OFFICIAL USE ONLY

IDA/R2017-0001/1

January 4, 2017

Closing Date: Friday, January 13, 2017 at 6 p.m.

FROM: Vice President and Corporate Secretary

Mozambique - Emergency Resilient Recovery Project

Additional Financing

Project Paper

Attached is the Project Paper regarding a proposed additional credit from the IDA Crisis Response Window (CRW) Resource to Mozambique for an Emergency Resilient Recovery Project (IDA/R2017-0001), which is being processed on an absence-of-objection basis.

Distribution:

Executive Directors and Alternates
President
Bank Group Senior Management
Vice Presidents, Bank, IFC and MIGA
Directors and Department Heads, Bank, IFC and MIGA

Document of
The World Bank

FOR OFFICIAL USE ONLY

Report No: PAD2115

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL CREDIT

IN THE AMOUNT OF SDR 14.8 MILLION
(US$20 MILLION EQUIVALENT)
IN CRISIS RESPONSE WINDOW RESOURCES

TO THE

REPUBLIC OF MOZAMBIQUE

FOR AN

EMERGENCY RESILIENT RECOVERY PROJECT

December 30, 2016

Social, Urban, Rural and Resilience Global Practice
AFRICA

CURRENCY EQUIVALENTS

(Exchange Rate Effective November 30, 2016)

Currency Unit	=	Mozambican Metical (MZN)
MZN 73.33	=	US$1
US$ 1	=	SDR 0.73868200

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
AIAS	Water and Sanitation Infrastructure Administration
CERC	Contingency Emergency Response Component
CPF	Country Partnership Framework
CRW	Crisis Response Window
DNAAS	National Directorate of Water Supply and Sanitation
DNGRH	National Directorate of Water Resources Management
DRM	Disaster Risk Management
DRR	Disaster Risk Reduction
ENSO	El Niño-Southern Oscillation
ERRP	Emergency Resilient Recovery Project
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
GDP	Gross Domestic Product
GFDRR	Global Facility for Disaster Reduction and Recovery
GoM	Government of Mozambique
GRS	Grievance Redress Service
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
INGC	National Institute for Disaster Management
IP	Implementation Progress
IRM	Immediate Response Mechanism
IRR	Internal Rate Of Return
ISP	Implementation Support Plan
MASA	Ministry of Agriculture and Food Security
MEF	Ministry of Economy and Finance
MOPHRH	Ministry of Public Works, Housing and Water Resources
NPF	New Procurement Framework
PDO	Project Development Objective
RAP	Resettlement Action Plan
RPF	Resettlement Policy Framework
RVP	Regional Vice President

SETSAN	Technical Secretariat for Food Security and Nutrition
UN	United Nations
WB	World Bank
WFP	World Food Program
WHO	World Health Organization

Regional Vice President:	Makhtar Diop
Country Director:	Mark Lundell
Senior Global Practice Director:	Ede Jorge Ijjasz-Vasquez
Practice Manager/Manager:	Bernice Van Bronkhorst
Task Team Leader:	Michel Matera

MOZAMBIQUE

EMERGENCY RESILIENT RECOVERY PROJECT

CONTENTS

Project Paper Data Sheet 6

Project Paper 10

I. Introduction 10

II. Background and Rationale for Additional Financing 10

III. Proposed Changes 13

IV. Appraisal Summary 19

V. World Bank Grievance Redress 24

Annexes

Revised Results Framework and Monitoring Indicators 25

Detailed Description of New Project Activities 29

Safeguard Action Plan 35

ADDITIONAL FINANCING DATA SHEET

Mozambique

Additional Financing for Emergency Resilient Recovery Project (P161559)

AFRICA

GSU13

Basic Information – Parent			
Parent Project ID:	P156559	Original EA Category:	B - Partial Assessment
Current Closing Date:	30-Jun-2019		

Basic Information – Additional Financing (AF)			
Project ID:	P161559	Additional Financing Type (from AUS):	Restructuring, Scale Up
Regional Vice President:	Makhtar Diop	Proposed EA Category:	
Country Director:	Mark R. Lundell	Expected Effectiveness Date:	12-Apr-2017
Senior Global Practice Director:	Ede Jorge Ijjasz-Vasquez	Expected Closing Date:	30-Jun-2019
Practice Manager/Manager:	Bernice Van Bronkhorst	Report No:	PAD2115
Team Leader(s):	Michel Matera		

Borrower				
Organization Name	Contact	Title	Telephone	Email
Ministry of Economy and Finance (MEF)	Adriano Ubisse	Director of Investment Cooperation	25821492268	

Project Financing Data - Parent (MZ - Emergency Resilient Recovery Project for the Northern and Central-P156559) (in USD Million)

Key Dates

Project	Ln/Cr/TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date
P156559	IDA-57320	Effective	29-Sep-2015	26-Oct-2015	18-Feb-2016	30-Jun-2019	30-Jun-2019

Disbursements

Project	Ln/Cr/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P156559	IDA-57320	Effective	XDR	28.70	28.70	0.00	2.15	26.55	7.48

Project Financing Data - Additional Financing Emergency Resilient Recovery Project - Additional Financing (P161559)(in USD Million)

[ ] Loan [ ] Grant [ ] IDA Grant
[X] Credit [ ] Guarantee [ ] Other

Total Project Cost:	20.00	Total Bank Financing:	20.00
Financing Gap:	0.00		

Financing Source – Additional Financing (AF)	Amount
International Development Association (IDA)	0.00
IDA Credit from CRW	20.00
Total	20.00

Policy Waivers

Does the project depart from the CAS in content or in other significant respects?	No

Explanation

Does the project require any policy waiver(s)?	Yes

Explanation

This operation is processed under condensed procedures provided for under OP 10.00, paragraph 12: Projects in Situations of Urgent Need of Assistance or Capacity Constraints due to conflict. This request is also pursuant to Para 53 of BP 10: Exceptional Arrangements in Situations of Urgent Need of Assistance or Capacity Constraints.

Has the waiver(s) been endorsed or approved by Bank Management?	Yes

Explanation

The Country Director has approved this project to be prepared under condensed procedures of OP 10.00 Paragraph 12. The Regional Vice President (AFRVP) has approved, on October 5, 2016, the preparation of this Additional Financing for a Project under 12 months, and on November 15, 2016, a waiver to finance food expenditures.

Team Composition

Bank Staff

Name	Role	Title	Specialization	Unit
Michel Matera	Team Leader (ADM Responsible)	Sr Urban Spec.		GSU13

Antonio L. Chamuco	Procurement Specialist (ADM Responsible)	Senior Procurement Specialist		GGO07
Elvis Teodoro Bernado Langa	Financial Management Specialist	Sr Financial Management Specialist		GGO26
Andre L. Carletto	Team Member	Consultant		GSU13
Arlete Quiteria Comissario Nkamate	Team Member	Program Assistant		AFCS2
Chalida Chararnsuk	Team Member	Program Assistant		GSU19
Eden Gabriel Vieira Dava	Team Member	Consultant		GSU07
Enrique Pantoja	Peer Reviewer	Operations Adviser		OPSPQ
Frederico Ferreira Fonseca Pedroso	Peer Reviewer	Disaster Risk Management Specialist		GSU10
Joana Fialho de Matos Sampainho	Team Member	Consultant		GSU13
Kristine Schwebach	Safeguards Specialist	Senior Social Development Specialist		GSU07
Lizmara Kirchner	Peer Reviewer	Sr Water & Sanitation Spec.		GWA07
Luis Macario	Team Member	Water & Sanitation Specialist		GWA01
Mariana Margarita Montiel	Counsel	Senior Counsel		LEGAM
Paulo Jorge Temba Sithoe	Safeguards Specialist	Environmental Specialist		GEN01
Shelley Mcmillan	Team Member	Sr Water Resources Spec.		GWA01

Extended Team

Name	Title	Location

Locations

Country	First Administrative Division	Location	Planned	Actual	Comments
Mozambique		Provincia de Zambezia			

Mozambique		Mocuba			
Mozambique		Nicoadala			
Mozambique		Niassa Province			
Mozambique		Nante			
Mozambique		Nampula			
Mozambique		Malei			
Mozambique		Licungo			
Mozambique		Intabo			
Mozambique	Gaza	Barragem		X	Macarretane Dam
Mozambique		Maganja da Costa District			

Institutional Data
Parent (MZ - Emergency Resilient Recovery Project for the Northern and Central-P156559)
Practice Area (Lead)
Social, Urban, Rural and Resilience Global Practice
Contributing Practice Areas
Agriculture, Education, Water
Additional Financing Emergency Resilient Recovery Project - Additional Financing (P161559)
Practice Area (Lead)
Social, Urban, Rural and Resilience Global Practice
Contributing Practice Areas
Water
Consultants (Will be disclosed in the Monthly Operational Summary)
Consultants Required? Consultants will be required

I. Introduction

1. This Project Paper seeks the approval of the Executive Directors to provide an additional credit in an amount of US$20 million equivalent to the Mozambique Emergency Resilient Recovery Project (ERRP) for the Northern and Central Regions (P156559), to be financed under the IDA Crisis Response Window.[1]

2. The proposed Additional Financing (AF) would provide support to the Government of Mozambique (GoM) in its emergency response to the 2015-2016 drought, caused by the El Niño-Southern Oscillation (ENSO) phenomenon. The proposed project will maintain a multi-sectoral approach to resilient and sustainable recovery, building on the ERRP components. It is designed to meet the immediate food security needs of the drought affected population, as well as the critical needs for drought mitigation identified for the water sector, while safeguarding the financial resources of the parent project dedicated to building the resilience of critical infrastructures to flooding. The expected outcomes are: (i) a scale up of the resilient water management and water supply infrastructure to mitigate drought impact (US$16.5 million); and (ii) improved resilience of drought-affected communities through food security emergency interventions and associated implementation costs (US$3.5 million) as part of the Government's Strategic Response Plan for Drought Emergency to support over 1.5 million people from December 2016 to March 2017. The AF will increase the geographical scope of the original project by extending the activities to the Southern Region.

3. This operation is processed under condensed procedures provided for under OP 10.00, paragraph 12: Projects in Situations of Urgent Need of Assistance or Capacity Constraints due to conflict. This request is also pursuant to Para 53 of BP 10: *Exceptional Arrangements in Situations of Urgent Need of Assistance or Capacity Constraints*.

4. Financing for this AF meets all the criteria for CRW financing. It is triggered by an exceptional catastrophic event affecting a large number of extremely poor people. It is grounded in rigorous impact assessments undertaken by UN agencies and validated by the Government and Development Partners. It is aligned with the “Strategic Response Plan for Drought Emergency” prepared by the UN Humanitarian Country Team to assist 1.5 million people from April 2016 to April 2017, and to complement the Government’s efforts in the drought response. Existing IDA resources have already been re-deployed but these are too limited to address the scale of the challenge

II. Background and Rationale for Additional Financing in the amount of US$20 million

5. *Consistency with the Bank's strategic priorities and current Country Partnership Framework (CPF).* Climate disasters pose a significant risk to growth and efforts to address Mozambique’s goal of improving quality of life through increasing wealth and shared prosperity. Mozambique is currently in the process of finalizing its CPF FY17-FY21. The draft CPF indicates as its “Focus Area 3: Enhancing Sustainability and Resilience” that the program will aim to help Mozambique address the fiscal, institutional, social and environmental risks to the sustainability of growth and poverty reduction. It recognizes that potential impacts of climate-related disasters should not be underestimated, particularly given the risk to agricultural productivity, which directly impacts the livelihoods of the poor. The proposed IDA/CRW – AF not only will provide the infrastructure needed for drought resilience in the affected provinces, but it will also increase the resilience to flood impacts on key infrastructure. By investing in building resilience in the districts most at risk to climate-related disasters, the proposed AF is aligned with

[1] Management informed the Executive Directors of its intention to allocate an indicative amount of US$30 million equivalent to support Mozambique in response to the impact of the drought caused by El Niño at a technical briefing on October 12, 2016. See the note entitled "IDA Crisis Response Window Support for Lesotho, Madagascar, Malawi, and Mozambique for an El Niño Drought Response" dated October 6, 2016 for additional information.

the World Bank's twin goals of ending extreme poverty and building shared prosperity, and its strategy to foster climate adaptation initiatives.

6. *Original Credit*. The Executive Directors approved the ERRP on September 29, 2015 for an equivalent of US$40.0 million. The project became effective on February 18, 2016. The closing date is June 30, 2019. Prior to this proposed additional financing there have been no changes to the PDO, the design and/or scope of the ERRP. The project development objective of ERRP is to restore the functionality of critical infrastructure in a resilient manner in the disaster-affected provinces, and to improve the Government of Mozambique's capacity to respond promptly and effectively to an eligible crisis or emergency. Thus, this Additional Financing is requested to address the additional drought recovery needs, while the original project retains its focus on long-term flood resilience activities.

7. *Project Performance*. This project has been has been under implementation for less than twelve months. The supervision mission in September 2016 concluded that project implementation suffered from administrative delays that prevented a swift start of some project activities. As a result, and although the project was just six months into effectiveness at the time, Overall Implementation Progress (IP), Progress towards achievement of PDO and implementation of components A, B and C were rated as Moderately Satisfactory. All legal covenants beyond the conditions for effectiveness have been met. A summary of the various components is discussed below:

- Component A. Resilient Infrastructure Rehabilitation: The activities financed under this component for a total of US$31 million are the resilient rehabilitation or reconstruction of key: (a) dikes/weirs; (b) irrigation; (c) drinking water supply infrastructure in Mozambique's Licungo River; and (d) education infrastructure across the Zambezia, Niassa and Nampula provinces. Progress is Moderately Satisfactory.

- Component B. Technical Assistance for Resilient Recovery and Vulnerability Reduction: This component, with a total investment of US$6 million, focuses on enhancing the capacity to manage risks associated with natural hazards, and is complemented by resources from the Global Facility for Disaster Reduction and Recovery (GFDRR) in support of Safer Schools, the Disaster Risk Management (DRM) Legal Framework and Recovery Framework, amongst others. Progress is Moderately Satisfactory.

- Component C. Project Implementation, Monitoring and Evaluation: This component, with a total investment of US$3 million, finances project implementation, monitoring and evaluation costs. Progress is Moderately Satisfactory.

- Component D. Contingency Emergency Response: This component, with an original zero dollar allocation, provides immediate response to an Eligible Crisis or Emergency, as needed through reallocating uncommitted funds to the IDA Immediate Response Mechanism (IRM). The IRM was activated on October 30, 2016 for a total amount of US$20 million from the ERRP to address the El Niño Drought emergency in order to finance the most urgent needs for food assistance, nutrition, medicines, agricultural recovery and livestock protection. On November 16, 2016 a Level II project restructuring was carried out to reflect the reallocation of funds among components due to the IRM activation, thus the new funding allocated per component is: Component A: US$16 million; Component B: US$1.5 million; Component C: US$2.5 million; and Component D: US$ 20 million.

8. *Procurement compliance is Moderately Satisfactory*. With respect to procurement performance, the project teams in the implementing agencies include qualified and experienced procurement specialists and they have access to appropriate tools and knowledge to enable them to carry out their functions effectively. However, the last procurement review carried out in September 2016 was rated Moderately Satisfactory to reflect delays in preparing and submitting some procurement packages.

9. *Financial management performance is Moderately Satisfactory*. With respect to the project's financial management performance, the latest financial management supervision mission, in September 2016, noted that despite some challenges, project Financial Management (FM) arrangements appear to be working effectively. The FM performance was rated Moderately Satisfactory due to delays in submission of Designated Account details and Authorized Signatories Letters.

10. *Safeguard compliance is Moderately Satisfactory*. The project's safeguards performance is also rated as Moderately Satisfactory to reflect delays in complying with safeguard-related dated covenants. These covenants have been complied with as of December 15, 2016.

11. *El Niño drought emergency impact*. Data from January to March 2016 showed a shortage of precipitation in the southern region and some areas of central region of Mozambique, with recorded rainfall of less than 50 percent of average. This rainfall pattern is due to El Niño prevailing conditions in the Southern Africa region, which is the strongest in 35 years. Long-lasting droughts in the southern and central regions of Mozambique are relatively common, which, paired with poor soil, contributes to low agricultural productivity in this semi-arid area. Mostly rural, the population survives at subsistence level with few alternative sources of income outside agriculture. In times of scarcity, the rural poor have little to buffer them from food insecurity.

12. Mozambique is experiencing consecutive disasters with devastating floods in the 2014/15 season and continuing dry spells leading to an agricultural drought in the 2015/16 season, which have severely affected agricultural production and food security in the country. Data from the Ministry of Agriculture and Food Security (MASA) indicates that the drought has resulted in the loss of about 875,000 ha of several crops affecting 464,879 farmers. It is estimated that 191,656 children are expected to be malnourished over the next 12 months in all affected provinces. The food security and nutritional assessment of the Technical Secretariat for Food Security and Nutrition (SETSAN), released in March 2016, estimates 1.5 million people are in need of urgent food assistance in seven provinces (Maputo, Gaza, Inhambane, Tete, Manica, Sofala and Zambezia). This shows severe deterioration of the food security situation as the initial assessment conducted in November 2015 indicated that 167,000 people were food insecure; an increase of food insecure people by almost 900 percent in four months. Data from SETSAN's August 2016 Report demonstrates that acute food insecurity in the country has slightly decreased to -4.74 percent. This improvement is attributed to rains during the pre-winter period and some mitigation interventions from the Government.

13. *Government Response*: On April 12, 2016 the GoM declared a red alert for the most drought-affected provinces (Tete, Sofala, Gaza, Manica, Inhambane and Maputo) to signal a need to intensify and expand the response actions, and called for urgent international assistance. A Strategic Response Plan for Drought Emergency was prepared by the UN Humanitarian Country Team to assist 1.5 million people from April 2016 to April 2017, and to complement the Government's efforts in the drought response. The GoM, through the National Institute for Disaster Management (INGC), is leading the response to the disaster, with support from humanitarian partners, including NGOs, the United Nations and other donors. The GoM, through the Water Supply and Sanitation Directorate (DNAAS) and Water and Sanitation Infrastructure Administration (AIAS) has been proactively looking for alternative sources of water by drilling boreholes. However, high levels of salinity of groundwater has prevented its use for human and cattle consumption. From April to June 2016, INGC has distributed food to 662,962 people at an estimated cost of US$3.2 million, representing 49 percent of the total population in food insecurity. As of October 2016, INGC reports that food assistance has been provided to 63 percent of the affected population.

14. *Rationale for Additional Financing of ERRP*. The ongoing ERRP for the Northern and Central Regions is well placed to support the activities proposed above, due to its two-pronged design that is to

respond to the emergency and to support resilient infrastructure rehabilitation and development. In addition, this AF has the following synergies with the original project: (a) alignment with the strategic objectives and implementation approach of the original project, as the proposed additional financing aims to build the resilience of affected communities following the cyclical spate of floods and drought; (b) geographic overlap with the beneficiary provinces of the original project; and (c) provides an opportunity for the quickest possible utilization of Bank resources for drought recovery through the use of ERRP's well-established institutional, implementation and fiduciary oversight arrangements, coordinated through its Project Implementation Units (PIUs). This Additional Financing is requested to address drought recovery needs while safeguarding the original project's resources dedicated to long-term flood resilience.

15. *Complementarity with Government of Mozambique Efforts*: In response to the current situation, a Strategic Response Plan for drought emergency was prepared by the United Nations (UN) Humanitarian Country Team to assist 1.5 million people from April 2016 to April 2017. The Plan complements the Government efforts in the drought response and addresses the main gaps identified towards food security and agricultural production for the next campaign (i.e., to provide immediate life-saving and life-sustaining assistance to the population affected by droughts through provision of essential commodities; and to support the restoration of the livelihoods of drought-affected population through resilience-building activities). The World Bank is working closely with the GoM and UN partners to ensure complementarity with the Plan.

III. Proposed Changes

Summary of Proposed Changes

Project Title: Due to the increased number of activities in additional regions of the country, and the drought-related nature of the emergency response, a new title is proposed as follows: "Emergency Resilient Recovery Project", to better reflect the increase in the geographical scope to the Southern Region.

Project components: The restructured project will continue with the original activities outlined in Component A - Resilient infrastructure rehabilitation. New investments in drought mitigation and water distribution infrastructure will be added. Likewise, the restructuring will introduce in Component C a scale- up of project monitoring and supervision activities to strengthen the organizational and operational capability of the implementation agencies. A new Component E is introduced to carry out emergency activities related to food assistance. No change will be introduced in Component B.

Change in Implementing Agency	Yes [ ] No [X]
Change in Project's Development Objectives	Yes [ ] No [X]
Change in Results Framework	Yes [X] No [ ]
Change in Safeguard Policies Triggered	Yes [X] No [ ]
Change of EA category	Yes [ ] No [X]
Other Changes to Safeguards	Yes [ ] No [X]
Change in Legal Covenants	Yes [ ] No [X]
Change in Loan Closing Date(s)	Yes [ ] No [X]
Cancellations Proposed	Yes [ ] No [X]

Change in Disbursement Arrangements	Yes [ ] No [X]
Reallocation between Disbursement Categories	Yes [ ] No [X]
Change in Disbursement Estimates	Yes [X] No [ ]
Change to Components and Cost	Yes [X] No [ ]
Change in Institutional Arrangements	Yes [ ] No [X]
Change in Financial Management	Yes [ ] No [X]
Change in Procurement	Yes [ ] No [X]
Change in Implementation Schedule	Yes [ ] No [X]
Other Change(s)	Yes [ ] No [X]

Development Objective/Results

Project's Development Objectives

Original PDO

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

Change in Results Framework

Explanation:

As new activities will be carried out, the number of beneficiaries will increase. The changes in original indicators look for capturing the total number of beneficiaries of the project, and introduction of new indicators aims at capturing the number of beneficiaries from the reinforcement of protection of the Macarretane Barrage, water systems, desalinization plants and food distribution.

The Results Framework has been updated to better capture the intended outcomes of the existing project and the proposed scale-up. Main changes include: (i) increase in the number of direct project beneficiaries (from new activities); (ii) increase in the number of people in urban areas provided with access to Improved Water Sources (from the new activities to rehabilitate water supply systems in Chicualacuala and Funhalouro); (iii) increase in the number of improved community water points constructed or rehabilitated under the project (to include the water supply interventions in Chigubo and Massingir Districts); and the number of people provided with food assistance.

Compliance

Change in Safeguard Policies Triggered

Explanation:

The AF project's environmental categorization will remain as "B" since the scope and nature of the proposed activities are similar to the parent project. The AF will finance resilient infrastructure rehabilitation, including new investments in drought mitigation and water distribution infrastructures. Rehabilitation works will be carried out within an International river basin, Limpopo River, however, the proposed investments will not involve large-scale rehabilitation works or other activities that would adversely affect the quality or quantity of water flow within shared waterways. Notwithstanding, OP 7.50 on International Waterways is triggered and an exemption for riparian notification has been approved by AFRVP on December 15, 2016.

Proposed project activities will also involve the rehabilitation of Macarretane Barrage, which is an important water control structure for irrigation, drought mitigation, as well as for the road and railway bridge. Rehabilitation works will include maintenance of the foundation, improve stability of the structure downstream and fix the hydraulic and geomorphological dynamics downstream of the Barrage. Macarretane Barrage does not meet the OP 4.37 definition threshold for large dams, nevertheless this policy is triggered. The ESMF and subsequent ESIA/ESMP will include specific provisions to address potential negative impacts for all dam-related works.

Due to the envisaged potential adverse impacts of the original project related to construction and/or rehabilitation works, the Borrower prepared an Environmental and Social Management Framework (ESMF) which was previously consulted upon and disclosed both in-country and in the Bank's Infoshop. These safeguard instruments provided a framework for the screening and management of all potential negative environmental impacts, but also streamlining the positive impacts during the implementation of the Project. Safeguards implementation arrangements will build upon the existing project coordination structure. DNGRH has a longstanding technical ability to handle projects with very complex Bank Safeguards requirements and will therefore take a leading role and coordinate the preparation of safeguard documents, including the consolidation of progress reports. As this additional financing is processed under condensed procedures of OP. 10.00 paragraph 12: Projects in Situations of Urgent Need of Assistance or Capacity Constraints, environmental and social requirements set out in OP/BP 4.01, OP/BP 4.04, OP/BP 4.11, and OP/BP 4.12 that are applicable during the Project preparation phase will be deferred to the Project implementation phase.

Two of four implementing entities have recently been strengthened with dedicated safeguards specialists who are currently overseeing other Bank-financed projects. In addition, this Additional Financing will build on existing safeguards instruments such as the ESMF of the National Water Resources Development Project (P107350) and ESIA prepared for the rehabilitation works on the Macarretane Barrage, under the same project. To ensure a good understanding and grasp of project intervention areas and activities, the safeguards team have planned a rapid field visit to ground truth the project sites characteristics, as well as the likely risks and impacts to be foreseen. These primary findings will feed into the update of the safeguards instruments, namely, the Environmental and Social Management Framework (ESMF) that could have some guidelines to satisfy the basic requirements for OP/BP 4.01, OP/BP 4.04, OP/BP 4.11, and OP/BP 4.37. Similarly, a Resettlement Policy Framework (RPF) will be updated to set out the steps to be followed to prepare a Resettlement Action Plan (RAP) if deemed needed, in compliance with OP/BP 4.12. The Government has agreed to accelerate the updating of the instruments.

Current and Proposed Safeguard Policies Triggered:	**Current (from Current Parent ISDS)**	**Proposed (from Additional Financing ISDS)**
Environmental Assessment (OP) (BP 4.01)	Yes	Yes
Natural Habitats (OP) (BP 4.04)	Yes	Yes
Forests (OP) (BP 4.36)		No
Pest Management (OP 4.09)	Yes	No
Physical Cultural Resources (OP) (BP 4.11)	Yes	Yes
Indigenous Peoples (OP) (BP 4.10)		No
Involuntary Resettlement (OP) (BP 4.12)	Yes	Yes
Safety of Dams (OP) (BP 4.37)		Yes

Projects on International Waterways (OP) (BP 7.50)		Yes
Projects in Disputed Areas (OP) (BP 7.60)		No

Covenants - Additional Financing (Emergency Resilient Recovery Project - Additional Financing - P161559)

Source of Funds	Finance Agreement Reference	Description of Covenants	Date Due	Recurrent	Frequency	Action
				☐		

Conditions

Source Of Fund	Name	Type
IDAW	Safeguards	Effectiveness

Description of Condition

The Recipient has prepared and/or updated, adopted and disclosed the ESMF and RPF.

Source Of Fund	Name	Type
IDAW	Subsidiary Agreement	Effectiveness

Description of Condition

The Subsidiary Agreement has been amended and said amendment executed on behalf of the Recipient and AIAS.

Source Of Fund	Name	Type
IDAW	Project Implementation Manual	Effectiveness

Description of Condition

The Recipient has updated and thereafter adopted the Project Implementation Manual.

Risk

Risk Category	Rating (H, S, M, L)
1. Political and Governance	Moderate
2. Macroeconomic	High
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	Moderate
6. Fiduciary	Moderate
7. Environment and Social	Moderate
8. Stakeholders	Moderate

9. Other	
OVERALL	Substantial

Finance

Loan Closing Date - Additional Financing (Emergency Resilient Recovery Project - Additional Financing - P161559)

Source of Funds	Proposed Additional Financing Loan Closing Date
IDA Credit from CRW	30-Jun-2019

Change in Disbursement Estimates (including all sources of Financing)

Explanation:

Change is due to the additional resources of $20 million equivalent which will be disbursed over a period of 30 months.

Expected Disbursements (in USD Million)(including all Sources of Financing)

Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual	2.50	22.50	20.00	15.00	0.00	0.00	0.00	0.00	0.00	0.00
Cumulative	2.50	25.00	45.00	60.00	0.00	0.00	0.00	0.00	0.00	0.00

Allocations - Additional Financing (Emergency Resilient Recovery Project - Additional Financing - P161559)

Source of Fund	Currency	Category of Expenditure	Allocation	Disbursement %(Type Total)
			Proposed	Proposed
IDAW	USD	(1) Goods, works, non-consulting services, Operating Costs and consultants' services under Parts A.5, A.7, C.1 and E	14.30	100.00
IDAW	USD	(2) Goods, works, non-consulting services, Operating Costs and consultants' services under Parts A.6, and C.4	5.70	100.00
		Total:	20.00	
IDA	USD		0.00	0.00
		Total:	0.00	

Components

Change to Components and Cost

Explanation:

The restructured project will continue with the original activities contained in Component A - Resilient infrastructure rehabilitation. New investments in drought mitigation and water supply infrastructure will be added. Likewise, the restructuring will introduce in Component C additional project monitoring and supervision activities, and add a Component E for financing of emergency activities related to food distribution. No change will be introduced in Component B. The institutional aspects of the project will also be scaled-up to strengthen the organizational and operational capability of the implementation agencies. The restructured project components are summarized below and presented in more detail in Annex 3.

Component A. Resilient Infrastructure Rehabilitation

Scaling up the resilience of water management and supply infrastructure to mitigate drought impact (US$16.5 million). Funds will be used to rehabilitate the Macarretane Barrage, and install small water distribution systems and desalination plants. This component is structured in the following sub-components:

Sub-Component A.5 Rehabilitation of the Macarretane Barrage (US$10 million). Funds will be used to improve the structural stability of the foundations and the concrete block carpet downstream to further protect the integrity of the barrage. This activity is complementary to an IDA-funded intervention, after the 2013 Limpopo Floods, which rehabilitated the gates and electrical system, as well as the protection of the left wing wall with rock fill. This barrage is a multi-purpose strategic infrastructure for drought mitigation that also doubles as a transport corridor to the lower Limpopo region. It serves to raise the Limpopo River water level in order to feed the water intake of the Chokwe Irrigation Scheme, which covers 23,000 ha and benefits 16,000 farmers located downstream at Xai-Xai and Chokwe Districts. While the barrage does not have flood attenuation capability, it plays an important role in maintaining (regularizing) environmental flow requirements, particularly during the dry season. Finally, its piers support two bridge-decks (road and railway) of particular regional importance, as they are a vital part of the Limpopo Corridor System, which provides access to the Maputo Harbor for landlocked countries such as Zimbabwe, Botswana and Zambia.

Sub-Component A.6 - Water supply systems rehabilitation and expansion (US$5.5 million). Funds allocated to this component will be used to finance the rehabilitation and expansion of the water supply systems of two small towns, Chicualacuala and Funhalouro, benefiting over 41,000 people with access to improved drinking water services. Moreover, improved access to safe drinking water will result in improved sanitation and hygiene conditions, which ultimately improve their living standards. Currently these villages have no public water supply system, and a few private boreholes supplying water to the population despite the quality of water being below international standards (World Health Organization - WHO). These villages are in a convergence area and will improve the access to water to a low-density populated area and complements efforts being made by GoM to rehabilitate water systems in the region.

Sub-Component A.7 - Installation of water desalination systems (US$1 million). Funds will be used to supply and install fixed and containerized desalination systems in existing boreholes with brackish water, and to build multifunctional boreholes including water dispensers for livestock. The total cost is estimated at US$1 million and would benefit more than 24,000 people in the districts of Chigubo and Massingir in Gaza, the most affected province. Private distributors, driving more than 200 km from Chokwe, provide at a higher cost the water supply to affected populations. The hydrogeological environment of the area is not favorable for fresh water, and the salinity is higher than limits recommended for human consumption. This

activity is also supported by the IRM emergency response plan, and seeks to enhance the coverage of desalination plants to reduce the cost and access to fresh water sources.

Component C. Project Implementation, Monitoring and Evaluation

This component will finance Project implementation, monitoring and evaluation costs of MOPHRH (for DNGRH) and AIAS for their related scaled up activities under the additional financing.

Sub-Component C.1 Project Implementation, Monitoring and Evaluation by MOPHRH (US$0.3 million). This sub-component will cover costs related to Project management, coordination, monitoring and evaluation, including fiduciary, safeguards assessments, and monitoring and evaluation. The proposed funding will leverage the resources allocated to the original project for a total of US$1.8 million.

Sub-Component C.4 Project Implementation, Monitoring and Evaluation by AIAS (US$0.2 million). This sub-component will cover costs related to Project management, coordination, monitoring and evaluation, including fiduciary, safeguards assessments, and monitoring and evaluation. The proposed funding will leverage the resources allocated to the original project for a total of US$0.7 million.

Component E. Food security emergency interventions (US$3 million). Provision of support for the procurement, purchase and targeted distribution of grains (maize and beans) to Beneficiaries, under the modality of Food for Work. Funds from this component will be used to finance the purchase of grains (maize and beans) as part of the Strategic Response Plan for Drought Emergency to support over 1.5 million people until April 2017. This activity seeks to support closing the funding gap of the Government's Strategic Response Plan for Drought Emergency.

Current Component Name	**Proposed Component Name**	**Current Cost (US$M)**	**Proposed Cost (US$M)**	**Action**
Component A. Resilient Infrastructure Rehabilitation	Component A. Resilient Infrastructure Rehabilitation	16.00	32.50	Revised
Component B. Technical Assistance for Resilient Recovery and Vulnerability Reduction	Component B. Technical Assistance for Resilient Recovery and Vulnerability Reduction	1.50	1.50	No Change
Component C. Project Implementation, Monitoring and Evaluation	Component C. Project Implementation, Monitoring and Evaluation	2.50	3.00	Revised
Component D. Contingency Emergency Response (CERC)	Component D. Contingency Emergency Response (CERC)	20.00	20.00	No Change
	Component E. Food Security Emergency Interventions	0.00	3.00	New
	Total:	40.00	60.00	

Appraisal Summary

Economic and Financial Analysis

Explanation:

Estimates of the drought's impact on Gross Domestic Product (GDP) are not available but it is expected to be limited. The main loss arises from lost crops and dying (or wasting) livestock. About 97 percent of agriculture production comes from some 3.2 million subsistence farms averaging 1.3 hectares. As such, it is consumed directly by farmers and sold on local markets. Its monetary value is small. Nevertheless, real GDP growth is expected to continue on a downward trend through 2016, with growth estimates pointing to 4.5 percent (from 6.6 percent in 2015), as a result of the El Nino impacts, as well as sharp currency depreciation since January 2015 and higher debt servicing. In light of the regional El Nino drought, year-on-year growth in the agricultural sector has slowed to 1.6 percent during the first quarter of 2016, from 2.6 percent in the same period last year. Cereal production has decreased by 11 percent compared with the last five-year average of 42.8 million tons. With agriculture accounting for almost a quarter of Mozambique's total output, the negative impact of the drought is felt throughout the country. Poor regional production, limitations to circulation of products due to political-military tensions and shortages in foreign currency for imports have spiked inflation since last year. Food prices have driven the price hikes, with white maize prices increasing by 121 percent in Mozambique between March 2015 and March 2016, more than twice the five-year average. More than 60 percent of the population is dependent on farming or livestock for their livelihoods. With mono cropping and little or no use of irrigation, the impact of the drought has been widespread, much of which may not be picked up in GDP impact figures.

The drought has clearly overwhelmed national response capacities in Mozambique. The country's existing developmental deficits are being further widened, and poverty reduction and growth interventions are facing serious disruptions due to the disaster. The drought has hit some of the poorest parts of the country and is very likely to have pushed people further into poverty. In terms of financial resources, the Government has exhausted the 2016 emergency response budget of 580 million meticais (US$9.6 million) and the scale of the needs have overcome the country's response capacity. The total estimated funding required to implement the humanitarian plan is US$204.3 million. To date, just over US$103.8 million (50.8 percent of the total needed) has been mobilized. Addressing this situation requires a multi-partner, multi-phased and programmatic response to recovery. Equally so is the water accessibility problem, where a greater financial effort is needed to build infrastructure to secure water harvesting, storage, and distribution for human consumption, and agricultural and livestock production in the affected area.

The proposed interventions were selected to strike a balance between supporting the immediate needs to address the drought induced food insecurity and investing in drought resilience infrastructure to mitigate the negative impacts of future events. As such, and due to the limitation of data, the choice for funding the rehabilitation of the downstream apron of the Macarretane Barrage was based on the continuation of works anticipated by a previous intervention to repair and rehabilitate the main dam infrastructure after the 2013 Limpopo Floods.

Referencing the Bank's Assessment and Response Mission Report of February 2013, the potential impact of a disruption of the Macarretane Barrage was estimated at 1.4 percent of the GDP, with a direct impact on inflation of 2 percent increase due to the disruption of agriculture production of Chokwe irrigation scheme (and 89,000 hectares of cultivated land) and interruption of cargo transportation through the weir bridge caused by damaged sections. The damage and losses caused by the floods in key sectors were reported to be US$250 million, with total short-term reconstruction needs of US$403 million. In particular, the needs for agriculture and water resources amounted to US$178 million.

With a sustained increase of inflation rates over the past year, assuming that a similar event occurs in the future, it is possible to estimate an increase of costs on the order of 25 percent

The establishment of multi-use water systems addresses an important social component, the safeguard of livelihoods. As the water obtained from boreholes is brackish with high levels of salinity not suitable for human or cattle consumption, the population is constrained to travel up to 5 days on foot to reach reliable sources of water. In addition, water distribution from trucks, that often travel 200 km to refill, is not consistent and disorganized, and does not ensure an even distribution among beneficiaries. The overall situation has direct implications for food security and livelihoods of the affected population, as costs associated with the trucking water services are very expensive

Rationale for public sector financing: The Project has the potential to strengthen the resilience of local communities and key infrastructure and avoid future potential losses. In addition, the Project follows on the heels of a long-term World Bank engagement with the Government of Mozambique to understand and mitigate disaster risks as one of the Government's public policy priorities. Public financing is crucial to rebuild or rehabilitate and strengthen infrastructure that are key for a safe and functional water supply system for consumption and for irrigation in remote areas and small towns affected by the drought as well as to improve the region's resiliency to future climatic shocks. Since the replacement, repair or reconstruction, like most infrastructure investments, involve a long lead-time between outlays and yields, private sector is not persuaded to invest due to a lack of high discount rates, which leaves the Government responsible for financing.

The Bank's global expertise in this type of project gives the Government of Mozambique assurance that the activities being planned are comprehensive, pragmatic and will yield on-the-ground results in terms of improved climate resilience.

Value added of Bank's support. The World Bank is funding an Emergency Resilient Recovery Project (P156559) currently under implementation, to increase the resilience of key infrastructure to flooding. Furthermore, the World Bank has gained significant experience in Mozambique in reducing vulnerability and increasing resilience of public infrastructure through the Mozambique Basic Sanitation and Water Services (P156493), Water Resources Development Flood Response Additional Financing (P146098), and Water Resources Development Projects (P107350); and in the region with the Cameroon Flood Emergency Project (P143940) and the Ibadan Urban Flood Management Project (P130840), among others.

Technical Analysis

Explanation:

The additional financing is designed to address drought mitigation and prevention through resilient infrastructure rehabilitation and development, as well as to support food security activities in the affected areas. Technical details of each activity are presented as follows:

Rehabilitation of structural stability of Macarretane Barrage. The Macarretane Barrage is a 650-meter long barrage across the Limpopo River 50 km upstream of the Chokwe irrigation scheme. Repair works were carried out after the 2013 floods under the additional financing of the Water Resources Development and Flood Response Project (P146098) for US$16 million. These works included repair and replacement of the hydro-mechanical equipment to ensure that it continues to assist in regulating floods and securing water flows for irrigation purposes, and update of the automatic system for the operation of its 39 gates. However, civil works are urgently required to stabilize the downstream terrace of the Macarretane Barrage. Hydraulic changes resulting from the earlier rehabilitation efforts and operation of the gates have accentuated

downstream scouring resulting in scour holes in the riverbed as deep as 9 meters. A technical study was prepared as part of a series of build-back-better interventions to protect the integrity of the barrage. Detailed design for the rehabilitation of the downstream terrace is under preparation. The rehabilitation of such water retention structures requires the project to be in accordance with small dam guidelines, which include the existing regulations and the generic guidelines for the construction, maintenance, and safety of small dams.

Water supply systems rehabilitation and expansion. Chicualacuala and Funhalouro are located in an area heavily affected by drought, and water source is serious a problem as there is no river nearby and the water table is highly salty water. In both towns there is no functioning public water supply system. Currently AIAS is carrying out a feasibility study to identify the population's willingness and capacity for paying for water service, as well as the design of the water distribution system.

Installation of water desalination systems. The hydrogeological environment of the Chigubo and Massingir districts is not favorable for fresh water. The water from existing boreholes is salty with electrical conductivity higher than limits recommended for human consumption (as per WHO Standards). The National Directorate for Water Supply and Sanitation (DNAAS) under the MOPHRH has carried out an assessment to identify best coverage for the beneficiaries, and will be carrying out additional technical studies to confirm borehole data and water quality parameters to design the water treatment plant, as well as geophysical surveys.

Financing of food security emergency interventions. Based on SETSAN assessment, the Government through INGC, with support of International assistance from cooperation partners, has put forward food assistance to an estimated 960,000 people. The assistance basket agreed between the World Food Program (WFP) and the Government is 10.5 kg of maize per person per month and 1.8 kg of beans per person per month, and will be distributed under the modality of Food for Work during the period of January to April 2017.

Social Analysis

Explanation:

Activities proposed under the additional financing are very similar to the activities under the original project and hence it will not trigger new social safeguard policies. Accordingly, the Borrower prepared a Resettlement Policy Framework (RPF) which was duly consulted upon and disclosed both in-country and in the Bank's Infoshop. The RPF provided a framework for management of all potential negative social impacts, but also streamlining the positive impacts as well as mainstreaming any potential resettlement considerations during implementation of the Project.

Environmental Analysis

Explanation:

The AF project's environmental categorization will remain as "B", since the scope and nature of the proposed activities are similar to the parent project. The AF will finance resilient infrastructure rehabilitation, including new investments in drought mitigation and water distribution infrastructures. Rehabilitation works will be carried out within an International river basin, Limpopo River, however, the proposed investments will not involve large-scale rehabilitation works or other activities that would adversely affect the quality or quantity of water flow within shared waterways. Notwithstanding, OP 7.50 on International Waterways is triggered and an exemption for riparian notification has been approved by AFRVP on December 15, 2016.

Due to the envisaged potential adverse impacts of the original project related to construction and/or rehabilitation works, the Borrower prepared an Environmental and Social Management Framework (ESMF)

which was previously consulted upon and disclosed both in-country and in the Bank's Infoshop. These safeguard instruments provided a framework for the screening and management of all potential negative environmental impacts, but also streamlining the positive impacts during the implementation of the Project. Safeguards implementation arrangements will build upon the existing project coordination structure. DNGRH has a longstanding technical ability to handle projects with very complex World Bank Safeguards requirements and will therefore take a leading role and coordinate the preparation of safeguard documents, including the consolidation of progress reports. As this additional financing is processed under condensed procedures of OP. 10.00 paragraph 12: Projects in Situations of Urgent Need of Assistance or Capacity Constraints, environmental and social requirements set out in OP/BP 4.01, OP/BP 4.04, OP/BP 4.11 and OP/BP 4.12 that are applicable during the Project preparation phase will be deferred to the Project implementation phase.

Risk

Explanation:

The overall Project risk for the proposed operation is rated as "Substantial".

The rating for risks associated with Political and Governance is Moderate. Risks related to Macroeconomic is High due to the on-going debt crisis. The Bank is working with the IMF to help authorities manage the macro situation.

Risks related to Sector Strategies and Policies, Technical Design of Project or Program, Institutional Capacity for Implementation and Sustainability are all assessed as Moderate given the Bank analysis on Mozambique's performance, the sound basis for the formulation of the Project, its ownership by existing and well-functioning implementing structures, as well as its complete alignment with the respective sectors and country strategies.

Fiduciary risk is also rated as Moderate considering that MOPHRH (through DNGRH) and AIAS are all currently implementing Bank-financed operations and have satisfactory fiduciary arrangements that will not be altered. Environment and Social risk is Moderate. DNGRH and AIAS have had many years of experience with Bank projects and are familiar with Bank safeguards policies, as well as implementation and supervision processes for emergency projects.

16. *Institutional and Implementation Arrangements and Schedule*: The additional financing will be implemented using the same management, supervisory and fiduciary arrangements as the ERRP Project. The activities in Sub-Components A.5, A.7 and A.6/C.4 will be implemented by the following entities in line with their respective mandates: (a) MOPHRH through DNGRH for barrage structural stability rehabilitation for drought mitigation and rural water supply, and (b) AIAS for urban drinking water supply systems. The activities in Sub-Component E.1 will be carried out under the same arrangement established for implementation of the Contingent Emergency Response Plan of the IDA IRM, whereby the DNGRH would be responsible for financial management and procurement and the National Institute for Disaster Management (INGC) will be responsible to provide the technical support and the distribution of food items to beneficiaries. The ERRP and the IDA/CRW-AF are expected to close on June 30, 2019.

17. *Procurement.* The project will follow the Bank's "Guidelines: Procurement of Goods, Works, and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011, revised July 2014; and the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011, revised July 2014; and the provisions stipulated in the Legal Agreement. Anti-corruption guidelines which apply to this

Project are: "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. An exception to the use of the New Procurement Framework (NPF) was approved by the Chief Procurement Officer (CPO) on November 8, 2016, based on the fact that the original project is using the same Guidelines, the main implementing agency that will be responsible for the fiduciary oversight of the Additional Financing Project is implementing three other Bank-funded operations under the Old Guidelines and the introduction of the New Procurement Framework (NPF) may adversely impact the swift implementation required in the emergency activities. Furthermore, the AF will not make use of the new features available under the NPF, as simplified methods are envisaged. As the old Guidelines will be adopted, the existing implementation arrangements, procedures and staff currently employed under DNGRH and AIAS components will be maintained and will carry out procurement for the project.

18. *Financial Management*. Existing implementation arrangements, procedures and staff currently employed under DNGRH and AIAS components will be maintained and will carry out procurement for the projects planned under the additional financing for components A, C and E.

19. *Disbursements*. The additional financing will augment the original funds and will be made available to counterparts under the same disbursement procedures as the original Credit. The disbursement arrangements for this AF are specified in the Disbursement Letter.

V. World Bank Grievance Redress

20. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB'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 WB's independent Inspection Panel, which determines whether harm occurred, or could occur, as a result of WB 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/GRS. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

Annex 1: Revised Results Framework and Monitoring Indicators

Mozambique Emergency Resilient Recovery Project (P156559)

Project Name:	Emergency Resilient Recovery Project - Additional Financing (P161559)			Project Stage: Additional Financing	Status: DRAFT
Team Leader(s):	Michel Matera	Requesting Unit:	AFCS2	Created by:	Chalida Chararnsuk on 31-Aug-2016
Product Line:	IBRD/IDA	Responsible Unit:	GSU13	Modified by:	Michel Matera on 23-Nov-2016
Country:	Mozambique	Approval FY:	2017		
Region:	AFRICA	Lending Instrument:	Investment Project Financing		
Parent Project ID:	P156559	Parent Project Name:	MZ - Emergency Resilient Recovery Project for the Northern and Central (P156559)		

Project Development Objectives

Original Project Development Objective - Parent:

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

Results

Core sector indicators are considered: Yes | Results reporting level: Project Level

Project Development Objective Indicators

Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
Revised	Direct project beneficiaries	☒	Number	Value	0.00		1400000.00
				Date	27-Jul-2015		30-June-2019

				Comment			Increase in project beneficiaries from 1,000,000 to include beneficiaries from food assistance and beneficiaries from additional water supply activities.
No Change	Female beneficiaries	☒	Percentage Sub Type Supplemental	Value	0.00		50.00
No Change	Number of people protected by rehabilitated dike infrastructure	☐	Number	Value	0.00		111700.00
				Date	27-Jul-2015		30-June-2019
				Comment			
No Change	Number of people with access to improved irrigation infrastructure	☐	Number	Value	0.00		5600.00
				Date	27-Jul-2015		30-June-2019
				Comment			
Revised	Number of people in urban areas provided with access to Improved Water Sources under the project	☒	Number	Value	7760.00		65300.00
				Date	27-Jul-2015		30-June-2019
				Comment			Increase in project beneficiaries from 24,300 to include 41,000 beneficiaries in Chicualacuala and Funhalouro.

No Change	Number of children with access to improved education infrastructure	☐	Number	Value	0.00		588400.00
				Date	27-Jul-2015		30-June-2019
				Comment			
No Change	Number of people supported by Early Warning and Response Systems	☐	Number	Value	0.00		500000.00
				Date	27-Jul-2015		30-June-2019
				Comment			

Intermediate Results Indicators

Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
No Change	Dike Infrastructure Rehabilitated	☐	Kilometers	Value	2.80		35.00
				Date	27-Jul-2015		30-June-2019
				Comment			
New	Number of people provided with food aid	☐		Value			365,000.00
				Date			30-Jun-2019
				Comment			
New	Rehabilitation of the Macarretane Barrage downstream apron	☐	Yes/No	Value	No		Yes
				Date	24-Nov-2016		30-Jun-2019
				Comment			
No Change	Cropped land protected by rehabilitated dikes	☐	Hectare(Ha)	Value	0.00		3000000.00
				Date	27-Jul-2015		30-June-2019
				Comment			
No Change	Area provided with irrigation and drainage services (ha)	☒	Hectare(Ha)	Value	0.00		700.00
				Date	27-Jul-2015		30-June-2019
				Comment			
No Change		☒	Hectare(Ha)	Value	0.00		700.00
			Sub Type	Date	27-Jul-2015		30-June-2019

	Area provided with irrigation and drainage services - Improved (ha)		Breakdown	Comment			
Revised	Piped household water connections that are benefiting from rehabilitation works undertaken by the project	☒	Number	Value	407.00		2200.00
				Date	27-Jul-2015		30-June-2019
				Comment			Increase in number of household water connections from 1,200 connections, as a result of the new systems to be considered in Chicualacuala and Funhalouro (500 new connections per town)
Revised	Improved community water points constructed or rehabilitated under the project	☒	Number	Value	18.00		116.00
				Date	27-Jul-2015		30-June-2019
				Comment			Increase in number of improved community water points constructed or rehabilitated under the project in rural and urban areas with the addition of

							Chigubo and Massingir Districts
No Change	Conventional classrooms rehabilitated	☐	Number	Value	0.00		433.00
				Date	27-Jul-2015		30-June-2019
				Comment			
No Change	Non-conventional ("mixed") classrooms built	☐	Number	Value	0.00		1038.00
				Date	27-Jul-2015		30-June-2019
				Comment			
No Change	Communities supported with technical assistance from civil society organizations for mixed school construction	☐	Number	Value	0.00		137.00
				Date	27-Jul-2015		30-June-2019
				Comment			
No Change	Communities/villages covered by a new or updated emergency response plan linked to improved early warning capacity	☐	Number	Value	0.00		150.00
				Date			30-June-2019
				Comment			
No Change	Licungo watershed management study completed	☐	Percentage	Value	0.00		100.00
				Date	27-Jul-2015		30-June-2019
				Comment			
No Change	Immediate Response Mechanism (IRM) established and ready to provide access to financial resources in case of an eligible crisis or emergency	☐	Yes/No	Value	No	Yes	Yes
				Date	27-Jul-2015		30-June-2019
				Comment			

Annex 2: Detailed Description of Restructured Project

I. Context

1. *El Niño drought emergency impact*. Data from January to March 2016 showed a shortage of precipitation in the southern region and some areas of central region of the country, with recorded rainfall of less than 50 percent of average (historic monthly average of 50-150 mm per month). This rainfall pattern is due to El Niño prevailing conditions in the Southern Africa region, which is the strongest in 35 years. Long-lasting droughts in the southern and central regions of Mozambique are relatively common, which paired with poor soil contributes to a low agricultural productivity in this semi-arid area. Mostly rural, the population survives at subsistence level with few alternative sources of income outside agriculture. In times of scarcity, the rural poor have little to buffer them from food insecurity.

2. Mozambique is experiencing consecutive disasters with devastating floods in the 2014/15 season and continuing dry spells leading to an agricultural drought in the 2015/16 season, which have severely affected food production and food security in the country. Preliminary data from the Ministry of Agriculture and Food Security indicated that the drought has resulted in the loss of about 875,818 ha of several crops affecting 464,879 farmers in Manica, Sofala, Tete (in the central region) and Gaza (in the southern region) provinces. Although seeds distribution has been carried out, a large proportion of beneficiary households were not able to produce (40 percent in Tete, 33 percent in Inhambane) due to lack of rain. It is estimated that 191,656 children are expected to be malnourished over the next 12 months in all affected provinces. The food security and nutritional assessment of the Technical Secretariat for Food Security and Nutrition (SETSAN) released in March 2016 estimates 1.5 million people are in need of urgent food assistance in seven provinces (Maputo, Gaza, Inhambane, Tete, Manica, Sofala and Zambezia). This shows severe deterioration of the food security situation as the initial assessment conducted in November 2015 indicated that 167,000 people were food insecure; an increase of food insecure people by almost 900 percent in four months. The most drought-affected provinces are Tete, Sofala and Zambezia in the central region of the country, accounting for almost one million people in need.

3. Lack of rainfall in the southern, and parts of the central, provinces of Mozambique has also resulted in water sources becoming unreliable and drying up as the groundwater table lowers. Furthermore, it is estimated that at least 500,000 people are in need of safe drinking water in affected areas. Mitigation measures to water supply included distribution through tankers, drilling new boreholes and rehabilitating old ones, however less than 10 percent of the households of the impacted area have benefited from these water sources (January to June 2016). Finally, the drought has also led to a sharp increase in staple food prices (a 121 percent increase in the retail US$ price of maize between March 2015 and March 2016), with the seasonal peak (December-February) yet to arrive. This situation inevitably risks pushing a significant share of rural households below the poverty line.

4. In July 2016, SETSAN carried out an assessment focusing on Health, Fisheries, Education and Water sectors to update the drought impact information for response planning. This report suggests that there were improvements in food consumption compared to March 2016, mainly Maputo province, Inhambane and Sofala, as a direct result of food distribution efforts conducted by the Government with support from the international community. However, food assistance interventions need to be sustained until the next harvest in March 2017. Although climate conditions have improved, the country is now facing increased probability of above-average rainfall from November to April due to *La Niña* phenomenon. In Mozambique, excessive precipitation would increase the risk of flooding. There is also an increased likelihood of cyclones forming in the Mozambique Channel with associated potential landfall and flooding.

5. *Government Response*: The Government of Mozambique (GoM) declared a red alert for the most drought-affected provinces (Tete, Sofala, Gaza, Manica, Inhambane and Maputo) aiming to intensify and

expand the response actions, and calling for urgent international assistance. A Strategic Response Plan for Drought Emergency was prepared by the UN Humanitarian Country Team to assist 1.5 million people from April 2016 to April 2017, and to complement the Government efforts in the drought response. The GoM, through the National Institute for Disaster Management (INGC), is leading the response to the disaster, with support from humanitarian partners, including NGOs, the United Nations and others donors. The GoM, through the Water Supply and Sanitation Department (DNAAS) and Water and Sanitation Infrastructure Administration (AIAS) has been proactively looking for alternative sources of water by drilling boreholes. However, high levels of groundwater salinity have prevented its use for human and cattle consumption. From April to June 2016, INGC has distributed food to 662,962 people at an estimated cost of US$3.2 million, representing 49 percent of the total population in food insecurity.

6. *Validation of Drought Impact.* Estimates of the drought's impact on GDP are not available but it is expected to be limited. The main loss arises from lost crops and dying (or wasting) livestock. About 97 percent of agriculture production comes from some 3.2 million subsistence farms averaging 1.3 hectares. As such it is consumed directly by farmers and sold on local markets. Its monetary value is small. Nevertheless, real GDP growth is expected to continue on a downward trend through 2016, with preliminary growth figures pointing to 4.5 percent (from 6.6 percent in 2015), as a result of the El Niño impacts, sharp currency depreciation since January 2015 and higher debt servicing. In light of the regional El Niño drought, year-on-year growth in the agricultural sector has slowed to 1.6 percent during the first quarter of 2016, from 2.6 percent in the same period last year. Cereal production has decreased by 11 percent compared with last five-year average of 42.8 million tons. With agriculture accounting for almost a quarter of Mozambique's total output, the negative impact of the drought is felt throughout the country. Poor regional production, limitations to circulation of products due to political-military tensions and shortages in foreign currency for imports have spiked inflation since last year. Food prices have driven the price hikes, with white maize prices increasing by 121 percent in Mozambique between March 2015 and March 2016, more than twice the five-year average. More than 60 percent of the population is dependent on farming or livestock for their livelihoods. With mono cropping and little or no use of irrigation, the impact of the drought has been widespread, much of which may not be picked up in GDP impact figures.

II. Project Components

7. The additional financing is design to address drought prevention and water distribution systems needs through resilient infrastructure rehabilitation and development, as well as to support food security activities at the affected area. Details of each activity are presented as follows:

Component A. Resilient Infrastructure Rehabilitation

8. Sub-Component A.5 – Rehabilitation of the Macarretane Barrage (U$10 million). The Macarretane Barrage is a 650-meter long barrage across the Limpopo River 50 km upstream of the Chokwe irrigation scheme. It consists of 40 piers and 39 gates that serve to regulate water levels in the Limpopo River in order to supply irrigation water to the Chokwe Irrigation Scheme. An extensive rehabilitation program on the barrage was undertaken from 2002 to 2008 with support from a US$10.2-million loan from the Islamic Development Bank approved in 1999. This included modernization and renovation of the hydro-mechanical equipment, rehabilitation of stop-logs and their hoisting mechanism, hinged gates control system and power supply panels. Additional works were carried out after the 2013 floods under the additional financing of the Water and Flood Response Project for US$16 million. These works included repair and replace the hydro-mechanical equipment to ensure that it continues to assist in regulating floods and securing water flows for irrigation purposes, and updated to automatic system the operation of the 39 gates.

9. This barrage operates in concert with the Massingir dam (located upstream) and serves to raise the Limpopo River water level in order to feed the water intake of the Chokwe Irrigation Scheme, enabling it

to operate continuously and entirely by gravity. As such, it plays a critical role in food security by enabling food production throughout the year, thus contributing significantly to mitigate drought impacts in the region. It is also worth noting that the food production in the Chokwe contributes significantly to stabilize food prices (particularly rice and vegetables) in the southern part of the country.

10. Civil works are required to stabilize the downstream terrace of the Macarretane Barrage. Hydraulic changes resulting from the earlier rehabilitation efforts and operation of the gates have accentuated downstream scouring resulting in scour holes in the riverbed as deep as 9 meters. These have undermined the downstream terrace and put at risk the safe operation of the barrage. Re-enforcement of the downstream terrace rehabilitation measures includes replacing damaged concrete block carpet in the downstream apron, as well as filling the scour holes for stabilization of the downstream terrace to avoid further scouring.

11. Sub-Component A.6 – Water supply systems rehabilitation and expansion – (US$5.5 million). In Chicualacuala, a small town of 11,000 people, there is no conventional system of water supply. There is a mini system whose power uptake is made from a borehole with a capacity of 2 m^3/h and two fountains. Water is pumped into two large reservoirs of PVC with capacity of 10 m^3 each. Likewise, Funhalouro is located in an area with little rainfall (500 to 800mm), which places it in a critical situation of water supply where the sources in use are brackish. The town never had a conventional water supply system, and the population uses dispersed sources to meet its water needs. The population is over 30,000 people, with projections indicating it will double by 2030.

12. These towns are located in an area heavily affected by drought, and water source is also a problem, as there is no river near the area and the water table is highly salty water. In both towns currently there is no public water supply system working. At Chicualacuala, there are few private boreholes supplying water to the village population despite it being of not good quality. The EC for the boreholes is beyond the acceptable WHO limits, however there is other water supply alternative for the people. At Funhalouro, the situation is almost the same, where existing water supply is based on high EC borehole water.

13. The investment in construction of water systems is key for the improving of access to drinking water. Although there is no feasibility study on carried out to identify the population's willingness and capacity for paying water service, a proxy analysis based on studies carried out in small towns with similar characteristics, such as Vila de Massangena and Chigubo, has indicated the likelihood of payment and the preference of installation of water fountains. The scope of works will include the detailed design and the willingness and capacity to pay for the service. This study will enable the definition of the tariffs to be applied in the system.

14. The available sources for the proposed areas are mainly boreholes producing around 5 m^3/h. In the design phase, some deep boreholes must be explored In order to enhance the quantity of water abstracted. The water quality in terms of EC does not comply with WHO requirements, thus a specific treatment facilities must be designed to enable water to achieve electrical conductivity levels of 1500 µS/cm. The systems water source (well field) will be designed. At the detailed design stage, the yield of each borehole and water quality parameters will be confirmed for designing the treatment plant. The water quality parameters should include but not limited to the following: PH, temperature, turbidity, conductivity @ 25oC, iron, bicarbonates (HCO3), calcium, magnesium, sodium, potassium, total hardness, total alkalinity, nitrate, and total dissolved solids. The civil works will also include the water storage facilities, tower, network and house connections and some standpipes.

Table 1: Brief Description of the Works to be Undertaken

Description of the Works	Estimated costs (US$ million)
1. Consultancy Services for Feasibility Study, Willingness and ability to pay, Detailed Design, Bidding Documents, and Supervision of Works	1.0
2. Civil Works (Boreholes, Pump Station, Reservoir, Water Tower, Treatment Plant, Network, House Connections and Stand Posts)	4.4
3. Operational Costs	0.1
Total	**5.5**

15. Sub-Component A.7 – Installation of water desalination systems – (US$1 million). The hydrogeological environment of the affected area is not favorable for fresh water. The water from the boreholes is salty with electrical conductivity (EC) higher than limits recommended for human consumption. Private distributors driving more than 200 km from Chokwe are providing the water supply to Chigubo and Massingir. The operational costs for this activity are excessively high and unsustainable. The intervention includes the supply and installation of two fixed and containerized desalination pumps in the existing boreholes with brackish water with capacity to produce $20m^3$/day each, construction of eight multifunctional boreholes equipped with solar pumps, construction of water tower with tanks and stand posts, including 24 water troughs (dispensers) for livestock. The intervention also proposes the establishment of Management Systems for Operation and Maintenance.

16. Technical studies will be carried out to confirm borehole data and water quality parameters to design the water treatment plant, as well as geophysical surveys, drilling, development, casing and pump test of 8" boreholes. The proposed beneficiaries are located in the communities listed in Tables 1 and 2.

Table 2: Villages for installation of containerized desalination pumps

District	Administrative post	Locality	Community	Electrical conductivity of the borehole[2]
Chigubo	Ndindiza	Ndindiza-Sede (Tchelefo)	Chiquelete	9320
Massingir	Zulo	Chissenguele	Chissunguele	10480

Table 3: Villages for installation of multifunctional boreholes

District	Administrative post	Locality	Community	Electrical conductivity of the borehole[1]
Chigubo	Chigubo	Chigubo-Sede	Saute - Nhamandzala	2800
Chigubo	Chigubo	Chigubo-Sede	Saute	2670
Chigubo	Ndindiza	Ndindiza-Sede	Ndidiza / Swiswi	1288
Chigubo	Ndindiza	Nhanale	Queque - Malopane	1277
Massingir	Massingir	Tihovene	Chinhangane	2120
Massingir	Mavodze	Mavodze – Sede	Massingir Velho	2750

[2] The maximum value of EC recommended by WHO is 1500 (µS/cm)

Massingir	Mavodze	Mavodze - Sede	Massingir Velho	2120
Massingir	Zulo	Chissenguele	Macaringue	3380

17. The scope of works will include the design, supply, delivery, installation, testing and commissioning of the desalination of water to achieve electrical conductivity levels of 1500 µS/cm. The systems should be designed to produce at least 2 to 5 m3/h (@ 48 to 120 m3/day) of treated drinking water achieving the desired electrical conductivity levels from each borehole. The Supplier should confirm the yield of each borehole and water quality parameters before designing the treatment plant. The water quality parameters should include but not be limited to the following: pH, temperature, turbidity, conductivity @ 25oC, iron, bicarbonates (HCO_3), calcium, magnesium, sodium, potassium, total hardness, total alkalinity, nitrate, and total dissolved solids.

18. Considering that the project area is not covered by electricity from the national grid, the system will be solar powered. The treated water should be stored in plastic tanks (10,000 liters) under elevated towers located inside the desalination plant, or other places as indicated by the supervisor, to ensure water distribution by gravity. The additional capacity of the tanks if required for each system should be defined according to the borehole production.

19. The desalination plant room shall be located within the desalination plant area. The tanks should be fitted with float switches to automatically regulate the production of potable water based on the levels of the service reservoir. The tank shall be equipped with an outlet valve and associated piping for draining and cleaning the reservoir, as required. The assembly shall be efficiently designed to provide the required flow rate at optimal flow velocity through the membrane units for long lasting life expectancy. During normal operation, the membrane units shall be working simultaneously but in case of damage or failure of one unit, this broken membrane unit will be by-passed with the plant continuing to operate safely with the remaining ones.

Component C. Project Implementation, Monitoring and Evaluation

20. Sub-Component C.1 – Project Implementation, Monitoring and Evaluation by MOPHRH (US$0.3 million). This sub-component will cover: (a) strengthening the capacity of the Project Steering Committee for overall Project coordination; and (b) strengthening the capacity of MOPHRH (DNGRH) for Project management, coordination, monitoring and evaluation, including: (i) fiduciary (i.e. financial and procurement management); (ii) environmental and social assessments; (iii) preparation of Project reports; and (iv) monitoring and evaluation.

21. Sub-Component C.4 – Project Implementation, Monitoring and Evaluation by AIAS (US$0.2 million). This sub-component will cover: (a) strengthening the capacity of the Project Steering Committee for overall Project coordination; and (b) strengthening the capacity of MOPHRH (DNGRH) for Project management, coordination, monitoring and evaluation, including: (i) fiduciary (i.e. financial and procurement management); (ii) environmental and social assessments; (iii) preparation of Project reports; and (iv) monitoring and evaluation.

Component E. Food security emergency interventions (US$3 million)

22. Households, particularly among the poor and those located in rural areas, are highly vulnerable to the negative consequences that they have to face when risks materialize. In the event of a shock, households may experience considerable hardship, including the destruction of assets, deterioration of health, and loss of income and employment. Many of the risks frequently faced by households are inherent to agriculture. This poses a particular problem in countries, such as Mozambique, where the vast majority of the workforce

is still employed in the primary sector. In addition, the poorest households are generally the most exposed to risks, the least able to insure themselves against them, and therefore the most heavily affected by the repercussions of negative shocks. Adverse consequences are not limited to contemporaneous effects in the immediate aftermath of a shock, but can stretch into the long term. Consequently, long-run well-being (i.e. consumption and food security) of Mozambicans is sensitive to the environmental conditions they experience early in life: lower employability, productivity and socioeconomic status.

23. As part of the Government's Strategic Response Plan for Drought Emergency to support over 1.5 million people from December 2016 to March 2017, this activity seeks to support closing the funding gap for food insecurity mitigation. Food purchase will be concentrated on maize and beans (manteiga variety), procured locally in Maputo, Beira and City of Tete. There is no anticipation of price disturbance as countries in Southern Africa, including Mozambique, have auto imposed a ban on exports during the drought to secure food supply. Costs associated with cargo unloading/reloading (for distribution), storage and security will be covered under GoM annual contract with suppliers.

24. The food distribution will be carried out under the modality of Food for Work. Municipalities and community leaders will conduct the selection of beneficiaries to ensure the coverage of food distribution to affected population. Selected works include: cleaning roads, small repair works in schools, and construction of houses for teachers. INGC and beneficiary district authorities will carry out monitoring and supervision.

Annex 3: Safeguard Action Plan

The arrangements made under existing implementing arrangements for the parent project (ERRP) will be used for the AF with regard to environmental and social safeguards. The AF will be implemented by the following Implementation Entities (IEs) in line with their respective mandates: (i) AIAS for drinking water supply; and (ii) DNGRH for dam rehabilitation, rural water supply and drought impact mitigation. These institutions are currently implementing the parent project and other Bank-financed projects and specific environmental and social safeguards requirements will be derived from those already in place. Both entities have also strong environmental and social specialists in place.

The components under the AF that would trigger environmental safeguard policies are Component 1: Resilient Infrastructure Rehabilitation. The environmental safeguard policies that would be triggered are Environmental Assessment (OP 4.01), Natural Habitats (OP 4.04), Physical Cultural Resources (OP 4.11), Safety of Dams (OP 4.37), and Projects on International Waterways (OP 7.50). Initial evaluation of the scope of activities and potential scale of impacts from construction and rehabilitation activities would have the Project assigned the environmental category B as the subprojects have moderate impacts, which are localized and easily mitigated. This category requires a partial assessment of impacts and, in line with safeguard requirements, the existing Environmental and Social Management Framework (ESMF) will be updated, consulted upon, adopted and disclosed by the Government to guide the mainstreaming of environmental planning for the AF.

A rapid assessment of Project activities shows they may involve temporary displacement that would trigger Involuntary Resettlement (OP 4.12). To ensure proper mitigation measures are set forth, the Borrower will update the existing RPF to guide the preparation of site specific Resettlement Action Plans (RAP) once such details are known. This RPF will draw on existing RPFs from ongoing Bank projects by the IEs. Just as the ESMF, the RPF will be fully consulted upon, reviewed and cleared by the Bank, and publicly disclosed both in-country and on InfoShop as a condition of project effectiveness.

Specific steps and actions have been agreed to address the above risks and ensure that project implementation will adhere to relevant Bank policies on safeguards. The project team has been working with the client to maintain the foundation for proper management of safeguards. These include:

i) A Project Steering Committee (PSC) already established under the leadership of the Ministry of Economy and Finance (MEF) and the National Institute of Disaster Management (INGC). It is comprised of representatives from each of the ministries and entities that will contribute to Project outcomes. The PSC will oversee the AF and ensure the coordination across agencies. It will report to the Technical Committee for Disaster Management (CTGC) to ensure overall coordination, monitor recovery efforts and provide project implementation oversight.
ii) The AF will use existing implementing arrangements with the aforementioned entities and ESMF and RPF will draw on existing safeguards frameworks.
iii) The safeguards team of DNGRH has been strengthened with the hiring of a Social and Environmental Specialist. AIAS safeguards team is already experienced and well operational.

The following Action Plan has been agreed for the period before and after the Project becomes effective to ensure adherence to Bank policies.

Table 5.1: Action Plan for Safeguards

	Actions	Responsibility	Due date
1.	AF loan agreement to include clauses in relation to the responsibility of the client to update, implement, monitor and assess the ESMF and RPF	MEF	Completed during Negotiations
2.	Update, adopt and disclose the ESMF and RPF	IEs/safeguards consultant	Condition of Effectiveness
3.	Client to adopt and implement the ESMPs and RAPs prior to any works to monitor the social and environmental aspects of the ESMF	IEs/safeguards consultant	Before construction activities commence
4.	Budget to be included in the annual planning as counterpart finance	IEs/MEF	After effectiveness