Projected changes in temperature and rainfall are likely to increase the frequency and severity of climatic shocks, all of which have the potential to impact the project's target population. Strong winds, storm surges, and heavy rains from cyclones damage infrastructure, disrupt water sanitation and electricity supply systems, and degrade the coastal environment. Severe droughts and coastal/river flooding threaten crop loss, reduction of agricultural productivity in coastal zones, reduction of pastoral grazing areas, increases in food imports, increases food insecurity, loss of human and animal life, and loss of biodiversity. High levels of poverty and the GoM's limited fiscal space for disaster response exacerbate the negative impacts.
- 4. Most sectors of the Mozambican economy have suffered significantly from impacts of weather-related shocks, with sizable repercussions for the country's budget.** Assets worth about 37 percent of GDP are exposed to two or more natural hazards, which translates into 1.1 percent annual average loss in GDP. It is estimated that annual economic losses

⁹⁸ This climate vulnerability analysis draws mainly from the Social Protection for Economic Resilience project document (P173640) Climate Vulnerability Context, and the RPBA Sector Note for Management of Land and Natural Resources (version October 2021).

⁹⁹ <https://focus-africaproject.eu/nproject/food-security-in-mozambique/>

¹⁰⁰ <https://documents1.worldbank.org/curated/en/845611574234249644/pdf/Disaster-Risk-Profile-Mozambique.pdf>

¹⁰¹ <https://documents1.worldbank.org/curated/en/845611574234249644/pdf/Disaster-Risk-Profile-Mozambique.pdf>



between 1967 and 2014, a period marked by severe and prolonged droughts and devastating floods, averaged US\$105.6 million but grew to US\$188.3 million between 2000 and 2014.¹⁰²

5. **Disasters are a driver of inequality and poverty which disproportionately affect the poor, who have a limited capacity to cope with shocks.** Recent poverty analysis conducted in Mozambique shows that experiencing a cyclone, flood, or drought can lead to a drop of per capita consumption of food and basic non-food items. These negative effects on consumption resulted in a poverty increase of 12 and 17.5 percentage points in two of three analyzed events.¹⁰³ Individuals affected by floods early in life tend to have weaker labor market and consumption outcomes in adulthood. Floods are associated with approximately 14 percent lower expenditure levels per capita and an almost 18 percent higher likelihood of households being poor.¹⁰⁴ Cyclones and flooding also threaten to increase outbreaks of water and vector borne diseases, particularly Cholera and Malaria, by compromising access to safe, potable water and creating environmental conditions that propagate the sustenance of vector populations.

6. **Land represents one of the most valuable assets for local rural communities, and especially for vulnerable groups, in terms of economic growth, social cohesion, sense of belonging, and resilience to climate change and conflict.** Due to widespread poverty in Northern Mozambique, rural communities, which according to the Census 2017, account for 76.6 percent in Cabo Delgado, 76.8 percent in Niassa, and 79 percent in Nampula have limited access to agriculture inputs and markets. This leads to unsustainable practices of slash-and-burn agriculture and soil depletion and erosion, contributing to a vicious cycle of clearing more land for agriculture. Moreover, the northern provinces have the highest deforestation rates, with Nampula—the most populated province in the country—alone accounting for more than 25 percent of the national deforestation (about 74,000 hectares/year). Forests are degraded and lost in the region primarily because of small-scale agriculture, biomass energy, land tenure insecurity, inadequate land use planning, and lack of enforcement of forest policy.

7. **The Government has committed to enhancing its climate change response framework.** Under the Ministry for Coordination of Environmental Affairs (MICOA), the country developed a national climate change strategy in 2011 that strives to increase climate change resilience in communities and the national economy, including reducing climate risks. It also aims to promote a low carbon development and the green economy through integration of adaptation and mitigation in sectorial and local planning. Mozambique is already investing in prevention of natural hazards and improving its early warning systems. Adaptation measures are being implemented in the agriculture, fisheries, energy, environmental, and water sectors, with particular attention being paid to the coastal zones and erosion control. The country also signed the Paris Agreement on April 22, 2016 and communicated its climate mitigation and adaptation commitments and priorities through its Nationally Determined Contribution (NDC). Despite efforts to address climate change, the country faces major barriers to implementing their agenda including limited finances, restricted technological capacity, poor coordination between sectors, and limited buy-in from necessary stakeholders.

8. **Climate shocks have a significant negative impact on sectors and provision of services nationally, that are key for human capital development in Mozambique.** The high concentration of population and economic activities in coastal areas predisposes the country to large losses in case of extreme weather events. Floods and cyclones pose a particular threat to the safety of buildings and physical infrastructure. The effects of disasters on welfare are highest in rural areas and are

¹⁰² https://ane4bf-datap1.s3-eu-west-1.amazonaws.com/wmocreww/s3fs-public/ckeditor/files/workdoc7_8th_Steering_Committee_CREWS_Pipeline_and_project_preparation_1.pdf?0qbEw9O3_7NEbA4SDwYX5r78G1yf00qE

¹⁰³ Baez, J.; G. Caruso, H. Pullabhotla. 2019. Who Wins and Who Loses from Staple Food Price Spikes?: Welfare Implications for Mozambique. Poverty & Equity Note; N. 15. World Bank Group.

¹⁰⁴ Baez, J.; G. Caruso, H. Pullabhotla. 2019. Who Wins and Who Loses from Staple Food Price Spikes?: Welfare Implications for Mozambique. Poverty & Equity Note; N. 15. World Bank Group.



higher for the poorest quintiles than the richest ones. These events also negatively affect human capital accumulation, as children in affected areas are less likely to attend school and are in some cases more likely to get sick. More specifically, extreme flooding or cyclones in the North could disrupt transportation routes and limit access to health care facilities, schools, training facilities, and work sites by the project’s target beneficiaries, and/or delay delivery of activities to more remote parts of the Project provinces. The health infrastructure of Mozambique is limited; more than half of Mozambicans must walk an hour or more to their nearest health facility, and medicine stockouts are common. Distances to school are also long and education infrastructure is particularly limited in Mozambique’s central and northern provinces, inclusive of the Project areas. Access to health services and education is further impaired during climate shocks and crises because of road degradation, with damaged or flooded roads limiting transport of necessary medications and supplies to populations in need. Furthermore, ongoing conflicts in Project areas further damage civil infrastructure. Women and children, as the principal users of health services, and children as the principal users of schools are especially affected by climatic constraints on accessibility during the rainy season due to flooding of roads.

9. **The proposed project, while focusing on conflict affected areas, has a strong climate change adaptation approach, that will directly support almost 105,000 vulnerable households and highly exposed to climate change effects.** The Project will also indirectly benefit other community members in host communities, through a series of education, health, and social protection interventions. The Project potential beneficiaries, as identified using the social protection prioritization criteria adapted for conflict context, will be among those most exposed to and affected by disasters. Almost 1.5 million poor households are exposed to cyclones and more than 500,000 poor households are exposed to high severity droughts. Within this context, the Project will contribute to the World Bank’s climate change adaptation objective, by supporting the expansion of health, education, and social protection programs in areas where program beneficiaries are exposed to multiple hazards exacerbated by the climate change. This Project will expand the social protection coverage to additional 103,000 households (83,400 households on PASD-PE and 20,000 households through PASP) located in disaster-prone areas, see table below. The Project will also contribute to building a social registry that is responsive to shocks, especially climate shocks, by financing the registration of Project beneficiaries following INAS protocols and integrating them to the INAS management information system (also known as eINAS).

Table 2.15 Potential distribution of new social protection (PASD-PE and PASP) beneficiaries under the project, that are highly exposed to hazards.

Province	Total Poor HHs	HHs exposed to cyclones	HHs exposed to drought	Households exposed as % of total	Potential distribution of PASD-PE beneficiaries under this Project based on exposure only	Potential distribution of PASP beneficiaries under this Project based on exposure only
Zambezia	510,930	369,072	338,198	36%	Not covered	Not covered
Nampula	500,240	392,941	76,555	24%	54,097	12,973
Manica	171,648	112,034	35,269	7%	Not covered	Not covered
Cabo Delgado	191,212	125,555	10,091	7%	15,778	3,784
Niassa	147,629	109,209	12,097	6%	13,524	3,243
Sofala	173,665	115,120	-	6%	Not covered	Not covered
Tete	232,604	88,961	11,303	5%	Not covered	Not covered



Inhambane	112,701	92,851	6,138	5%	Not covered	Not covered
Gaza	74,787	57,720	22,414	4%	Not covered	Not covered
Maputo	15,027	10,997	1,179	1%	Not covered	Not covered
Maputo City	24,914	-	-	0%	Not covered	Not covered
Total	2,155,356	1,474,459	513,244	100%	83,400	20,000

2) **Climate Adaptation and Mitigation Supported Activities.** Table 2.2 below shows climate adaptation activities, while Table 2.3 shows climate mitigation activities.

Table 6 Climate adaptation activities financed by the Project

Project Component	Activity	Climate-related action	How will activity address climate-related vulnerabilities?
Sub-component 1.1: Supporting human capital policies and institutions at provincial level (US\$10.9 million)	Technical assistance on climate-sensitive planning	Technical assistance for HD provincial staff will include support to ensure that HD sectors incorporate climate considerations into plans (such as planning for seasonal flooding and cyclical droughts)	Building capacity to implement climate-change sensitive interventions. Improve preparation for and resilience to climate shocks
	Technical assistance and procedures on response to climate shocks [US\$4million]		
		Technical assistance for HD provincial staff will include training on how HD sectors and staff can respond to climate emergencies. Trainings will include specific actions that health workers, social sector professionals and teachers can take to respond in climate shocks, particularly floods, cyclones and droughts.	Improve preparation for and resilience to climate shocks
	Climate preparedness measures in Primary Healthcare performance evaluations [US\$2million]	Primary healthcare performance evaluation will include assessment of health facility climate preparedness (such as presence of climate shock response plans). Evaluations will incentivize facilities for having preparedness plans in place.	Improve preparation for and resilience to climate shocks
	School grants targeted to climate vulnerable populations	The school grants will be targeted to climate vulnerable populations using a formula including vulnerability to droughts, floods, and disasters as well as poverty and fragility indices, thereby targeting those who are most at risk to climate change and maximizing education services for these populations	Improve services for climate vulnerable populations
	Development of school emergency preparedness plans with school grant funds [US\$4.9million]		
		School grant funds will be used to develop school emergency preparedness plans	Improve preparation for and resilience to climate shocks
Sub-Component 1.2: Enabling communities	Climate change sensitive CCD subprojects [US\$14.2million]	A minimum of 50% of small CCD subprojects will be climate-sensitive and aimed at reducing impact of climate change, through increase resilience in the community landscape, including: projects to plant	Improve preparedness, resilience, and response to climate shocks



<p>to better identify, express and address their human capital needs (US\$14.2 million)</p>		<p>mangroves, maintenance of riverbeds, and other forests, agriculture projects in climate-shock impacted areas, and reconstruction following cyclones and floods.</p> <p>Agriculture projects are expected to help improve food security which is threatened by cyclones, flooding and droughts. Reconstruction following cyclones is anticipated to help communities recover from climate shocks. Mangrove / forest planting is expected to help reduce erosion and mitigate storm surges along Mozambique’s cyclone and flood prone coastline.</p> <p>Projects will be supported by TPPs, with a plan to phase out and transfer knowledge and building capacity within the Government structures to ensure sustainability.</p> <p>Other economic inclusion activities will incorporate climate change information to diversify the agricultural crops plans by introducing more climate-resistance crops and even expand into non-agricultural activities and build a more resilient income profile.</p>	
	<p>Life skills and vocational training in climate adaptation areas [US\$1.5million]</p>	<p>Life skills and vocational training will include professions which improve adaptation to climate change, such as agriculture, with a focus on practices that improve resiliency to climate change such as efficient water use and use of climate-resistant seeds</p>	<p>Improve resilience to climate shocks</p>



<p>Sub-component 2.1: Addressing household barriers to investments in human capital (US\$30.25 million)</p>	<p>Expansion of direct cash transfers program, prioritizing areas and households that are most vulnerable/exposed to climate change related shocks.</p> <p>Community-based information sessions complementary beneficiary workshops (relevant topics such as climate change adaptation measures, Nutrition, WASH, basic financial literacy, GBV prevention) plus case management for 20% most vulnerable beneficiaries</p> <p>Support the expansion of a social registry that is responsive to climate shocks, by incorporating households benefiting from this Project that reside in areas with high exposure to climate change, at least 103,000 beneficiary households.</p> <p>[US\$26.9 million]</p>	<p>Cash transfers will be given to IDPs and households in host communities, prioritizing groups that are most vulnerable to climate change. Prioritization process will use climate hazard maps with georeferenced data on key climate events such as floods and droughts. IDPs in northern areas of the country include people displaced by climate shocks (flooding, drought, and cyclones). They will be identified through information collected at registration, including vulnerability to climate shocks, food security, and will be prioritized for cash transfers.</p> <p>Cash transfers to these populations will improve their ability to adapt to the impacts of climate change. More specifically, it is expected that beneficiaries of PASD-PE will enjoy higher food security due to regular payments to vulnerable families, especially those with children in areas exposed to multiple hazards. Since the target areas have high malnutrition rates, it is expected that the resilience to climate change of the beneficiaries will be increase substantially.</p> <p>Information sessions with climate change adaptation measures will improve climate-change awareness and ability to adapt behaviors.</p> <p>This component will strengthen the social protection database, allowing social protection programs to more effectively provide aid to people following climate emergencies and to target vulnerable groups (such as the poor, fragility impacted populations). Specifically, addresses / beneficiary location will be included in the social registry. This will be overlaid with climate vulnerability maps / maps of climate shocks, as relevant, to identify climate vulnerable and climate-impacted populations, respectively.</p> <p>This activity will thus support the expansion of a social registry that is responsive to shocks, by incorporating households benefiting from this Project to this registry (eINAS) – at least 103,000 beneficiary households.</p>	<p>Improve the resilience of households to climate change</p> <p>Improve systems to respond more efficiently to climate-related emergencies</p>
	<p>Immunization campaigns to prevent outbreaks of vaccine-preventable diseases including cholera</p> <p>[US\$7.08million]</p>	<p>Immunization campaigns will be aligned with cash transfer distribution. This will include vaccination for cholera, which is induced by Mozambique’s climactic conditions.</p>	<p>Improve preparation for and resilience to climate shocks</p>



	<p>Ensuring adequate availability of infectious disease and RMNCAHN services</p> <p>[US\$5.1million]</p>	<p>Ensuring access to health services will:</p> <ul style="list-style-type: none"> • Help mitigate adverse health impacts associated with infectious diseases, and RMNCAHN conditions, improving the population’s ability to adapt to the impacts of climate change • Ensure that services are in place to mitigate the impacts of infectious diseases induced by climactic conditions, including malaria and cholera • Improve the availability of nutrition services to mitigate the food security aspects of climate change brought on by drought, cyclones, and floods, which destroy crops 	<p>Improve preparation for and resilience to climate shocks</p>
<p>Sub-component 2.2: Giving children a head-start in their early years (US\$10.59 million)</p>	<p>Community based nutrition interventions</p> <p>[US\$2 million]</p>	<p>Community based nutrition interventions will help IDP and host communities respond to acute malnutrition caused by food insecurity, which is induced and exacerbated by climate shocks. The community-based nature of the projects will help to more effectively reach climate-impacted populations.</p>	<p>Improve resilience to climate shocks</p>
<p>Sub-component 2.3: Supporting girls and youth through skills and opportunities (US\$16.65 million)</p>	<p>Training for teachers on climate shock preparedness and response and climate change</p> <p>[US\$13.2million]</p>	<p>Training of teachers will include content on climate preparedness and response, with a focus on droughts, flooding, and cyclones as well as climate change concepts</p>	<p>Improve preparation for and resilience to climate shocks</p>
	<p>Nutrition services in schools for girls</p> <p>[US\$3.45million]</p>	<p>School nutrition services for girls in school will help mitigate against the impacts of climate change on nutrition as food security and consequently nutrition is negatively impacted by droughts, cyclones, and floods, which destroy crops</p>	<p>Improve resilience to climate shocks</p>
<p>Component 3: Supporting the post-conflict restoration of basic social services (US\$9.4 million)</p>	<p>Measures to make basic social services facilities resilient to climate shocks</p> <p>[US\$9.4 million]</p>	<p>Rehabilitation of health facilities and rehabilitation and small works done in schools will include measures to make the buildings resilient to climate shocks including ensuring drainage for water, raising facilities to reduce their conflict with flood waters, and raising shelves to ensure materials are not impacted by floods</p>	<p>Improve preparation for and resilience to climate shocks</p>
<p>Component 4: Project implementation, monitoring and evaluation</p>	<p>Monitoring of Project climate activities</p> <p>[US\$5.905million]</p>	<p>This component will include monitoring of climate adaptation and mitigation activities to be financed by the project</p>	<p>Support implementation of Project climate activities</p>
	<p>Inclusion of climate-relevant data in HCI</p>	<p>HCI surveys will collect data on climate-relevant topics to learn more about the health, education,</p>	<p>Improve resilience to climate shocks</p>



(US\$7.10 million)	surveys [US\$1.22million]	and poverty related impacts of climate shocks and climate change on the population	
--------------------	---------------------------	--	--

Table 2.3 Climate mitigation activities financed by the Project

Project Component	Activity	Climate-related action	How will activity mitigate climate change?
Sub-component 1.1: Supporting human capital policies and institutions at provincial level (US\$25.11 million)	Climate mitigation activities included in eligible activities for school grants [US\$4.9million]	School grants will include climate mitigation actions, such as planting trees, installing solar panels, and installing LED lights as eligible activities	Contribute to reduced greenhouse gas emissions and reduced environmental degradation
Sub-Component 1.2: Enabling communities to better identify, express and address their human capital needs (US\$14.2 million)	Life skills and vocational training in areas related to climate mitigation [US\$1.5million] Climate change sensitive small CCD projects [US\$14.2million]	Life skills and vocational training will include activities that contribute to mitigation of climate change, such as installation and maintenance of solar panels A minimum of 50% of small CCD projects will be climate-sensitive, including projects to plant mangroves and other forests. These mangrove / forestry projects are expected to improve carbon sinks and contribute to greenhouse gas emissions.	Contribute to reduced greenhouse gas emissions Improve carbon sinks and contribute to reduced greenhouse gas emissions
Sub-component 2.1: Addressing household barriers to investments in human capital (US\$30.25 million)	Expansion of direct cash transfers program, prioritizing areas and households that are most vulnerable/exposed to climate change related shocks. Increase payments delivered through the SPA (digital payments) that will substantially reduce the transportation time and cost for both project implementation personnel and beneficiaries. [US\$26.9 million]	Project areas, particularly Nampula, are highly vulnerable to deforestation, which is linked with poverty. Cash transfers are a poverty intervention that has been demonstrated to reduce deforestation, helping to preserve forests and minimizing the negative impacts of deforestation. ¹⁰⁵	Contribute to reduced deforestation Contribute to reduced greenhouse gas emissions
Component 3: Supporting the post-conflict restoration of basic social services (US\$9.4 million)	Climate mitigation measures at rehabilitated schools, health, and social action facilities [US\$9.4 million]	In restoration and small works done in schools, health, and social action facilities, procurement guidelines will encourage the inclusion of climate mitigation measures such as installation of solar panels, Light Emitting Diode (LED)_ lights, and use of reflective paint.	Contribute to reduced greenhouse gas emissions

¹⁰⁵ Ferraro and Simorangkir (2020): "Conditional Cash Transfers to alleviate poverty also reduced deforestation in Indonesia", Science Advances, Vol.6, 24



ANNEX 3: Geographical Prioritization

1. Criteria for overall prioritization of districts to be targeted by the project

The proposed approach for geographical prioritization aims at addressing both the impacts of the conflict as well as its underlying drivers. In this sense, the Project would cover areas with highest concentration of IDPs, as well as the most vulnerable, in terms of poverty and exposure to climate change shocks. On the one side, the approach prioritizes districts with the highest number of IDPs, or the highest population at risk of natural disasters (cyclones); but at the same time it ensure that at least the 4 MPI-poorest districts in each districts are also included. Following these criteria, the approach has 3 levels of priority as follows:

- **Priority 1:** Districts affected by highest concentration of IDPs (>1,000), and/or highly vulnerable to natural disasters (in terms of population exposed, >150,000); AND the 4 MPI-poorest districts in each Province.
- **Priority 2:** Same as priority 1, however, these districts are currently considered “active conflict” zone. These districts will only be considered for component 3 when security is restored and the area is accessible
- **Priority 3:** Districts that at the moment of analysis did not fulfilled the above characteristics. But given the rapidly changing conditions in the region might become a priority by implementation.

Province	District	Total population (Census 2017)	Active conflict **	Estimated number of IDPs (Sep 2021)	MPI	Population at risk of natural disasters (cyclones)	Top 4 MPI by Province	Priority
Cabo Delgado	Cidade de Pemba	200529	No	152,702	1.5	0	17	1
Cabo Delgado	Metuge	86866	No	127,646	38.8	46262	11	1
Cabo Delgado	Mueda	170347	No	79,223	35.0	145175	14	1
Cabo Delgado	Montepuez	272069	No	58,930	35.3	162080	13	1
Cabo Delgado	Nangade	89714	No	51,945	39.0	0	10	1
Cabo Delgado	Ancuabe	159,340	No	50,283	44.2	60430	5	1
Cabo Delgado	Chiure	299,235	No	34,563	51.6	236737	2	1
Cabo Delgado	Ibo	12205	No	34,069	14.2	3512	16	1
Cabo Delgado	Balama	175,733	No	11,324	48.6	60475	4	1
Cabo Delgado	Meluco	36,700	No	7,100	42.5	36585	7	1
Cabo Delgado	Mecufi	61,531	No	4,865	42.1	43289	8	1
Cabo Delgado	Namuno	245,248	No	3,149	58.4	154566	1	1
Cabo Delgado	Palma*	67025	yes	23,787	40.9	66886	9	2
Cabo Delgado	Macomia	114345	yes	18,779	43.6	50006	6	2
Cabo Delgado	Quissanga Mocimboa da	50259	yes	7,826	48.7	50210	3	2
Cabo Delgado	Praia	127705	yes	0	33.5	37957	15	2
Cabo Delgado	Muidumbe	98864	yes	0	35.4	28135	12	2



	Cidade de		No					
Nampula	Nampula	760214		44,471	7.0	11437	23	1
Nampula	Meconta	223760	No	27,673	35.7	71965	20	1
Nampula	Memba	328460	No	10,328	56.1	327985	4	1
Nampula	Nacala Porto*	287536	No	6,888	9.4	0	22	1
Nampula	Erati	387713	No	4,974	57.8	387523	2	1
Nampula	Monapo	393,813	No	3,547	48.5	88103	10	1
Nampula	Rapale	166,327	No	2,920	46.9	99864	14	1
Nampula	Mossuril	174641	No	1,872	51.8	122974	8	1
Nampula	Nacala Velha	121,726	No	1,491	39.9	84311	17	1
Nampula	Mogincual	98,177	No	393	57.1	98047	3	1
Nampula	Mecuburi	207,285	No	235	47.3	160077	13	1
Nampula	Angoche	347176	No	56	45.8	345951	15	1
Nampula	Murupula	184732	No	48	52.7	169143	7	1
Nampula	Mogovolas	368905	No	24	60.9	284988	1	1
Nampula	Nacaroa	145450	No	455	49.0	145413	9	3
	Ilha de		No					
Nampula	Mocambique	64577		401	25.6	8787	21	3
Nampula	Malema	213011	No	325	37.3	67320	19	3
Nampula	Liupo	89,259	No	190	54.1	50172	6	3
Nampula	Muecate	134280	No	171	48.3	134182	11	3
Nampula	Ribaue	256144	No	159	37.4	24891	18	3
Nampula	Lalaua	107369	No	8	45.3	0	16	3
Nampula	Moma	324442	No	0	55.5	115727	5	3
Nampula	Larde	98385	No	0	47.9	98184	12	3
Niassa	Mandimba	211,979	No	61	48.6	56382	3	1
Niassa	Ngauma	95,823	No	27	53.4	95616	1	1
Niassa	Mecanhelas	269619	No	11	42.9	225727	6	1
Niassa	Chimbunila	72503	No	0	49.2	0	2	1
Niassa	Muembe	43,787	No	0	45.7	30807	4	1
Niassa	Lichinga	242204	No	565	13.4	0	16	3
Niassa	Cuamba	267928	No	194	24.8	30580	15	3
Niassa	Marrupa	77808	No	178	42.3	6218	7	3
Niassa	Sanga	75658	No	77	36.9	46223	12	3
Niassa	Majune	40004	No	32	37.7	35411	11	3
Niassa	Maua	68260	No	27	38.1	68226	9	3
Niassa	Metarica	45303	No	24	35.4	14964	13	3
Niassa	Mecula	20888	No	14	38.7	19563	8	3
Niassa	Lago	106968	No	11	30.0	74820	14	3
Niassa	Nipepe	45086	No	0	44.5	31691	5	3
Niassa	Mavago	29,933	No	0	38.1	5786	10	3

Notes:



* Areas were not accessible in this round of DTM (September 2021). For purposes of this exercise, the estimates are considered unchanged from the March DTM round.

** Currently affected by conflict – Districts only considered for Component 3 interventions once the security situation is restored, and districts are accessible

2. Summary of geographical targeting guidelines for PASP subprojects.

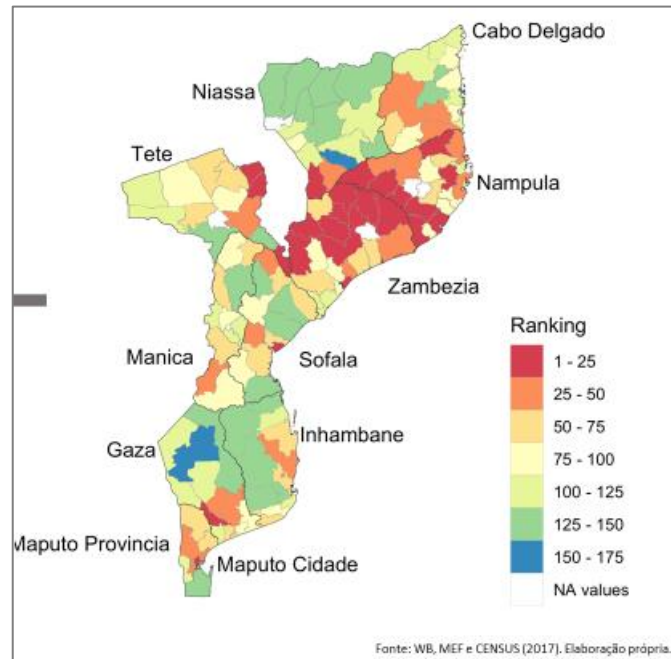
Subcomponent 1.2 will support community sub-projects such as PASP and will adapt the geographical prioritization guidelines adopted under the Social Protection for Economic Resilience Project (P174630). The geographic prioritization of PASP is based on a prioritization instrument supported by the World Bank Strengthening Mozambique's Social Protection System (P167025). This annex presents a summary of these guidelines as they will be adapted for activities supported under this subcomponent.

PASP prioritization for this subcomponent will consider two layers of prioritization:

The first layer corresponds to the general Project targeting mechanism, that is districts are selected based on the degree to which these districts have been affected by the conflict – but are not conflict active zones –measured as the number of IDPs, as well as those districts with the highest fraction of families living in multidimensional poverty (as defined by the MEF Multidimensional Poverty Index).

The second layer corresponds to the Climate Exposure Index. See Figure 6 above. The Climate Exposure Index combines hazard information on flooding and droughts with population and poverty information at the district level. In this sense, the PASP would prioritize districts with high extreme climate event hazards focused on flooding and droughts, where PASP activities can play a role in reducing exposure or vulnerability to these hazards reducing overall risk. Under this second layer, the prioritization instrument identifies the districts that show the highest hazard (probability of extreme weather event) and exposure (population) levels. However, given that Northern Provinces are more exposed to flooding and cyclones, the Project will aim at assigning a higher weight to this vulnerability such that more relevant areas would be identified.

Figure 4 Ranking of climate vulnerability (rank 1 = highest)





ANNEX 4: Complementarity to World Bank Supported Projects in Mozambique

Area	Main World Bank financed Projects in Mozambique	Role of Human Capital Project
Strengthening HD institutions		<ul style="list-style-type: none"> • Build capacity of government institutions to work cross-sectorally to address multi-dimensional HD challenges at central and decentralized levels • Support community-based platforms and influential actors to advocate against gendered practices and attitudes • Empower communities to drive solutions to HD challenges at grassroots level through sub-projects
Health	<p>Primary Healthcare and Strengthening Program</p> <ul style="list-style-type: none"> • Improve availability, quality and uptake of RMNCAH-N services • Ensure uninterrupted water supply and electricity for health facilities • Improve availability of sexual and reproductive health services in secondary schools • Improve nutrition of 0–2-year-old through community-based interventions • Increase the number of health personnel assigned to primary healthcare level • Increase the number of trained and active community health workers to provide community-based services • Invest in quality care through results-based finance • Social accountability monitoring and performance rewards through direct support to health facilities • Improve share of GoM spending, strengthening budgeting, financial management, procurement and fiscal decentralization • Improve health spending in underserved provinces and districts • Improve availability and use of vital statistics <p>Southern Africa Tuberculosis and Health Systems Support Project (SATBHSS) Project</p>	<ul style="list-style-type: none"> • Provide additional and tailored investment to health facilities and laboratories dealing with increased demand for services due to displacements with adequate resources including personnel, medicines, equipment • Expand and modify community-based Nutrition Intervention Package (NIP) in coverage and content to address specific IDP/host community needs and include early stimulation for 0-2 children • Increase the number of facilities supported with skills, supervision, to provide comprehensive obstetric and neonatal emergency care in areas of IDPs • Increase availability of youth friendly SRH services provided to adolescents at women at school, community and health facility level in communities with presence of IDPs • Ensure coverage of community-based service provision amongst IDP/Host communities through APE



	<ul style="list-style-type: none"> • Enhance TB case detection and treatment success through demand and supply side interventions • Expand occupational health services • Strengthen diagnostic capacity and disease surveillance for TB and occupational health • Strengthening mine health regulation • Promote regional innovation through knowledge and evidence from TB and OH activities 	
Education	<p>MozLearning</p> <ul style="list-style-type: none"> • Development of standards and curriculum for Pre-Primary Education, and pre and in-service training of facilitators • Expansion of pre-primary services • Design and Implementation of a Literacy Package (Structured lesson plans, in-service teacher training using Coaching methods and regular supervision, leaning assessments, provision of textbooks and supplementary readers) for the first cycle of primary education • Expansion of lower secondary education, through Distance learning and increase in the number of schools offering secondary education • Support retention of girls in upper grades of basic education through improvement of school infrastructures, mentorship programs, prevention and mitigation of GBV, SRH programs, and promotion of safe spaces for girls in schools • Implementation of communication campaigns and redressal mechanisms on GBV in upper primary and lower secondary schools • Mentorship programs for girls • Support to the Education Management Information System to strengthen data collection, processing and usage for policy formulation and implementation • Results based financing for schools and districts to improve girls retention in schools, reduce teacher absenteeism and improve deployment of teachers within Districts. <p>Harnessing the Demographic Dividend (HDD)</p> <ul style="list-style-type: none"> • Support to keep girls in school through distribution of school uniforms (primary school) and bikes (girls transitioning to secondary school), and a sensitization campaign around girls' empowerment 	<ul style="list-style-type: none"> • Provide materials for parental education on nutrition and early stimulation • Support enrollment, retention and learning at primary school level • Ensure availability basic school materials for schools responding to increased needs from IDPs • Provide school grants to primary and secondary schools to support vulnerable students and foster school preparedness to climate shocks. • Train teachers and school managers on identification and support of children with disability • Development and delivery of Education for Peace content at school and community level to build tolerance. • Provide incentives to keep girls in schools in IDP/host community settings using a household approach <ul style="list-style-type: none"> • Provide incentives to keep girls in schools in IDP/host community settings using a household approach



	<ul style="list-style-type: none"> • GBV training to boys and girls in school delivered through school sports tournament • Distribution of menstrual hygiene kits for girls in school 	
	<p>Mozskills</p> <ul style="list-style-type: none"> • Short-term courses will be provided to youth nationwide through modular approach to allow flexibility in access to training; • Both occupational and full competency Mapping the needs will be done in collaboration with entities in the ground; • Training modules will be developed in collaboration by relevant entities 	<ul style="list-style-type: none"> • Support access to short term training for rural and peri-urban areas with a focus on livelihood opportunities • Facilitate post-training internships for women • Improve linkages with existing centers/training providers in the region Provide grants to underserved groups to access • Provide targeted training (socio-emotional and technical skills) to youth with a special focus on young girls/women
Women’s and Girls’ Empowerment	<p>Harnessing the Demographic Dividend (HDD)</p> <ul style="list-style-type: none"> • Community mobilization and social behavior change campaign around social norms and gender-based violence (targeting girls’ “gatekeepers”) • Life-skills training for out-of-school girls, mentoring and referrals to social services • “School of partners” targeting girls’ parents and husbands 	<ul style="list-style-type: none"> • Expand geographical coverage of tested approaches under HDD targeting eligible members within internally displaced families, in particular: life-skills, and community mobilization and awareness activities • Provide incentives to keep girls in schools in IDP/host community settings using a household approach
Social Protection	<p>Social Protection and Economic Resilience Project</p> <ul style="list-style-type: none"> • Development and implementation of identification and digital registration of beneficiaries through the INAS SIB (Beneficiary Identification System). • Child Grant 0-2 years including in Northern Provinces – unconditional cash transfers and beneficiary workshops (nutrition + parenting) • Provide income support to poor households through public works (PASP) and productive economic inclusion activities (ADIGR) • Unconditional cash transfers (PASD-PE) for families affected by emergencies, including in Northern Provinces 	<ul style="list-style-type: none"> • Implementation of INAS SIB in areas with significant displaced population. • Expand geographical coverage of PASP with CCD approach, especially in host communities to strengthen local structures. • Expand geographical coverage of PASD-PE specifically targeting internally displaced families and host families. • Delivery of improved beneficiary education with a focus on education, nutrition + parenting, health and WASH, and GBV prevention
Employment	<p>Harnessing the Demographic Dividend (HDD)</p> <ul style="list-style-type: none"> • Gender-sensitive Business Plan Competition to support job creation through grants, training and coaching and business creation with local enterprises (quota for women and behavioral nudges to encourage women’s participation) • Support productivity of vulnerable workers Populain the informal sector with technical and socio-emotional skills, and financial support (quota for women) 	<ul style="list-style-type: none"> • Provide opportunities for youth to access skills development programs • Expand geographical coverage focused on host communities to support vulnerable youth develop income generation activities



	<p>Northern Mozambique Crisis Recovery Project (P176157). 100M</p> <p>Component 1: Build social cohesion and resilience to conflict</p> <ul style="list-style-type: none"> • Map, strengthen and create CBOs: women associations, volunteer associations, child protection committees • Provide services for vulnerable people: assistance to survivors of GBV, psychosocial support, tracking of access to services through a digital platform managed by IOM <p>Component 2: Provide livelihood and economic opportunities for IDPs and host communities</p> <ul style="list-style-type: none"> • Provide livelihood support through cash for work programs (PASP) for youth and women, provision of inputs, kits for business development, training on skills and business management • Construction of poultry and agriculture incubators in Balama, Chiure, Montepuez and Pemba <p>Component 3: Rehabilitation, construction and equipment of public infrastructure</p> <ul style="list-style-type: none"> • Rehabilitation and construction of education and health facilities • Rehabilitation of priority infrastructure to provide basic services <p>Component 4: Project implementation, monitoring and evaluation</p> <ul style="list-style-type: none"> • UNOPS provides support to FNDS for procurement and implementation • UNOPS provides support to ADIN and FNDs for emergency response 	<ul style="list-style-type: none"> • Provide additional and tailored investment to build social cohesion and resilience to the Project through cross sectoral investments and interventions related to human capital
Livelihoods/ Climate	<p>Northern Mozambique Rural Resilience Project (P174635) 150M</p> <p>Component 1: Improving access to livelihoods and community infrastructure (100m)</p> <ul style="list-style-type: none"> • Provide grants to districts and communities (including IDPs) to improve infrastructure and livelihoods activities (agro and fisheries) • Improve production of smallholders in Nampula, Niassa and Cabo Delgado through grants • Distribution of kits (to areas not covered by Crisis recovery Project) 	<ul style="list-style-type: none"> • Capitalize on infrastructure built for HD activities (health centers, schools) in overlapping rural districts



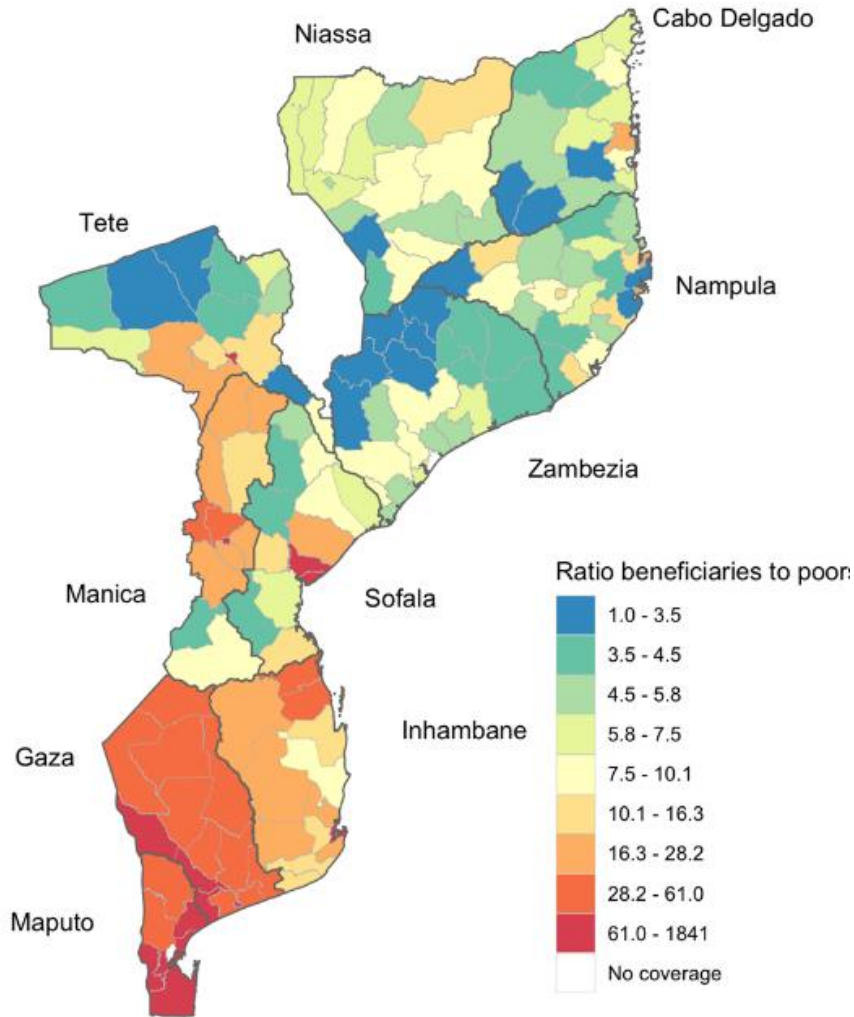
	<ul style="list-style-type: none"> • Extension service offers • Matching grants to support sustainable fishery Projects in CD coast and lake Niassa • Infrastructure for fishery products • Restoration of mangroves and coastal vegetation <p>Component 2: Improved management of natural resources (40M)</p> <ul style="list-style-type: none"> • Finance and support sustainable charcoal production • Establishment of AQUA in Niassa, Nampula and support to Cabo • Sustainable forest reserve management in Nampula • Local adaptation plans for districts vulnerable to climate change • Support for conservation areas in Niassa and CD (islands) • Improve fisheries management and support artisanal fisheries licensing and registration, promotion of local fisheries co-management <p>Component 3: Coordination and Project management (10M)</p> <ul style="list-style-type: none"> • Strengthen role of ADIN • Operational costs of FNDS, Proazul and BIOFUND. 	
Infrastructure	<p>Urban Upgrading in the North of Mozambique (P175266) – 100M</p> <p>Geographical scope:</p> <p>Component 1: Integrated informal settlement upgrading in Nampula and Cabo Delgado</p> <ul style="list-style-type: none"> • Planning, design and supervision • Rehabilitation of small water and sanitation • Rehabilitation or construction of micro drainage systems • Rehabilitation and construction of tertiary roads, payments, pathways • Construction/rehabilitation of small wastewater collection sorting centers • Construction or rehabilitation of primary schools and basic health facilities • COVID-19 tactical urbanism (such as markets or handwashing) <p>Component 2: Land tenure security and housing improvement</p> <ul style="list-style-type: none"> • Improve housing conditions • Supporting issuance of DUATs for people in informal settlements 	<ul style="list-style-type: none"> • Provide additional and tailored investment to strengthen primary and MCH care of MCH care by: <ul style="list-style-type: none"> ○ Training of staff ○ Basic equipment for health facilities to qualify for comprehensive obstetric care



	<p>Component 3: Inclusive City</p> <ul style="list-style-type: none">• Strengthen citizen engagement mechanism: consultation, information and participation in deliberative processes• CBOs providing direct support to women and youth-led organizations to strengthen their voice and agency• Professional training and small grants to urban poor and vulnerable groups (IDPs) who are informal workers and small entrepreneurs <p>Component 4: Policy reform and institutional strengthening</p> <ul style="list-style-type: none">• Review national policies for urban development• Strengthening institutional capacity of participating towns and cities• PIUs in Nampula and Cabo Delgado to strengthen capacity <p>Component 5: CERC</p>	
--	---	--



ANNEX 5: Ratio of Social Protection beneficiaries to MPI poor (Percentage)





ANNEX 6: Economic Analysis

1. The Project has the potential to make large contributions to Northern Mozambique’s economic development by enhancing human capital and productivity. Integrated improvements in efficiency and quality of health care, education and social protection services are expected, which will yield economic returns for the population in general, with marginal improvements more likely to benefit the poor and the vulnerable. The potential benefits of the model on different areas of human development are estimated using an excel-based model that estimates the potential impact of planned interventions on key indicators of interest, such as child mortality, stunting, etc. The expected impact of various interventions on the chosen outcome indicators is drawn from the academic literature. Due to the complexity of the project, and the number of structural interventions at the level of health systems, etc., it has not been possible to directly link each intervention with a specific outcome indicator. Instead, we have chosen a number of high-level indicators, such as maternal or child mortality, that are expected to be influenced by the interaction of a number of lower-level and systemic interventions. For analytical purposes, we have separated the expected impacts of the proposed package of interventions into 4 areas that do not map on directly to the proposed components of the project, namely (1) education, (2) health, (3) nutrition, (4) social protection. These correspond to areas of the literature for which relevant evidence of impact could be identified.

2. The following key assumptions and parameters drive the results of the model:

- a) 7 million beneficiaries are expected to be covered by the interventions, of which 663,498 are IDPs, and the rest are regular beneficiaries. The age structure of beneficiaries is expected to mirror that of the Mozambican population at large.
- b) The benefits of interventions are expected to build up gradually over time in line with the stepwise roll-out of the program (20 districts in the first year and 32 districts in the following years – equal size districts assumed for the scale-up). This means that the interventions are only expected to achieve maximum impact as-per-literature towards the end of the Project roll-out in 2028.
- c) Average earnings of beneficiaries are equal to the most recently available information on GDP per capita for Mozambique (US\$449 per capita). This is used as a basis for calculating future earnings and productivity gains for beneficiaries. Social protection beneficiaries are assumed to earn half of GDP per capita pre-intervention, reflecting the fact that this program targets the poorest community members.
- d) Values are expressed in nominal 2020 US\$ terms but can be adjusted for inflation as needed. A discount rate of 5percent/year excluding inflation is used to calculate the value of future earnings.
- e) The value of lives saved is estimated based on discounted future earnings between age 20 and 60. The average age of mothers giving birth is assumed to be 20, under-5 mortality occurs on average at the age of 2.5 and neonatal mortality at age 0.
- f) Primary and secondary/vocational school completion is expected to yield productivity gains for the remainder of the child’s working life (age: 20-60). The average age of primary school completion is assumed to be 13, secondary/vocational is 18. Gains in productivity directly attributable to social protection are only expected to last for the duration of the intervention, and do not extend to future earnings beyond the lifespan of the project.

3. Increases in the utilization and quality of reproductive, maternal, child and adolescent health and nutrition services is expected to provide substantial economic and social benefits. Healthier individuals are more



productive, learn more in school (and thereby get higher income growth during their lives), and because they live longer, have stronger incentives to save and to invest in human capital. Investments in health, including family planning, have been shown to also contribute directly and indirectly to demographic trends (by increasing the ratio of workers to dependents for example), household savings and investment, investment climate (which impacts the level of foreign direct investments), and overall growth of the economy ^[1]. Furthermore, an estimate of expected/future productivity losses from child deaths using the cost-of-illness method shows that the expected non-health GDP losses from under-five deaths in 2013 reached US\$2.164 billion (Jones M. Kirigia et al. 2015), and losses from maternal deaths in 2010 exceeded US\$50 million (Jones Muthuri Kirigia et al. 2014). The non-health GDP losses from under-five deaths represents 16.5 percent of Mozambique’s current GDP.

4. According to the calculations in the model, the combined effect of the planned interventions to improve access to maternal and child health could save up to 828 lives per year by 2028. Of these, 97 are expected to be due to avoided maternal deaths, 75 are avoided neonatal deaths, and the rest are other children under 5. This is based on a modelling that builds on available evidence of the impact of improved maternal and child health care (see Graham et al. 2011, Black et al. 2010, Lopez et al. 2006, etc.). The expected life-time earnings of the lives saved during the course of the Project amount to US\$10 million in 2020 terms. Table 6.1 shows the projected lifetime earnings of the lives saved in each year from 2022 to 2028.

Table 6.1: Projected lives saved due to health interventions and monetary value

Projections of indicator movements								
Benefits	2022	2023	2024	2025	2026	2027	2028	Total
Maternal deaths averted	9	28	42	56	69	83	97	384
Neonatal deaths averted due to at least one ANC visit	7	21	32	43	54	64	75	296
Under five deaths averted	59	187	281	375	468	562	656	2,588
Monetary value of lives saved in current dollars (discounted)								
Benefits	2022	2023	2024	2025	2026	2027	2028	
Future earnings of maternal deaths averted	\$63,161	\$192,489	\$274,985	\$349,187	\$415,699	\$475,084	\$527,871	\$2,298,475
Future earnings of neonatal deaths averted due to at least one ANC visit	\$18,354	\$55,935	\$79,908	\$101,470	\$120,798	\$138,054	\$153,394	\$667,912
Future earnings of under five deaths averted	\$187,282	\$570,763	\$815,376	\$1,035,398	\$1,232,617	\$1,408,705	\$1,643,489	\$6,893,631
Total Monetary value	\$268,796	\$819,188	\$1,170,268	\$1,486,055	\$1,769,113	\$2,021,843	\$2,324,754	\$9,860,018

5. Improved nutrition outcomes are also critical for stimulating economic growth. Chronic malnutrition and the poor health status of young children often cause irreversible losses of human capital formation, affecting current and future generations and undermining economic growth. The cost of inaction is high. For instance, estimates show that Mozambique as a whole loses US\$116 million to vitamin and mineral deficiencies alone annually (World Bank, 2010). Scaling up core micronutrient interventions would cost less than US\$13 million per year (World Bank, 2010). Carneiro and Heckman (2003) show that investing in the early years has a higher rate of return than interventions targeted at any other life stage. World Bank research identifies returns on every dollar invested in nutrition are about US\$4 for the wasting target, US\$11 for the stunting target, US\$12 for the anemia target, and US\$35 for the exclusive breastfeeding target (Kakietek, et al. 2017).

6. Our model shows that the planned interventions could lead to future increases in productivity of up to US\$43 million in present value terms. This represents a 7 percent increase in lifetime earnings for children covered by the program, who are expected to avoid stunting thanks to the planned interventions. This reflects available international evidence on the long-term impact of early childhood malnutrition on labor productivity (see Alderman et al. 2006). Up to 27,229 children per year are expected to avoid stunting by 2028, based on the



assumption that the program will achieve a 5 percent reduction in the stunting rate amongst beneficiaries. The excel model focuses on stunting, because it captures the compounded long-term effects of nutrition interventions at various levels. Table 6.2 show the projected productivity gains that can be expected due to averted stunting.

Table 6.2: Present value of improved future productivity due to averted stunting

Projections of indicator movements								
Benefits	2022	2023	2024	2025	2026	2027	2028	Total
Maternal deaths averted	9	28	42	56	69	83	97	384
Neonatal deaths averted due to at least one ANC visit	7	21	32	43	54	64	75	296
Under five deaths averted	59	187	281	375	468	562	656	2,588
Monetary value of lives saved in current dollars (discounted)								
Benefits	2022	2023	2024	2025	2026	2027	2028	
Future earnings of maternal deaths averted	\$63,161	\$192,489	\$274,985	\$349,187	\$415,699	\$475,084	\$527,871	\$2,298,475
Future earnings of neonatal deaths averted due to at least one ANC visit	\$18,354	\$55,935	\$79,908	\$101,470	\$120,798	\$138,054	\$153,394	\$667,912
Future earnings of under five deaths averted	\$187,282	\$570,763	\$815,376	\$1,035,398	\$1,232,617	\$1,408,705	\$1,643,489	\$6,893,631
Total Monetary value	\$268,796	\$819,188	\$1,170,268	\$1,486,055	\$1,769,113	\$2,021,843	\$2,324,754	\$9,860,018

7. A reduction in Mozambique’s fertility rate would lead to large increases in economic prosperity. Mozambique lags behind other sub-Saharan African countries in kicking off a demographic transition. The total fertility rate is estimated at 5.9^[2] children per woman on average, almost one child more than the average for sub-Saharan Africa (Gragnotati and Cossa 2016). During the last decade, there has been very little progress toward demographic transformation, and high fertility levels appear to have even increased, especially in rural area and among young girls. A rapidly growing population with a persistently young age structure places the country at risk in term of its human development, per capita economic growth, and poverty reduction efforts. World Bank modeling suggests that a one child difference in Mozambique’s fertility rates by 2050 could lead to a 31 percent increase in real GDP per capita and a two-percentage point decrease in poverty headcount rates. These gains are substantive and could be even more significant if the fertility reduction is accompanied by improvements in education and employment. However, the gains have not been included in the excel model, due to the lack of specific evidence and the very long-term nature of this benefit.

8. The economic returns from investing in children’s cognitive development are substantial. In Mozambique, investing in ECD has led to higher levels on several cognitive and socioemotional indicators for young children, and improved labor force participation among their mothers and greater school attendance by older siblings (especially girls). An enabling and supportive environment for women will target the correlation between limited education, high fertility rates, poor health and reduced income – in addition to the intergenerational effects, with girls of mothers who married early possibly being less likely to complete secondary education themselves. Productive inclusion interventions and cash transfers will contribute to increasing earnings, with a positive impact on consumption, income, food security, households’ assets and financial positions, and mental health. These interventions are included under the social protection component described further down.

9. Investments in primary and secondary schooling are expected to yield large economic returns. Evidence from Ethiopia, for example, finds that a US\$1 increase in per capita local-level education spending yields a 3.6 percent increase in primary net enrollment rate. Furthermore, individuals with primary cycle 1 (grade 1-4) education were found to earn 7 percent more than individuals with no formal education. Returns increased with



increasing level of education: the corresponding percentages for primary cycle 2, secondary cycle 1, secondary style 2, TVET, and some post-secondary education are 9, 36, 57, 70, and 121 percent, respectively. Individuals with higher levels of education were more likely to work in paid employment and productive sectors. Specifically, an additional year of schooling increased the probability of employment in the public sector by 41 percent, the probability of working in the service sector by 31 percent, and in industry sector by 28 percent, compared to agricultural sector. Furthermore, an additional year of schooling also reduces the likelihood of falling below the poverty line by 14 percent. Importantly, educated women were found to be more likely to receive better returns than educated men, thereby reinforcing education as a tool to foster equality and promote inclusive growth.

10. Based on the planned levels of investment, it is expected that the proposed education interventions could lead to an additional 312,201 girls graduating from primary school by 2028, and 69,081 children receiving vocational training. The combined contribution of these interventions to the performance of the economy could exceed \$316 million in present value. This represents the projected increases in productivity of additional primary and vocational school graduates. Table 6.3 shows the present value of increased life-time earnings of primary and vocational school graduates facilitated by the program.

Table 6.3: Present value of improved future productivity due to primary and vocational school completion

Projections of indicator movements								
Benefits	2022	2023	2024	2025	2026	2027	2028	Total
Number of additional primary school completion	27,875	89,200	133,801	178,401	223,001	267,601	312,201	919,879
Number of youth trained in vocational school	6,168	19,737	29,606	39,475	49,343	59,212	69,081	272,622
Monetary value of benefits in current dollars (discounted)								
Benefits	2022	2023	2024	2025	2026	2027	2028	
Total additional earnings of beneficiaries (primary)	4,176,799	12,729,291	18,184,702	23,091,685	27,490,101	31,417,259	34,908,065	151,997,903
Total yearly additional earnings of beneficiaries (vocational)	4,514,781	13,759,332	19,656,189	24,960,240	29,714,571	33,959,510	37,732,789	164,297,413
Total Monetary value	\$8,691,580	\$26,488,624	\$37,840,891	\$48,051,925	\$57,204,673	\$65,376,769	\$72,640,854	\$316,295,316

In addition to the direct interventions mentioned above, it is expected that the significant social protection interventions planned under the Project could yield indirect benefits in excess of US\$16 million. The potential ramifications of social protection interventions are vast, and the nature and quality of impacts vary widely from one case to another due to local context. For this reason, we have chosen to model only the most likely impacts for which there is widespread and robust evidence, namely (1) reduction in school drop-out rates (Baird et al. 2013), (2) improvements child nutrition (Maluccio and Flores 2005), and (3) improved productivity due to improved savings and investment capacity (Gillian et al. 2013). Our model suggests, based on evidence from similar projects, that the proposed social protection interventions could lead to an additional 22,733 graduations from primary school by 2028, and avoidance of up to 2,409 cases of stunting. The projected lifetime gains in productivity from reduced stunting and reduced drop-out could amount to close to US\$13 million in present value over the course of the project. Direct productivity gains amongst beneficiaries during the Project are projected to amount to US\$3.2 million (see Table 6.4).



Table 6.4: Present value of indirect benefits of social protection interventions

Projections of indicator movements								
Benefits	2022	2023	2024	2025	2026	2027	2028	Total
Additional primary school completion	2,030	6,495	9,743	12,990	16,238	19,485	22,733	89,714
Additional stunting averted	215	688	1,033	1,377	1,721	2,065	2,409	9,508
Total new beneficiaries	41,659	133,308	199,962	266,616	333,271	399,925	466,579	1,841,320
Monetary value of benefits in current dollars (discounted)								
Benefits	2022	2023	2024	2025	2026	2027	2028	Total
Total additional earnings of beneficiaries (primary)	\$304,135	\$926,888	\$1,324,126	\$1,681,429	\$2,001,702	\$2,287,659	\$2,541,843	11,067,782
Benefits of additional stunting averted	\$52,662	\$160,494	\$229,277	\$291,145	\$346,601	\$396,116	\$440,129	1,916,423
Improved productivity for additional beneficiaries	\$90,537	\$275,922	\$394,174	\$500,538	\$595,879	\$681,004	\$756,672	3,294,726
Total Monetary value	\$447,334	\$1,363,303	\$1,947,576	\$2,473,113	\$2,944,182	\$3,364,779	\$3,738,643	16,278,930

11. The projected combined benefits of the projects across education, health and nutrition outcomes could amount to as much as US\$364 million over the course of the Project in present value terms. This is to be compared with the planned nominal investment cost of US\$100 million mentioned in this document. This would mean a net positive value of US\$281 million or a return on investment of 342 percent over the duration of the project, if one considers the future productivity gains enabled by the project. The Project has a net present value of US\$281.7million at a discount rate of 5 percent. A summary of the economic analysis is presented in Table 6.5.

Table 6.5: Summary of economic analysis

Monetary value of benefits in current dollars								
Benefits	2022	2023	2024	2025	2026	2027	2028	TOTAL
Education	\$8,691,580	\$26,488,624	\$37,840,891	\$48,051,925	\$57,204,673	\$65,376,769	\$72,640,854	\$316,295,316
Health	\$268,796	\$819,188	\$1,170,268	\$1,486,055	\$1,769,113	\$2,021,843	\$2,324,754	\$9,860,018
Nutrition	\$595,155	\$1,813,804	\$2,591,149	\$3,290,348	\$3,917,081	\$4,476,664	\$4,974,071	\$21,658,272
Social protection	\$447,334	\$1,363,303	\$1,947,576	\$2,473,113	\$2,944,182	\$3,364,779	\$3,738,643	\$16,278,930
TOTAL	\$10,002,864	\$30,484,919	\$43,549,885	\$55,301,441	\$65,835,048	\$75,240,055	\$83,678,323	\$364,092,535
Present discounted value (PDV) and Net present value (NPV) with 5% Discount Rate								
Benefits	2022	2023	2024	2025	2026	2027	2028	Total
Nominal values								
Total Economic Benefits (discounted)	\$10,002,864	\$30,484,919	\$43,549,885	\$55,301,441	\$65,835,048	\$75,240,055	\$83,678,323	\$364,092,535
Project Costs (Nominal)	\$4,000,000	\$8,000,000	\$25,300,000	\$27,900,000	\$19,200,000	\$10,400,000	\$5,200,000	\$100,000,000
Net value	\$6,002,864	\$22,484,919	\$18,249,885	\$27,401,441	\$46,635,048	\$64,840,055	\$78,478,323	\$264,092,535
Present values								
Present value of economic benefits	\$10,002,864	\$30,484,919	\$43,549,885	\$55,301,441	\$65,835,048	\$75,240,055	\$83,678,323	\$364,092,535
Present value of economic costs	\$3,809,524	\$7,256,236	\$21,855,091	\$22,953,399	\$15,043,702	\$7,760,640	\$3,695,543	\$82,374,135
Net Present Value	\$6,193,340	\$23,228,683	\$21,694,793	\$32,348,042	\$50,791,346	\$67,479,415	\$79,982,780	\$281,718,400

[1] Ozawa et al. 2016; Richter et al. 2016; Joses Muthuri Kirigia et al. 2015; WHO 2013; Ashraf, Weil, and Wilde 2011; McKee, Figueras, and Saltman 2011; Bloom 2005

[2] A more recent estimate from the IMASIDA 2015 indicates that total fertility rate is now 5.3