

**COMBINED PROJECT INFORMATION DOCUMENTS / INTEGRATED  
SAFEGUARDS DATA SHEET (PID/ISDS)**

**Additional Financing**

Report No.: PIDISDSA22033

**Date Prepared/Updated:** 19-Jul-2017

**I. BASIC INFORMATION**

**A. Basic Project Data**

<b>Country:</b>	Mozambique	<b>Project ID:</b>	P161683
		<b>Parent Project ID (if any):</b>	P129847
<b>Project Name:</b>	Mining and Gas Technical Assistance Additional Financing (P161683)		
<b>Parent Project Name:</b>	Mozambique Mining and Gas Technical Assistance Project (P129847)		
<b>Region:</b>	AFRICA		
<b>Estimated Appraisal Date:</b>	22-Jun-2017	<b>Estimated Board Date:</b>	28-Sep-2017
<b>Practice Area (Lead):</b>	Energy & Extractives	<b>Financing Instrument:</b>	Investment Project Financing
<b>Borrower(s)</b>			
<b>Implementing Agency</b>	Ministry of Mineral Resources and Energy		
<b>Financing (in USD Million)</b>			
<b>Financing Source</b>			<b>Amount</b>
International Development Association (IDA)			28.00
Free-standing Cofinancing Trust Fund			1.00
Financing Gap			0.00
Total Project Cost			29.00
<b>Environmental Category:</b>	B-Partial Assessment		
<b>Appraisal Review Decision (from Decision Note):</b>	The review did authorize the team to appraise and negotiate		
<b>Other Decision:</b>			
<b>Is this a Repeater project?</b>	No		

**B. Introduction and Context**

**Country Context**

Mozambique's economy continues to face challenges of weaker commodity prices, lower demand amongst trading partners and rising U.S. interest rates, resulting in continuous slowdown of country's economic growth. The country growth has declined in 2016 and is projected at 3.4 percent (down from 6.6 percent in 2015). Inflation, is still high, increased spending on wages and salaries is putting pressure on fiscal policy, although the 2016 budget deficit is still expected to narrow to about 6 percent of GDP, in line with the revised budget law adopted by Parliament in July 2016. Total public debt, mostly denominated in foreign currency, increased to distressed levels in 2016 owing to the addition of the previously undisclosed loans worth \$1.4 billion (10.7 percent of GDP) combined with the impact of the exchange rate depreciation. The tightening of monetary policy since October 2016 has resulted in a rebalancing of the foreign exchange market, with the metical appreciating by about 8 percent vis-à-vis the US dollar since end-of September 2016, following a 40 percent depreciation over the first nine months of the year. Moreover, the current account deficit of the balance of payments has been narrowing rapidly, helped by a marked drop in imports and somewhat more stable exports, which are supported by higher global coal prices. As a result, despite limited foreign direct investment flows and donor financing, the stock of international reserves has recently started to increase. In 2015, the "extractives industry" in Mozambique (includes coal, other minerals, gas, petroleum) accounted for 50 percent of Foreign Direct Investment (FDI) (\$1.9 billion out of \$3.7 billion). While non-megaproject investment in Mozambique was shrinking in 2016, megaproject investment remained robust. Mozambique's gas production prospects shape expectations for a recovery in growth to 6.6 percent by 2018.

### **Sectoral and Institutional Context**

Global gas demand has increased over the past decade and is expected to grow rapidly into the future with increased interest in cleaner energy to fuel economic growth. Liquefaction of natural gas into LNG allows the gas to be transported from producing regions to distant countries. It's expected that global demand for natural gas will increase 2 percent per year between now and 2030, with LNG demand expected to rise at twice that rate at 4-5 percent per year. Between now and 2020 LNG market might rise 50 percent, mainly attributable to LNG facilities already under construction or recently completed. In 2016, global LNG demand reached 265 million tons, including an increase in net LNG imports of 17 million tons from a year earlier.

Taking into consideration the country's economic conditions, the importance of securing the final investment decisions (FIDs) for the development of the Rovuma basin gas fields is significant in both the short-term (to address fiscal challenges through forthcoming investments and taxes) and long-term (to contribute towards future environmental and social sustainability and macro-economic resilience, economic growth). The prospects for Mozambique's gas sector remain sound even under current LNG market conditions, and large associated foreign direct investment flows are expected between 2020 and 2025. Gas exports are expected to ramp up from 2021 and contribute to solving the country's current account deficit problem thereafter. If all projects come to fruition, by 2025, Mozambique could be one of the world largest LNG exporters.

As one of the Mozambique's main natural resources, natural gas and LNG development are expected to be an important catalyst for economic growth of the country, and LNG exports will enable economic development and stimulate further investment in national infrastructure. LNG exports will become one of the major sources of revenues to improve the country's economic situation and use domestic for industrialization, create jobs, and contribute to country's sustainability. Natural gas is also one of the important fuels in power generation in Mozambique from current Sasol production but also from the domestic gas share of future Rovuma basin development in the future.

The mining sector in Mozambique – which is seen as another major sector that can lead to poverty

reduction in the long run through generating revenues and supporting infrastructure development and local economic development and community empowerment – has experienced many difficulties since 2014 with the global commodity price downturn. Main minerals mined in Mozambique remain coal, titanium ores, precious and semi-precious stones and gold. In 2015, exports of coal were just \$375,000 (11 percent of commodity exports) and \$161,000 of titanium ores (4.7 percent of total commodity exports). In 2014, mining's contribution to the economy was at about 3.9 percent of GDP, and mining took on 17 percent of all FDI in Mozambique. In particular, coal projects suffered, and production virtually seized due to the low prices combined with the high cost of production in Mozambique, the absence of reliable infrastructure, foreign exchange problems (dollarization of projects), and high prices of fuel. Several non-coal mines (including gold, iron ore, graphite) are in various stages of development. The improved management of mineral titles and improved geodata (both supported under MAGTAP) will be crucial to move these new developments into production and to attract a new wave of exploration investment. New investment into exploration is critical to ensure continued sector growth and replenishment of stock of the available deposits.

The mining sector revitalization started but remains slow, the opening of Nacala rail-line was a big step towards revival of Tete's coal sector. Coal exported in the first quarter of 2017, accounted for 33.4% of all exports, generated revenues of US\$326.1 million, an increase of 200.5% over the first quarter of 2016. Mining sector is starting to get more attention from the authorities as it is seen as a source of revenue and employment which can help supporting the economy in the short-to medium run. Mozambique has hundreds of mines, majority of which are small and medium scale, which require, but currently lack, supervision and oversight and proper enforcement of regulations. Mining sector employment (in 2014) was about 16,000 in large-scale mining sector and 100,000 in artisanal and small-scale sector (about 2.8 percent of total formal employment in the country).

Artisanal mining sector remains under-producing and prone to illegal activity as well is one of sources of environmental and social impacts in rural and remote areas. There is water and soil degradation, use of harmful chemicals and use of child labor. By comparison to its neighbors (such as Tanzania or South Africa), where a lot more was done to improve ASM sector including allocation of special areas and provision of various services, Mozambique is behind in its ways of handling the ASM sub-sector. While illegal mining has been criminalized in the Mining Law of 2014, there is no specific training or services to address the underlying problem or to enforce this provision of the law. Special types of licenses were created for ASM illegality remains wide spread. Geological data remains difficult to access, support from local DIPREMEs is limited to simple inspection functions, and with poor infrastructure access and remoteness of many of the areas mined (for example in remote border areas in the provinces of Niassa, Cabo Delgado and Mahnica) minerals are being smuggled out of the country through the neighboring countries. There is a strong need for the Government of Mozambique to develop more specialized services to ASM sector to improve quality of these operations given their importance in the areas which otherwise have limited employment opportunities. With the growth of the gold sector and gemstone sector the issue of sharing the areas between Large-scale and artisanal and small scale mining will be getting only more pronounced if left unaddressed.

The key programs by donors are follows: (i) DfID, who is the current co-financier, will increase its funding to MAGTAP after completion of the current grant and overall assessment of UK support program for Mozambique including priorities going forward; (ii) the Government of Norway will continue provision of parallel funding to gas sector reforms under its Oil for Development program (MAGTAP fully coordinates with NORAD program and there is no overlap); (iii) German Cooperation (GIZ) is scaling down its current support to mining and EITI with its current program closing in 2017 and will continue support of governance reform; (iv) German Geological Survey (BGR) provides technical assistance to the National Directorate of Geology and Mining; (v) United

Nations Development Program (UNDP) funds an extractive industries for development technical assistance; (vi) AFDB is supporting gas and energy sector and is providing capacity building for negotiations through its African Legal Support Facility (ALSF); and (vii) Government of Canada is prioritizing other sectors in Mozambique but will remain supportive on a limited scale of the EITI and Corporate Social Responsibility.

### **C. Proposed Development Objective(s)**

#### **Original Project Development Objective(s) - Parent**

The proposed project development objective is to strengthen the capacity and governance systems of key institutions to manage the mining and hydrocarbon sectors in Mozambique.

#### **Proposed Project Development Objective(s) - Additional Financing**

The proposed project development objective is to strengthen the capacity and governance systems of key institutions to manage the mining and hydrocarbon sectors in Mozambique.

#### **Key Results**

The original project achieved several important results as described below:

- Upgrade of the mining cadastre in 2013 and its rollout in provinces; the next upgrade following adoption of new licensing regulations in January 2016 is also completed and new software in place. Mining Cadastre data and maps are available to public through web-based portal and has up to date information.
- Completion of the aerial geophysical surveying of several prospective areas; geophysical data is being readied for public access
- Equipment and vehicles for field work for Provincial Directorates for Mineral and Energy Resources (DIPREMEs) and for Department of Geology and Mining delivered and in use
- Passage of the Decree Law for Rovuma Basin in 2014 paving ground for future LNG projects
- Completion of negotiations of several agreements for LNG development for Areas 1 and 4
- The 1st FID in Area IV (Coral Sul) was achieved in June 2017 and arrangements are in place for future successful FIDs as they get ready
- Continued Extractive Industries Transparency Initiative (EITI) implementation;
- All mining and gas contracts are made public in accordance with the transparency provisions of the Mining and Petroleum Laws;
- Recruitment of (67) civil servants for most provincial offices (DIPREMEs) to support inspection and licensing functions of MIREME (of which at least 20 already transitioned into the budget of the ministry);
- Provision of extensive training for mine inspectors and all project beneficiaries (close to a thousand people received training under the project to-date as recorded in MTR).
- Completion of the Draft Strategic Environmental and Social Assessment (SESA) for mining and gas (SESA draft is in the final stages to be readied for public validation in August and thereafter presentation to the Cabinet of Ministers for approval as a strategy towards improving environmental and social performance of the extractives sector)
- Social Action Plan developed and adopted by the responsible ministry and will benefit populations of mining affected areas.
- Study of options for SMEs participation in provision of services and goods to the extractives industry and recommendations on facilitating this process through IPEME and Ministry of Industry has been completed and is in the process of being adopted
- Oil spill preparedness plan has been reviewed and updated
- Preliminary draft of environmental guidelines for oil, gas and mining is being developed.

The additional financing will maintain the same results framework as the original MAGTAP with the following changes:

Eight new indicators are added to reflect additional activities on pilots (CSR and CIA), EIA/SIA regulations, strengthening environmental and social requirements for ASM, publishing new geodata and development of emergency procedures by INP. In addition, completion dates and values were adjusted for activities that will be scaled up.

An indicator on Mining Cadastre integration with other systems was revised to remove integration with revenue authority system as this was established as not feasible due to technological incompatibility between the two systems. It was also established that the land cadastre system in Mozambique is substantially behind mining cadastre in terms of data and usability and therefore integration at this stage will also not be feasible - but should be anticipated in the future.

#### **D. Project Description**

The proposed additional financing is based on the mid-term review evaluation which confirmed the continued high relevance of MAGTAP and the need for additional financing to ensure reforms and capacity building continue to achieve the objectives. The components will remain the same, and the additional financing will run in parallel with the original project. The activities to be supported under AF are as follows:

Component A (Mining Governance) – the AF will increase allocation for existing sub-components A.3., A.5, A.6 and A.7 for the following activities: (i) implementation of Artisanal and Small-scale mining, including for formalization and extension services, including support to the artisanal miners on environmental, social, health, safety (ESHS) and environment issues; (ii) geological surveying including survey of additional blocks and country-wide surveying and data publication; (iii) develop methodology and codification for assessment mineral reserves; (iv) provide transaction advisory services for mining contracts negotiations including ESHS considerations in accordance with SESA recommendations; (vi) support implementation of the recommendations of strategy to improve capacity of the national mining company (EMEM) based on the Business Plan developed under the original MAGTAP.

Component B (Gas Governance) – the AF will increase allocation of existing sub-component B.1, B.2, B.3 and B.4: (i) develop emergency response procedures for INP (ii) support financial advisory services, legal and marketing transaction advice to ENH; (iii) assess demand for petroleum products in Mozambique; , (iv) finance LNG Transaction Advisory services for INP; and (v) support implementation of capacity building with respect to implementing ESHS requirements based on the SESA recommendations and ESHS screen for the gas sector.

Component C (Cross-cutting) – the AF will increase allocation for the existing sub-components C1, C.3, C.4, C.6 and C.7 for the following activities: (i) provide legal services for drafting of relevant pieces of regulations in support of the mining and petroleum laws, including consultations; (ii) implement recommendations of Strategic Environmental and Social Assessment (SESA) which would include: piloting Cumulative Impact Assessment (CIA) methodology, integrating recommendations from SESA in guidelines and improvement to the regulatory framework —including EIA, SIA, ESMP, GRM and other regulatory/management plan guidelines and capacity building action plan to be implemented under the project; (iii) develop gender focused strategy specific to mining and implement

its recommendations; (iii) implement pilot activities to mainstream policy on Corporate Social Responsibility (CSR) in extractive sector impacted areas including pilots and case studies and regulations and guidelines for Community Based Associations (CBAs); (iv) support implementation and mainstreaming of transparency in extractive sector and reporting in Mozambique including implementation of Extractive Industries Transparency Initiative (EITI); (vi) update MIREME's functional management review and update its strategic development and capacity building plan; (v) develop IT infrastructure, purchase equipment furniture and vehicles for MIREME to match its mandate and new structure.

Component D (Cross-sectoral) -the AF will increase allocations for the existing sub-components D.2 and D.3 as follows: (i) implement recommendations of the oil spill preparedness and contingency plan; (ii) develop local content policies specific to mining and gas sectors; (iii) implement strategy to build capacity of SMEs to provide goods and services to gas and mining industries and maximize local benefits of extractive sector, including assessing growing clusters of activities.

Component E (Project Management) -- provide additional funding for growing project with additional period of implementation.

**Component Name:**

**Comments ( optional)**

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

The project is expected to be implemented in and benefit the entire country

**F. Environmental and Social Safeguards Specialists**

Maria Do Socorro Alves Da Cunha( GSU07 )

Paulo Jorge Temba Sithoe( GEN01 )

**II. IMPLEMENTATION**

There are no changes to Institutional or Implementation arrangements from the original project.

MIREME will remain core implementing agency for MAGTAP among other beneficiary Ministries responsible for various aspects of the Project. MIREME houses the PMU, which is responsible for day-to-day Project management, including coordination between the beneficiary Ministries on the technical level, fiduciary and safeguards management, monitoring and evaluation and reporting to the Project Steering Committee. The Project Steering Committee, under MIREME's leadership, oversees Project implementation and be responsible for timely decision making and cross-sectoral coordination.

Project Steering Committee (PSC) was set up prior to project effectiveness in 2013 and remains valid and functional. A Project Steering Committee (i) provides strategic guidance for Project implementation; (ii) ensures synergies in policy level interventions; and (iii) promotes effective coordination and communication across the various sectors on a macro level and across the Project on a micro level. The Project Steering Committee is chaired by MIREME's National Director for Planning and Development and includes representatives of the core beneficiary Ministries on a permanent basis, complemented with the representatives from other sectoral

Ministries on an as-needed basis.

Project Management Unit. The PMU within MIREME has been fully staffed and operational since project appraisal in November 2012. It carries out day-to-day Project management and coordination, including procurement, disbursement, financial management and monitoring and evaluation for the entire Project. The technical aspects of the Project implementation, including the signing of contracts with consultants and suppliers of goods, supervision of contracts, and acceptance of goods, services and consultants' recommendations, are the responsibility of the beneficiary Ministries, who since beginning of the project assigned focal points for MAGTAP purposes (focal points remained mostly stable but some changes were made after the government reorganization in 2015). The PMU comprises the Project Coordinator, responsible for the overall management of the Project activities, the Project Accountant/Financial Manager, responsible for accounting, financial management and reporting, two Procurement Specialist, responsible for carrying out procurement activities in compliance with the IDA procurement procedures, a Mining Specialist, a Gas Specialist and assistants on procurement and FM. On technical cross-sectoral issues, the PMU currently draws on focal points in each beneficiary Ministry. The PMU will be further strengthened by dedicated safeguards specialist who will be engaged by the Implementing Agency to support implementation of the SESA follow up activities and coordination between relevant entities (with support from mining and gas specialists). It will be assessed within about half a year if an additional safeguards specialist is required. The current arrangement for safeguards is as follows: technical level advice and capacity building on environmental and social issues (same as for other project activities) is provided by firms or individual consultants engaged under specific Terms of Reference subject to Bank's approval, while the PMU staff (safeguards specialist once recruited jointly with mining and gas specialists who are already in place and currently fill in this role) provide coordination and oversight role, including preparation of the ToRs, review of the outputs, and ensuring that the activities take place in timely manner and that advice is in line with the Bank's guidelines.

The Bank will also provide direct support on safeguards issues (including environmental and social advisory services) through the project team (the Bank's gas and mining specialists), Maputo-based environmental and social development specialists, regional safeguards advisor's office and technical experts to be involved on as needed basis. The Bank will support preparation and review of Terms of Reference for these activities, review key outputs and provide advice.

Project Implementation Manual. To facilitate the management and implementation of the Project, a Project Implementation Manual (PIM) has been adopted at project effectiveness and remains valid. It includes a detailed description of arrangements and procedures for the implementation of the Project, assignment of responsibilities, establishment of review procedures and thresholds, chart of accounts and formats, and monitoring and evaluation mechanisms.

An additional manual to support preparation and supervision of Pilot Projects (new sub-component C8) will be developed by MIREME. The Pilots Manual will be a condition of disbursement for this sub-component and will be subject to Bank's review and approval prior to

its adoption.

### III. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>Policy OP/BP 4.01 on Environmental Assessment. This is a technical assistance project which supports legal and regulatory review and capacity building of Government of Mozambique core agencies. The AF will retain Category B as the original project, since proposed activities under the AF will not involve physical investments, rather supporting the GOM's capacity to carry out institutional and regulatory reforms to mitigate impacts from mining and oil industry. The Additional Financing will include pilots on Corporate Social Responsibility policy implementation and will include building capacity of communities to negotiate community agreements with the industry. This will involve minimal physical elements and if any it will include safeguards considerations whenever appropriate.</p> <p>The ESSFs prepared as part of the Strategic Environmental and Social Assessment (SESA) by the client will provide guidance for implementation of this technical assistance (TA) and regulatory improvement of the mining as gas sectors with respect to ESHS assessment and management.</p> <p>For SESA preparation TORs were developed by the Government and publicly disclosed both in-country and at the InfoShop prior to Appraisal on November 8, 2012. The final SESA was extensively consulted upon and reviewed by the client and WB team and it is expected to be finalized by early August, 2017 to be ready for public validation. SESA will be submitted to the Council of Ministers to become a legally binding document no later than late September, 2017. SESA report comprises: i) Environmental and Social Screening Frameworks (ESSFs) which contain detailed guidance to mitigate environmental and social impacts for the gas and mining sectors, including sector-level ESMMP (environmental and social management and</p>

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		<p>monitoring plan) templates and ESHSS (environmental, social, health, safety and security) guidance with proposals to apply adequate standards to mining and gas operations and ii) An Action Plan which proposes institutional, regulatory and governance reforms (short-term, mid-term and long-term). Parallel to SESA preparation, both MITADER and MIREME coordinated the preparation of Environmental Guidelines for mining (large scale and small-scale) activities and oil operations (Onshore and Offshore). As a complement to SESA, the Guidelines will further provide detailed guidance to strengthen the client's technical capacity to screen, review, monitor and audit projects arising from the mining and gas sectors in Mozambique. As part of the SESA Action Plan, these guidelines will be further refined and integrated to include guidelines for social impact assessment, cover the full scope of all phases of mining and oil and gas operations (from exploration to decommissioning) and, from time to time to updates to the current institutional and regulatory gaps for all relevant institutions related with the mining and oil and gas sectors.</p>
Natural Habitats OP/BP 4.04	No	<p>The proposed AF (same as the parent MAGTAP) is a strictly technical assistance operation and will not lead to specific environmental or social impacts on the ground that can be attributed to it. The ESSF prepared as part of SESA covers various aspects of safeguards (see OP/BP 4.01 comments above), but the Project does not provide specific TA or advice on Natural Habitats management as it focuses on mining and gas sectors specific regulations and overarching policies.</p>
Forests OP/BP 4.36	No	<p>The proposed AF (same as the parent MAGTAP) is a strictly technical assistance operation and will not lead to specific environmental or social impacts on the ground that can be attributed to it. The ESSF prepared as part of SESA covers various aspects of safeguards (see OP/BP 4.01 comments above), but the Project does not provide specific TA or advice on Forests management.</p>

Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	The proposed AF (same as the parent MAGTAP) is a strictly technical assistance operation and will not lead to specific environmental or social impacts on the ground that can be attributed to it. The ESSF prepared as part of SESA covers various aspects of safeguards (see OP/BP 4.01 comments above), but the Project does not provide specific TA or advice on Physical Cultural Resources management.
Indigenous Peoples OP/BP 4.10	No	There are no groups in Mozambique that are presently identified as “indigenous people” .
Involuntary Resettlement OP/BP 4.12	Yes	<p>The SESA undertaken during the project implementation provided a diagnosis of the broader social issues (including safeguards) associated with the development of the mining, petroleum and gas sectors in Mozambique. Given the importance of resettlement issues --OP/BP 4.12 (Involuntary Resettlement --in the context of the mining, oil and gas sectors,) a specific dialogue to support improvements to national laws with respect to resettlement is supported by MAGTAP The SESA provides an appropriate basis, both in terms of principles and guidelines, to be followed for the improvement of policies and regulations and capacity building to mitigate potential social risks, especially those related to resettlement and economic displacement, consistent with international good practice. This will complement the ongoing Bank dialog with the Government on involuntary resettlement issues related to the adoption by the Council of Minister on August 8, 2012 of the new regulation on Involuntary Resettlement (i.e. Decree 31/2012) and the lessons learned from its implementation. MITADER is preparing the TOR for the second stage of this dialogue and to implement the first set of regulatory reforms and institutional and capacity building. Most of this work is ongoing but some additional support will be provided by the AF.</p> <p>MAGTAP (including the AF) is exclusively for the provision of technical assistance and will not result in any land acquisition leading</p>

		to resettlement and/or restrictions of access to resources or livelihoods that would require payment of compensation. The AF will build on the ongoing dialogue and explore more tangible ways of further assisting the Government in improving/enhancing the Resettlement Decree (Decree 31/2012), and social impact assessment and management practices in the gas and mining sectors in general
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

#### IV. Key Safeguard Policy Issues and Their Management

##### *A. Summary of Key Safeguard Issues*

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

Not applicable to the project per se. The project will seek to improve GoM capacity to manage such impacts in the gas and mining sectors.

**2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:**

Not applicable. The project will assist the GOM in developing the tools and capacity needed to address impacts of other projects as they come on line.

**3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.**

SESA is used to prioritize normative areas to assist the sectors in avoiding or minimizing impacts, including screening tools designed to foster the choice of alternatives that minimize or avoid impacts where possible.

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

The legal framework for environmental management is relatively well-developed in Mozambique, and efforts are being made to strengthen implementation and enforcement capacity as part of MAGTAP and otherwise. The 2015-2016 reorganization of MITADER and MIREME and other affiliated entities has led to some uncertainty about roles and responsibilities of these institutions and their affiliated ones, such as INP, AQUA. MITADER plays a lead and professional role in developing, implementing and overseeing appropriate environmental management. A challenge is to ensure that environment related activities undertaken in other ministries, including MIREME, both benefit from MITADER's coordination and technical leadership role, and that relevant experiences in other ministries are adequately considered by MITADER in its policy development and regulatory roles. The

interinstitutional coordination between MIREME and associated agencies with MITADER has been weak and even more so after the reorganization of those entities in 2015. Furthermore, there is currently lack of an inter-ministerial task force or mechanism for inter-agency/ministry coordination and communication. Currently, both MITADER and MIREME are under-resourced to carry out their screening, reviewing, inspection and auditing functions, including for the implementation of resettlement and environmental plans.

Under a specific component (sub-component C3) of the parent project, a SESA and a set of four environmental guidelines for mining activities (artisanal and large-scale) and oil operations (onshore and offshore) were prepared as tools to provide concrete guidance and advice to strengthen client capacity on environmental, social, health, safety and security aspects, including regulatory and institutional reforms to address regulation and institutional gaps, while also providing concrete guidance for mitigation of impacts arising from the mining and oil sectors in Mozambique. Additionally, the SESA Action Plan to be adopted as part of the SESA will provide overall policy, institutional and governance recommendations (short-term, mid-term and long-term) including specific timelines, targets and indicators. The SESA Action Plan also outlines institutional responsibilities, capacity building requirements and budget for implementation and monitoring which should be put in place to address the identified gaps in order to enable the full implementation of the ESSFs recommended by the SESA, while suggesting best practices for ESHSS management in the mining and oil sectors. All these instruments will be officially approved and legally adopted during AF implementation. The final SESA includes a matrix with an action plan for subsequent national policy and regulatory reforms.

The AF will support initial implementation of the SESA Action Plan, including: (1) regulatory improvement and capacity building in each sector consistent with the recommended ESSFs, including expanding the scope of the environmental guidelines to all phases of sector development and to include better coverage of social impacts and mainstreaming of ESHSS issues through the governance components of each sector; (2) developing methodology for CIAs and pilot data collection and setting up databases for affected areas to support roll out of CIAs into requirements for industry in Mozambique; (3) a gender study, CBA/CSR pilots and studies, and support to mainstream gender, social action and CSR policies as good practices in affected communities. Finally, the AF will support mainstreaming and strengthening of environmental and social assessment and management functions in sector agencies as well as in MITADER and MGCAS, including ensuring independent oversight.

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

During the development of the SESA three rounds of public consultation sessions with different mining (LSM and ASM) and oil (onshore and offshore) stakeholders (central, provincial and district government, civil society organizations and private sector) were carried out to identify gaps and overlaps that are undermining the effective management of priority ESHSS issues and impacts in the mining and oil sectors. The consultations provided inputs to establish the strategic environmental and social concerns that should be taken into account during the development of the country's mining and gas sectors, and create a learning space

for all stakeholders.

Stakeholder consultations were undertaken at a range of locations covering all major areas where mining and gas industries are, or are likely to be located. To ensure participation of all stakeholders, especially those frequently marginalized from mainstream society (such as women, children, persons with disabilities, the elderly and ethnic minorities), consultation processes employed focus group discussions and key informant interviews, as needed, to capture contributions and feedback from these groups. Feedback from the workshops were recorded and incorporated into the Final SESA Report and separate ESSFs sub-reports.

The Final SESA report will be disclosed for further consultation at the Bank's Infoshop and locally in different areas and formats as part of a validation process prior to its presentation for adoption by the Council of Ministers, this includes a national validation workshop which is expected to take place in August 2017. The SESA Action Plan is expected to be adopted by the Council of Ministers no later than September 30, 2017.

The project will involve local CSOs in affected areas to support community issues under technical assistance provided by MAGTAP new sub-component C8. This will include management of processes for mainstreaming gender, social assessment and CSR into the way the extractives sector operates in Mozambique. The pilots will be undertaken under a specific manual which will be subject to safeguards review and Bank's approval.

### ***B. Disclosure Requirements***

<b>Environmental Assessment/Audit/Management Plan/Other</b>	
Date of receipt by the Bank	08-Nov-2012
Date of submission to InfoShop	08-Nov-2012
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	
"In country" Disclosure	
Mozambique	08-Nov-2012
<i>Comments:</i>	
<b>Resettlement Action Plan/Framework/Policy Process</b>	
Date of receipt by the Bank	08-Nov-2012
Date of submission to InfoShop	08-Nov-2012
"In country" Disclosure	
Mozambique	08-Nov-2012
<i>Comments:</i>	
Mozambique	
<i>Comments:</i>	
Mozambique	

*Comments:*

**If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.**

**If in-country disclosure of any of the above documents is not expected, please explain why::**

### ***C. Compliance Monitoring Indicators at the Corporate Level***

<b>OP/BP/GP 4.01 - Environment Assessment</b>						
Does the project require a stand-alone EA (including EMP) report?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	NA	<input type="checkbox"/>
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	NA	<input checked="" type="checkbox"/>
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	NA	<input checked="" type="checkbox"/>
<b>OP/BP 4.12 - Involuntary Resettlement</b>						
Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	NA	<input type="checkbox"/>
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	NA	<input checked="" type="checkbox"/>
Is physical displacement/relocation expected?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	TBD	<input type="checkbox"/>
Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods)	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	TBD	<input type="checkbox"/>
<b>The World Bank Policy on Disclosure of Information</b>						
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
<b>All Safeguard Policies</b>						
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>

Have costs related to safeguard policy measures been included in the project cost?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>

## V. Contact point

### World Bank

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### Borrower/Client/Recipient

#### Implementing Agencies

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## VI. For more information contact:

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## VII. Approval

Task Team Leader(s):	Name:Ekaterina Mikhaylova	
<i>Approved By:</i>		
Safeguards Advisor:	Name: Nathalie S. Munzberg (SA)	Date: 20-Jul-2017
Practice Manager/Manager:	Name: Christopher Gilbert Sheldon (PMGR)	Date: 20-Jul-2017
Country Director:	Name:Mark R. Lundell (CD)	Date:21-Jul-2017