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IDA/R2019-0295/1

October 10, 2019

**Closing Date: Wednesday, October 23, 2019
at 6:00 p.m.**

FROM: Vice President and Corporate Secretary

**Mozambique - Second Additional Financing for the Social Protection Project and
Support to Cyclone and Flood Emergencies**

Project Paper

Attached is the Project Paper regarding a proposed additional grant to Mozambique for the Second Additional Financing for the Social Protection Project and Support to Cyclone and Flood Emergencies (IDA/R2019-0295), which is being processed on an absence-of-objection basis.

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Report No: PAD3403

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL GRANT

IN THE AMOUNT OF SDR 25.6 MILLION (US\$ 35.0 MILLION EQUIVALENT)
FROM THE IDA CRISIS RESPONSE WINDOW

AND A PROPOSED GRANT
IN THE AMOUNT OF US\$ 10.0 MILLION
FROM THE STRENGTHENING MOZAMBIQUE'S SOCIAL PROTECTION SYSTEM
MULTI-DONOR TRUST FUND

TO THE

REPUBLIC OF MOZAMBIQUE

FOR THE

SECOND ADDITIONAL FINANCING FOR THE SOCIAL PROTECTION PROJECT
AND SUPPORT TO CYCLONE AND FLOOD EMERGENCIES

October 9, 2019

Social Protection and Jobs Global Practice
Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective August 31, 2019)

Currency Unit = Mozambican Metical (MZN)

MZN 64.25 = US\$1

US\$1 = SDR 0.7308125

FISCAL YEAR

January 1 - December 31

Regional Vice President: Hafez M. H. Ghanem

Country Director: Mark R. Lundell

Senior Global Practice Director: Michal J. Rutkowski

Practice Manager: Robert Chase

Task Team Leader: Edmundo Murrugarra

ABBREVIATIONS AND ACRONYMS

| | |
|---------|--|
| AF | Additional Financing |
| ASA | Advisory Services and Analytics |
| CERC | Contingent Emergency Response Component |
| CPF | Country Partnership Framework |
| CRW | Crisis Response Window |
| CTGC | Technical Council for Disaster Management |
| DCT | Direct Cash Transfer |
| DFID | Department for International Development – United Kingdom |
| ENSSB | <i>Estratégia Nacional de Segurança Social Básica</i> (National Social Protection Strategy) |
| ESMF | Environmental and Social Management Framework |
| FAO | Food Agriculture Organization |
| FY | Fiscal year |
| FM | Financial Management |
| GBV | Gender-based Violence |
| GDP | Gross Domestic Product |
| GoM | Government of Mozambique |
| GRADE | Global Rapid Post-Disaster Damage Estimation |
| GRM | Grievance Redress Mechanism |
| GRS | Grievance Redress Service |
| HCT | Humanitarian Country Team |
| IBRD | International Bank for Reconstruction and Development |
| IDA | International Development Association |
| INAS | National Institute of Social Action |
| INGC | <i>Instituto Nacional de Gestão de Calamidades</i> (National Institute for Disaster Management). |
| IPF | Investment Project Financing |
| IRM | Immediate Response Mechanism |
| MDTF | Multi-donor Trust Fund |
| MGCAS | Ministry of Gender, Children and Social Action |
| MZN | Mozambican Metical |
| NGOs | Non-governmental Organizations |
| OPA | Off-line Payment Application |
| PAD | Project Appraisal Document |
| PASP | Productive Social Action Program |
| PSCM-PS | Mozambique's Civil Society Platform for Social Protection |
| PWP | Public Works Program |
| SAWG | Social Action Working Group |
| SDR | Special Drawing Rights |
| SP | Social Protection |
| TPI | Inclusive PWP |
| UN | United Nations |
| UNICEF | United Nations Children's Fund |
| UNOCHA | United Nations Office for the Coordination of Humanitarian Affairs |

| | |
|------|------------------------------|
| UNJP | United Nations Joint Program |
| WB | The World Bank |
| WFP | World Food Program |

Mozambique

Second Additional Financing for the Social Protection Project and Support to Cyclone and Flood Emergencies

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**BASIC INFORMATION – PARENT (MZ-Social Protection project - P129524)**

| | | | | |
|------------|------------------------------|--------------------|--------------|--------------------------|
| Country | Product Line | Team Leader(s) | | |
| Mozambique | IBRD/IDA | Edmundo Murrugarra | | |
| Project ID | Financing Instrument | Resp CC | Req CC | Practice Area (Lead) |
| P129524 | Investment Project Financing | HAFS1 (9340) | AFCS2 (5547) | Social Protection & Jobs |

Implementing Agency: National Institute of Social Action (INAS)

| | |
|--------------------------------------|--|
| Is this a regionally tagged project? | |
|--------------------------------------|--|

Bank/IFC Collaboration

No

| | | | | |
|---------------|--------------|--|--|------------------------|
| Approval Date | Closing Date | | Original Environmental Assessment Category | Current EA Category |
| 28-Mar-2013 | 31-Dec-2020 | | Partial Assessment (B) | Partial Assessment (B) |

Financing & Implementation Modalities

| | |
|---|---|
| <input type="checkbox"/> Multiphase Programmatic Approach [MPA] | <input type="checkbox"/> Contingent Emergency Response Component (CERC) |
| <input type="checkbox"/> Series of Projects (SOP) | <input type="checkbox"/> Fragile State(s) |
| <input type="checkbox"/> Disbursement-Linked Indicators (DLIs) | <input type="checkbox"/> Small State(s) |
| <input type="checkbox"/> Financial Intermediaries (FI) | <input type="checkbox"/> Fragile within a Non-fragile Country |
| <input type="checkbox"/> Project-Based Guarantee | <input type="checkbox"/> Conflict |
| <input type="checkbox"/> Deferred Drawdown | <input type="checkbox"/> Responding to Natural or Man-made disaster |
| <input type="checkbox"/> Alternate Procurement Arrangements (APA) | |



Development Objective(s)

The objective of the project is to provide temporary income support to extremely poor households and to put in place the building blocks of a social safety net system.

Ratings (from Parent ISR)

| | Implementation | | | | | Latest ISR |
|--------------------------------------|----------------|-------------|-------------|-------------|-------------|-------------|
| | 06-Apr-2017 | 26-Jun-2017 | 27-Dec-2017 | 25-Jun-2018 | 05-Oct-2018 | 28-Jun-2019 |
| Progress towards achievement of PDO | MS | MU | MU | MU | MS | MS |
| Overall Implementation Progress (IP) | MS | MU | MS | MS | MS | MS |
| Overall Safeguards Rating | — | — | — | — | — | — |
| Overall Risk | S | S | S | S | S | S |

BASIC INFORMATION – ADDITIONAL FINANCING (Second Additional Financing for the Social Protection Project and Support to Cyclone and Flood Emergencies - P170327)

| | | | |
|--|--|--|--|
| Project ID P170327 | Project Name Second Additional Financing for the Social Protection Project and Support to Cyclone and Flood Emergencies | Additional Financing Type Cost Overrun, Restructuring, Scale Up | Urgent Need or Capacity Constraints Yes |
| Financing instrument Investment Project Financing | Product line IBRD/IDA | Approval Date 23-Oct-2019 | |
| Projected Date of Full | Bank/IFC Collaboration | | |



| | | | |
|--------------------------------------|----|--|--|
| Disbursement | | | |
| 31-Dec-2020 | No | | |
| Is this a regionally tagged project? | | | |
| No | | | |

Financing & Implementation Modalities

| | |
|---|--|
| <input type="checkbox"/> Series of Projects (SOP) | <input checked="" type="checkbox"/> Fragile State(s) |
| <input type="checkbox"/> Disbursement-Linked Indicators (DLIs) | <input type="checkbox"/> Small State(s) |
| <input type="checkbox"/> Financial Intermediaries (FI) | <input type="checkbox"/> Fragile within a Non-fragile Country |
| <input type="checkbox"/> Project-Based Guarantee | <input type="checkbox"/> Conflict |
| <input type="checkbox"/> Deferred Drawdown | <input checked="" type="checkbox"/> Responding to Natural or Man-made disaster |
| <input type="checkbox"/> Alternate Procurement Arrangements (APA) | |
| <input type="checkbox"/> Contingent Emergency Response Component (CERC) | |

Disbursement Summary (from Parent ISR)

| Source of Funds | Net Commitments | Total Disbursed | Remaining Balance | Disbursed | |
|-----------------|-----------------|-----------------|-------------------|-------------|-------|
| IBRD | | | | <div></div> | % |
| IDA | 60.00 | 41.22 | 14.37 | <div></div> | 74 % |
| Grants | 0.90 | 0.90 | | <div></div> | 100 % |

PROJECT FINANCING DATA – ADDITIONAL FINANCING (Second Additional Financing for the Social Protection Project and Support to Cyclone and Flood Emergencies - P170327)**FINANCING DATA (US\$, Millions)****SUMMARY (Total Financing)**

| | | | |
|--|-------------------|-------------------------------|--------------------------|
| | Current Financing | Proposed Additional Financing | Total Proposed Financing |
|--|-------------------|-------------------------------|--------------------------|



The World Bank

Second Additional Financing for the Social Protection Project and Support to Cyclone and Flood Emergencies (P170327)

| | | | |
|---------------------------|-------|-------|-------|
| Total Project Cost | 50.00 | 45.00 | 95.00 |
| Total Financing | 50.00 | 45.00 | 95.00 |
| of which IBRD/IDA | 50.00 | 35.00 | 85.00 |
| Financing Gap | 0.00 | 0.00 | 0.00 |

DETAILS - Additional Financing

World Bank Group Financing

| | |
|---|-------|
| International Development Association (IDA) | 35.00 |
| IDA Grant | 35.00 |

Non-World Bank Group Financing

| | |
|-----------------|-------|
| Trust Funds | 10.00 |
| Miscellaneous 1 | 10.00 |

IDA Resources (in US\$, Millions)

| | Credit Amount | Grant Amount | Guarantee Amount | Total Amount |
|------------------------------|---------------|--------------|------------------|--------------|
| Mozambique | 0.00 | 35.00 | 0.00 | 35.00 |
| Crisis Response Window (CRW) | 0.00 | 35.00 | 0.00 | 35.00 |
| Total | 0.00 | 35.00 | 0.00 | 35.00 |

COMPLIANCE

Policy

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

☐ Yes ☒ No

Does the project require any other Policy waiver(s)?

☐ Yes ☒ No



INSTITUTIONAL DATA

Practice Area (Lead)

Social Protection & Jobs

Contributing Practice Areas

Agriculture and Food

Finance, Competitiveness and Innovation

Urban, Resilience and Land

Climate Change and Disaster Screening

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

Gender Tag

Does the project plan to undertake any of the following?

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF

No

b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment

Yes

c. Include Indicators in results framework to monitor outcomes from actions identified in (b)

Yes

PROJECT TEAM

Bank Staff

| Name | Role | Specialization | Unit |
|-------------------------|--|----------------------------|-------|
| Edmundo Murrugarra | Team Leader (ADM Responsible) | Social Protection and Jobs | HAFS1 |
| Antonio Laquene Chamuco | Procurement Specialist (ADM Responsible) | Procurement | EA1RU |
| Amos Martinho Malate | Procurement Specialist | Procurement | EA1RU |



| | | | |
|----------------------------------|---|--------------------------|-----------------|
| Joao Tinga | Financial Management Specialist (ADM Responsible) | Financial management | EA1G2 |
| Bruno Alberto Nhancale | Environmental Specialist (ADM Responsible) | Environmental safeguards | SAFE3 |
| Salma Omar | Social Specialist (ADM Responsible) | Social safeguards | SSASO |
| Elvis Teodoro Bernado Langa | Team Member | Operations | AFCS2 |
| Emre Ozaltin | Team Member | HD Program Leader | HAFD1 |
| George Ferreira Da Silva | Team Member | Disbursement Specialist | WFACS |
| Isadora Nouel Cordido | Team Member | Administration | HAFS3 |
| Javier Eduardo Baez Ramirez | Team Member | Poverty Analysis | EA1PV |
| Jordi Jose Gallego-Ayala | Team Member | Social Safety Nets | HAFS1 |
| Maria Isabel Nhassengo-Massingue | Team Member | Procurement | AFCS2 |
| Mariana Margarita Montiel | Counsel | Legal counsel | LEGAM |
| Michel Matera | Team Member | Disaster Risk Management | SAFU2 |
| Samantha Zaldivar Chimal | Team Member | Social Safety Nets | HAFS1 |
| Takaaki Masaki | Team Member | Poverty analysis | EA1PV |
| Tomas Ricardo Rosada Villamar | Team Member | Productive Inclusion | SLCAG |
| Extended Team | | | |
| Name | Title | Organization | Location |



I. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

A. Introduction

1. This Project Paper seeks the approval of the Executive Directors to provide a second additional financing (AF) in the amount of SDR 25.6 million (US\$35 million equivalent) IDA grant to the Republic of Mozambique for the Social Protection Project (P129524). In March and April 2019, Mozambique was hit by two powerful cyclones causing large human and physical losses that merit a social protection (SP) response to address medium term consumption support of the most vulnerable population and triggered the use of the IDA Crisis Response Window (CRW). The proposed project will also be financed from the Strengthening Mozambique's Social Protection System Multi-donor Trust Fund (hereafter MDTF) in the amount of US\$10 million funded by the United Kingdom, the Netherlands and Sweden.

2. The proposed second AF (AF2) would help finance the costs associated with: (a) scaling up project activities in the cyclone and flood affected areas, including but not limited to the Provinces of Sofala, Manica and Cabo Delgado, covering an estimated 108,000 affected households; (b) scaling up project activities through the expansion of SP programs among vulnerable households; (c) covering costs overruns in the investments associated with the building of social protection instruments; (d) supporting additional project management, supervision, and incremental operating costs; and (e) strengthening client capacity to manage and operate sustainable SP systems.

3. The Project Development Objective (PDO) will remain unchanged. The design of specific project activities will be modified to accommodate support to cyclone and flood affected population in selected Provinces. The proposed scale-up would lead to increased targets in selected PDO and intermediary outcome indicators as described in Annex 1.

4. The proposed AF2 will provide an opportunity for further consolidation of the SP system and utilize and strengthen the existing capacity in the Government to support the poor and vulnerable in a timely manner, especially in emergency conditions. Moreover, this AF2 will also support the Government in leveraging and learning from the technical and operational capacities of international agencies to expedite the delivery of SP programs. Finally, this AF2 will support bringing development partners together in a joint technical and financial policy platform for integrated SP to promote and protect human capital investments to the poor and vulnerable.

B. Background

5. **The Social Protection Project (P129524) was approved in March 2013 in the amount of US\$50 million equivalent from IDA credit resources.** The project became effective on October 7, 2013. In March 2017, an AF1 for US\$10 million equivalent was approved to support the development of SP system instruments, the scale up of project activities to thirty additional districts, and to support households affected by a drought in the Province of Gaza. The PDO is to “provide temporary income support to extremely poor households and to put in place the building blocks of a social safety net system” and has



been maintained throughout project implementation. Overall implementation progress has been rated Moderately Satisfactory since December 2017 and progress towards achievement of the PDO has been rated 'moderately satisfactory' since October 2018. The disbursement rate has increased to 75 percent as of October 2019 and is expected to increase rapidly due to the scale up of the PWP (PW) program, delivery of drought related cash transfers, and increased benefit levels of SP programs. The project has three components: (a) Institutional strengthening and capacity building to support the consolidation of the National Basic Social Security Strategy; (b) Labor-intensive PWP; and (c) Direct Cash Transfers (DCT).

6. **Under Component 1, project implementation made significant progress in the development of the basic system delivery tools;** namely: (i) the INAS Management Information System (called e-INAS) is fully functional in nine out of fifteen delegations that implement Project activities, and will cover the other six delegations by the end of the Project); (ii) the social registry of vulnerable households (Cadastro) is implemented in all provinces; (iii) targeting tools that combine both geographic, community-based and household level criteria are utilized in Project supported programs; (iv) more efficient beneficiary enrollment processes leveraging digital information technology; and (v) payment processes with enhanced efficiency and transparency, partly using alternative payment mechanisms such as third-party payment agencies. Given the limited capacity of the implementing agency at the start of the Project, this component absorbed larger amounts of funds than initially planned, requiring funding reallocations. A specific investment cost that was underestimated under the AF1, was the cost of third-party payment agencies.

7. **Component 2. The Labor-intensive PWP program aims to provide income support to poor households through their participation in PWP.** Its implementation has already covered 97,000 beneficiaries and has an additional 35,000 beneficiaries already registered ready for the fifth cycle that was planned to start in July 2019.¹ This will exceed the target coverage PDO indicator (120,000 beneficiaries) which is a reflection of the increased capacity gained during implementation. Although 65 percent of beneficiaries are females, a larger coverage could be achieved if the program could accommodate gender- differentiated subprojects that reflect flexible scheduling of activities, expand activities that require different levels of physical effort, and accommodate households' responsibilities.² As a response, INAS has adapted the PWP model to accommodate lactating females, people with some disabilities, and other groups with different capabilities to endure high levels of physical effort. This so-called "inclusive PWP" modality (TPI, for its Portuguese name) was tested with more than 10,000 beneficiaries resulting in positive outreach, intake and participation outcomes by specific groups, and especially among females. The implementation of PWP in coordination with district authorities has also supported subprojects improving social and economic infrastructure as determined by community consultations. The cost of the planned coverage expansion was also augmented by an increase in the

¹ The areas affected by the cyclones' emergencies have a revised implementation schedule to accommodate a faster public works program better fit for emergency situations.

² See Barca (2019) and Beazley and Picanyol (2019) for a detailed analysis on the Labor-Intensive Public Works Program and measures that relate to health assistance services and local climate change adaptation plans that could further increase female participation.



benefit level for PWP from MZN 650 (US\$11) to MZN 1,050 (US\$17) per month, which had not been adjusted since 2015.

8. **Component 3. The Direct Cash Transfer** was established in 2017 under the AF1 and aims at supporting the provision of unconditional income support to vulnerable households. The design of this component included support to those households vulnerable to natural disasters (droughts) that affected the Province of Gaza and provided support to 18,466 beneficiaries. Implementation of this component faced significant delays due to the additional complexity of implementing large contracts with third-party payment agencies. This experience corroborated the lesson in shock-responsive SP about the need to leverage the existing capacity to deliver SP benefits and services to ensure timely implementation of activities. Hence, this AF2 exploits both the operational capacity already built in the implementing agency while using existing capacity from third party actors. This component also facilitated the development of simplified processes in the utilization of SP system instruments, such as the rapid emergency household registration in e-INAS, and the use of tablets and biometric information to enhance payment verification and transparency, among others. The introduction of the DCT in AF1 broadened the scope of SP instruments in addressing emergencies and disasters and built additional capacities that are leveraged in this AF2.

9. **The progress observed during implementation came with a substantial effort in capacity building and gradual improvements in fiduciary processes.** The project has been rated consistently as moderately satisfactory on financial management (FM) and the Financial Management Report for the last quarter of 2018 found that the financial reports were submitted within 45 days of the end of the period and that the information was internally consistent and cleared for FM purposes. Procurement activities were rated as Moderately Satisfactory in August 2018 but, since then, large and complex contracts have been awarded, negotiated and are under implementation. Other procurement processes have been processed at a faster pace and the Procurement Plan has been updated regularly reflecting a more proactive management. As a result, project execution and disbursements have accelerated since 2018.

10. **Compliance with environmental and social safeguards is rated as moderately satisfactory due to the regular challenges in implementing the PWP.** The implementation of project activities, and in particular, those of PWP, required sustained improvements on issues like processing of environmental licenses for PWP, provision of protective equipment for PWP participants, among others. One factor behind some of these challenges was the lack of a project safeguards specialist for six months until he was finally appointed in March 2019. Under the new safeguards Specialist, implementation of the existing Environmental and Social Management Framework (ESMF) continued and capacity building and training workshops have been conducted in May 2019. In addition, INAS assigned three technical personnel to the safeguards team, showing an increased ownership of safeguards frameworks.

11. **The sustained improvements in project performance motivated the establishment of Mozambique's Social Protection System MDTF** to support both technical assistance and financing needs to implement the National Social Protection Strategy (*Estratégia Nacional de Segurança Social Básica*, ENSSB). The MDTF (TF073250) was established in December 2018 as a first step in supporting GoM's efforts in setting up a SP system serving as an integrated platform for technical assistance and financial support to the sector. The Department for International Development, United Kingdom (DfID), the



Governments of the Netherlands and Sweden have committed US\$20.6 million to the MDTF aimed at two objectives: first, financing SP programs and operational costs through existing World Bank operations (such as this AF2, P170327) and, second, providing technical assistance through a separate Advisory Services and Analytics (ASA) program (P167025).

12. **The MDTF platform also supports a broadened SP policy dialogue** and is being structured to serve as a bridge between the current project and a new, broader operation. The World Bank with support from the MDTF has established a substantive technical dialogue across development agencies and the Government on the implementation of the ENSSB. As such, this MDTF is planned to support coordination and harmonization of activities with existing arrangements, such as the One United Nations Joint Program (UNJP) that includes United Nations Children's Fund (UNICEF) and the International Labor Organization, and other development partners like World Food Program (WFP). MDTF partners have signaled future financial commitments in the medium term that would accompany the transition between the current project to a new, broader SP operation planned for FY21 (under IDA19). This operation, to be jointly financed by IDA and MDTF donors, would ensure coherence of instruments and programs during the implementation of the ENSSB.

13. **The project will contribute to the Mozambique Country Partnership Framework (CPF, FY2017-2021) objectives.**³ The project will support the enhancement of sustainability and resilience (Area 3) through the expansion of coverage of SP programs. Also, a specific program (PWP) would support the improvement in management of climate risks through SP activities at the district level aligned with efforts to increase climate change resilience. The project will also support investments in human capital (Area 2) through the timely provision of income support to households during disaster settings, where human capital (e.g. nutrition) tends to deteriorate rapidly.

14. **This AF2 is directly linked to key development priorities.** This AF2 supports the World Bank Human Capital Project through the support of families with children in SP programs. The implementation of the DCT program under Component 3 will target families with children and, in the emergency affected areas with high malnutrition rates, the support to beneficiary families will be followed by the Child Grant for families with children under two years of age to reduce the risk of infant mortality and malnutrition. In addition, the implementation of digital payments among SP beneficiaries will increase both digital depth and financial literacy among the poor and vulnerable.

C. Rationale for Additional Financing and Crisis Response Window

15. **The proposed AF2 will cover the financing gap associated** with: (i) scaling up SP programs to support households affected by the cyclone and flood affected areas, including but not limited to the provinces of Sofala, Manica, and Cabo Delgado; (ii) scaling-up project activities through the expansion of SP programs among vulnerable households; (iii) cost overruns in the investments associated with the building of SP instruments; and (iv) supporting additional project management, supervision and incremental operating costs; and (v) strengthening client capacity to manage and operate sustainable

³ See World Bank (2017).



shock-resistant SP systems. This section describes the motivation for scaling up SP programs to respond to cyclone and flood emergencies.

16. Recent emergencies due to Cyclones Idai and Kenneth have exacerbated socioeconomic vulnerabilities in affected areas, underscoring the need to support most affected households. Cyclone Idai and subsequent flooding and landslides affected Malawi, Mozambique and Zimbabwe over the period of March 4–17, 2019, wreaking severe repercussions on an already fragile part of southern Africa and raising the prospects of significant cross-border impact. The cyclone has affected around two million people across the three countries and left a trail of destruction with many people dead, missing or displaced, as well as crops and livestock lost and critical infrastructure destroyed. Regional effects are already being felt through trade disruptions, disease outbreaks and rising outmigration. Notably, the cyclone’s impact on the important Beira trade corridor interrupted supplies of essential goods such as fuel, wheat and fertilizers, affecting already volatile prices and exchange rates (particularly in Zimbabwe), and impacting trade revenue. The Beira corridor is a trading route for countries including Malawi, Zambia and Zimbabwe that links hinterland countries to the ocean through the port of Beira. Cyclone winds and floods destroyed or damaged critical infrastructure such as roads and bridges, as well as buildings in Beira used to facilitate trade, such as warehouses. The scale of the cyclone and cumulative effects from preceding shocks on an already fragile region could also lead to rising outmigration—to illustrate, about 0.5 million Zimbabweans migrated to neighboring countries as a direct consequence of the droughts in 2002 and 2004, and historical evidence suggests that this is likely to cause severe socioeconomic strain in receiving countries. With the Ministry of Health in Mozambique declaring a cholera outbreak on March 27 and over 4,000 cases of cholera recorded along the corridor as of May 1, 2019 a coordinated regional effort to control the spread of diseases is critical.

17. Mounting an effective response and addressing the spillover effects of this crisis require an integrated regional intervention from the World Bank. This operation is part of the World Bank’s broader regional package which comprises a set of operations totaling some US\$700 million in IDA resources – including up to US\$545 million from the IDA to support cyclone response in Malawi, Mozambique and Zimbabwe (World Bank, 2019c). Out of the CRW allocation, US\$35 million have been allocated to be channeled through this AF (Annex 3 details the CRW request).

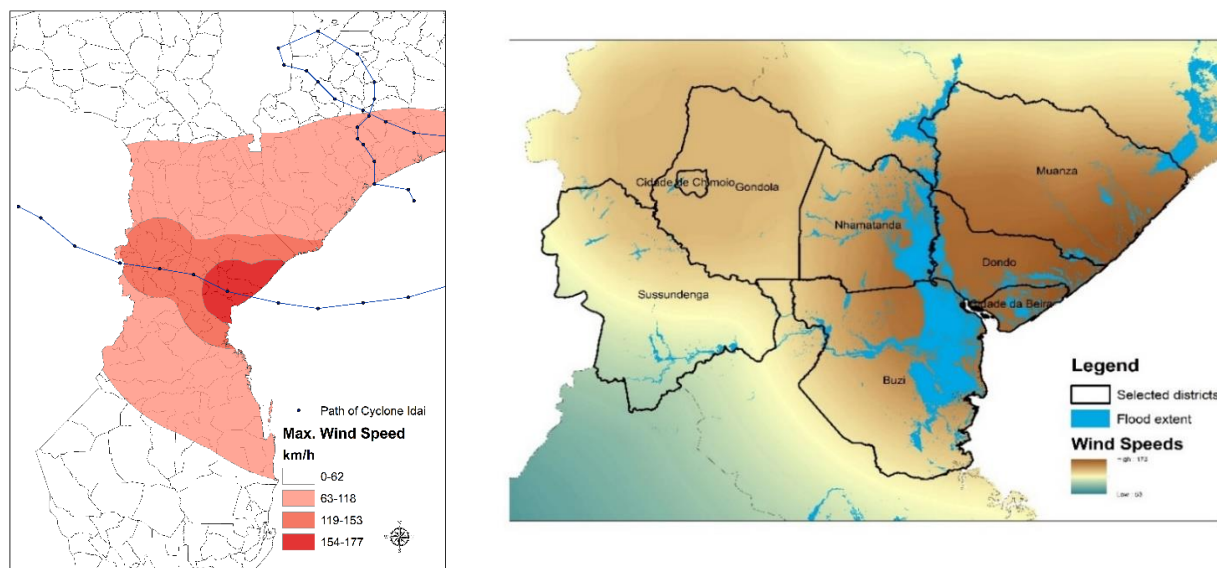
18. The Cyclone Idai affected all five provinces in Central Mozambique although 80 percent of the people in need are in the Provinces of Sofala and Manica (see Figure 1, Panel A). It has resulted in an official death toll of 602 people (as of April 9, 2019), more than 1,600 people injured, 6,506 cases of cholera, 14,059 cases of malaria, and at least 142,000 people still sheltering in 136 displacement sites (United Nations Office for the Coordination of Humanitarian Affairs, UNOCHA, 2019). As a result, on March 19, 2019 the GoM declared a National Emergency, triggering major emergency response interventions. The National Disaster Management Institute (*Instituto Nacional de Gestão de Calamidades*, INGC) with support from international organizations and partner countries is leading the delivery of food, water and sanitation, organizing the delivery of basic health care such as cholera vaccination and treatment, installation of temporary shelters, among other services. Although the size of the affected population is undergoing periodic updates, the exposure to flooding and extreme winds was most acute in the City of Beira, the districts of Dondo, Nhamantanda, Buzi, Sussundenga, Gondola, Marromeu, Macate and Muanza (Figure 1, Panel B). Furthermore, on April 25, 2019, Cyclone Kenneth hit the Northern Region of the



Country, resulting in both river and urban flooding in Cabo Delgado Province, where Pemba City is located. Overall, Idai and Kenneth affected over 1.7 million people, resulting in 644 people dead, and 275,000 houses partially or totally destroyed. This AF2 is therefore expected to provide urgent support to Government efforts in delivering SP programs to support minimum consumption levels, recover basic social and community infrastructure and protect investments in human capital.

19. **The proposed activities in this AF2 are part of a Government-led emergency response jointly supported by development partners to ensure coordination with other organizations.** The investments on SP instruments and programs related to the emergency response have been discussed and endorsed by the Ministry of Gender, Children and Social Action (hereafter MGCAS, 2019) and agreed within the Mozambican Social Action Working Group (SAWG) that includes international organizations, humanitarian and other development partners (World Bank, WFP, UNICEF et al, 2019). This joint effort between the GoM and development partners has three critical stages: : emergency response, recovery and rehabilitation, and return to mainstream programs (Table 1). During the emergency response stage, humanitarian and basic need activities have been led by the INGC with support from all GoM agencies, and other international organizations. The WFP has played a critical role in the delivery of humanitarian aid and supporting INGC in the preparation of lists of affected population.

Figure 1. Cyclone Idai: Exposure to Winds and Flooding



Panel A: Wind intensity by districts (World Bank, 2019a) **Panel B:** Wind and Flooding in Sofala and Manica (World Bank, 2019b).



Table 1. Emergency Response and Post-Emergency Activities

| | Emergency Response (Responsible Agency/Partner) | Recovery and Rehabilitation (Responsible Agency/Partner) | Mainstream (Responsible Agency/Partner) |
|------------|--|--|---|
| Duration | Three months | Six months | After Recovery and rehabilitation |
| Activities | <ul style="list-style-type: none"> • Food parcels and vouchers and nutritional kits, shelter, water. • Health care, medicine, psychosocial support. • Family reunification, identification. (INGC/GoM, WFP, UNICEF, Food and Agriculture Organization (FAO), Other Agencies and Partners) | <ul style="list-style-type: none"> • PWP for post disaster activities (INAS/WB). • Agricultural Input vouchers (FAO/WFP). • DCTs– Post Disaster (INAS/WB) | <ul style="list-style-type: none"> • PWP (INAS) • DCTs (INAS) • Child Grants (INAS/UNICEF) • Other social assistance (INAS) |

20. **The recovery and rehabilitation stage started after the stabilization of living conditions of affected areas and recovery of basic infrastructure that ensured access to social service providers, markets, and communication providers.** This stage delivers post-emergency SP interventions in parallel to other programs addressing other sector needs. This six-month stage will phase out as the regular functioning of programs is reestablished. These activities require strong coordination among different interventions and across different stages to ensure adequate territorial coverage, harmonized service and benefit packages, and maximize synergies on information collection efforts and other activities. The above mentioned SAWG and the increased coordination between INGC and INAS support the coordination between humanitarian aid and SP agencies.

21. **During the post-emergency support, gender issues are of particular importance.** Although the project has achieved higher participation of females, these outcomes could be jeopardized in post-disaster contexts. In Mozambique, 62 percent of the poorest households are female headed and women are highly vulnerable to gender-based violence (GBV) with 37 percent of women (15-49 years old) experiencing some form of violence in their lives (MGCAS, Union Europea, 2016). Adolescent girls (15-19 years old) are particularly vulnerable, where almost half are already married and 19 percent report suffering forced sexual initiation (United States Agency for International Development, 2016). Global evidence shows that disasters lower women's life expectancy more than men's (United Nations Development Programme, 2019), and women and girls are more likely to die than men and boys in countries where women's socioeconomic status is low.⁴ In a post-disaster setting women's vulnerability to GBV related practices also increase, including early and forced marriages, deterioration in access to services, and increased workload. The gender disparities that prevail in the pre-disaster context tend to be the ones that exacerbate women's disadvantage in the aftermath, for example women may not have access to social assistance given lack of identification, information, or mobility due to financial or

⁴ For instance, in Bangladesh during the 1991 cyclone women were 14 times more likely to die than men.



traditional limitations.⁵ This project will incorporate these findings to enhance female participation in project supported programs.

II. DESCRIPTION OF ADDITIONAL FINANCING

A. Summary of Changes

22. The proposed AF2 would (a) scale up project activities in the cyclone and flood affected areas; (b) scale up project activities through the expansion of direct cash transfers to vulnerable households; (c) cover cost overruns in the investments associated with the building of SP instruments; (d) support additional project management, supervision, and incremental operating costs; and (e) strengthen client capacity to manage and operate sustainable SP systems.

- (a) **PDO.** The PDO would remain unchanged as *'to provide temporary income support to extremely poor households and to put in place the building blocks of a social safety net system.'*
- (b) **Results Framework.** The Results Framework has been revised to reflect the new scope and scale-up of project activities. This includes updated end targets given the planned coverage expansion and to reflect an increased focus on women's access to SP programs.
- (c) **Adjustments to project component design.** No additional components are included but Component 3 was revised to include a broader set of eligible vulnerable populations, namely those affected by the cyclone and flood emergencies, female headed households, and other households with a vulnerable member without capacity to work.
- (d) **Implementation arrangements.** No changes in implementation arrangements, but explicitly involving third-party agencies, especially United Nations (UN) agencies, performing specific project activities when and where their comparative capacity can complement, and ultimately build, that of the implementing agency. In particular, WFP is planned to support INAS in payment processes in difficult to access areas affected by cyclones and flooding emergencies.

B. Components

Changes to Components and Costs

23. **Component 1** (US\$5.76 million, of which US\$3.76 million from IDA grant, and US\$2.00 million from MDTF). The AF2 will support building MGCAS and INAS capacity through the consolidation of SP system instruments to implement, monitor and evaluate the ENSSB as an integrated and permanent safety net system by covering the financing gap for the investments in building: third-party payment systems, cost-effective registration and enrolment protocols, management information systems (e-INAS), grievance redress mechanisms (GRM), and financial education training modules, among other investments. These systems are essential for the delivery of social assistance benefits described in

⁵ Ibid. For example during the 2010 floods in Pakistan.



Components 2 and 3. These activities have been technically reviewed and are already under implementation. Component 1 activities will provide increased reliability of SP instruments supporting the ENSSB and will enhance the capacity of the GoM to implement and sustain shock resilient SP programs for the population.

24. **Component 2** (US\$5.36 million from IDA grant). This AF2 will cover the scale up of labor-intensive PWP to beneficiaries in cyclone and flood affected areas in the form of *post-emergency PWP* that have a shorter duration and streamlined implementation processes. The implementation of the *post-emergency PWP* follows the regular PWP operational process but has a simplified beneficiary intake process as it is based on the existing PWP beneficiary roster (in e-INAS). Additional participants for the post-emergency PWP, where needed, will be drawn from the lists of affected population produced by the emergency response lead-agency INGC.⁶ The territorial coverage of post-emergency PWP will target the districts most affected by the recent emergencies, as determined by information from INGC, INAS, and analysis made by the World Bank.⁷ For post-emergency PWP, the benefit levels and other regular reporting processes will be maintained, as described in the revised Operational Manual (MGCAS, 2018).

25. This AF2 will also expand the description of PWP to incorporate the *inclusive PWP* (TPI) modality for delivery of social and community services with reduced physical effort requirement, and flexible scheduling to facilitate the participation of different socioeconomic groups, especially that of females. The implementation of the TPI modality will follow TPI Operational Model used for the pilot and accepted by the World Bank.⁸ As such, TPI activities have already been assessed and would not require additional fiduciary due diligence processes.

26. The parameters of the post-emergency PWP are: (a) labor intensity of subprojects - at the local level an average of 70 percent of subproject resources will fund the cash transfers given to participants in exchange for their labor on the PWP; (b) benefit size - participants will receive a cash transfer of MZN 1,050 per month, consistent with the regular PWP benefit; (c) duration- beneficiaries will participate in the program for three months by which time they should be reassessed by INAS and referred to regular SP programs if eligible.⁹

27. The incremental coverage of the *post-emergency PWP* scale-up due to the cyclone and flood response is about 24,500 households with an estimated cost of US\$5.36 million (see Table 2), including grants to district authorities that collaborate in the implementation, materials and other operational costs. Component 2 relies also on the implementation of delivery systems (registration, payments, monitoring) included under Component 1.

⁶ INGC completed the listing of affected households and made them available to INAS. The INGC listing is being produced with support from WFP. Information exchange processes between INAS and WFP have been tested in the case of Nhamantanda district and a protocol of data exchange is being formalized for future operations.

⁷ The territorial coverage of the response is based on emergency information, population exposure, social protection enrolment and poverty estimates by the INAS, INGC, the World Bank Disaster Risk Management and Poverty Global Practices. An illustration based on the Sofala and Manica Provinces is described in Annex 2.

⁸ República de Moçambique (2015).

⁹ Additional detail and other international experiences in Annex 4.



Table 2. Social Protection Program Coverage across AF

| Program | Original project (5226-MZ) | AF 1 (5992-MZ) | Additional Financing 2 | Total Beneficiaries |
|---------|--|--|---|--|
| PWP | <ul style="list-style-type: none"> • 100,000 Beneficiaries • 35 percent female | <ul style="list-style-type: none"> • 21,000 additional beneficiaries • 50 percent female | <ul style="list-style-type: none"> • 24,500 beneficiaries (post-emergency PW) • Existing + new beneficiaries | <ul style="list-style-type: none"> • 125,000* |
| DCTs | | <ul style="list-style-type: none"> • 18,500 beneficiaries • 3 drought-affected districts (in Gaza) | <ul style="list-style-type: none"> • 108,000 DCT beneficiaries in affected districts • 14,000 additional DCT beneficiaries from vulnerable households | <ul style="list-style-type: none"> • 140,500 |

Note: (*) The total number of PWP beneficiaries is not the sum of the different columns, as the post-emergency PWP beneficiaries include already existing participants.

28. **Component 3** (US\$33.88 million, of which US\$25.88 million from IDA grant, and US\$8.00 million from MDTF). The previous AF1 specified the target population as those households in the drought affected districts in the Gaza Province, although the directive supporting the DCT program allowed for coverage of a broader range of vulnerabilities and risks (MGCAS, 2017). The revised Component 3 will revise the definition of the eligible population to cover those affected by natural disasters or other emergencies, including cyclones and floods, and those that are priority vulnerable groups according to the ENSRB, such as the elderly in poverty, female headed households, people with disabilities, among others.

29. This AF2 will cover the population affected by cyclones and floods based on the existing beneficiaries of INAS programs in the affected territories. Where needed, the list of beneficiaries in INAS systems, will be complemented by INGC lists of the identified affected population.¹⁰ An estimated 108,000 households would be covered by DCTs for post-emergency relief. The implementation of DCT to the population affected by natural disasters or other emergencies will follow the Operational Manual established by MGCAS (2017).

30. Under this component, the AF2 will also finance DCT to vulnerable households in the Nampula Province, already identified and that comply with the poverty and vulnerability criteria established in the Project Operational Manual. This program sub-population will include households that have a vulnerable member and do not have a work-able member eligible for PWP, including former PWP beneficiaries that can no longer participate due to age restrictions or whose family conditions prevent them from working. The DCT for vulnerable households will cover 14,000 vulnerable households.

31. In order to deliver these benefits in Component 3, investments in delivery systems are included under Component 1, such as the third-party payment agency, registration and monitoring processes,

¹⁰ Additional operational guidance will follow the *Manual Relativo a Operacionalização do Fundo de Gestão de Calamidades* (INGC, 2019) to ensure greater alignment with the disaster risk management policy criteria.



among others. Payment processes of direct cash transfers will be implemented using established INAS processes and leveraging third-party agencies when they have comparative advantage in specific territories.

32. The costs by component, for the original financing, the AF1 and the proposed AF2 are presented in Table 3 below. The restructuring will also reallocate the remainder of the funds under the Unallocated category to Component 1 activities.

Table 3. Social Protection Costs and Financing (US\$ million)

| Component | Initial Cost (5226-MZ) | Additional Finance 1 (5992-MZ) | Additional Finance 2 | Revised Cost |
|---|---------------------------|--------------------------------------|-------------------------|-----------------|
| 1. Institutional strengthening and capacity building | 13.70 | 2.50 | 5.76 | 21.96 |
| 2. Labor-intensive PWP | 36.30 | | 5.36 | 41.66 |
| 3. Direct Cash Transfers | | 7.50 | 33.88 | 41.38 |
| Total Project Cost | 50.00 | 10.00 | 45.00 | 105.0 |

33. **The proposed AF2 will be financed from the IDA CRW and MDTF resources.** The financing allocation by source, for the original operation, the AF1 and the proposed AF2 is presented in Table 4 below. The proposed AF2 is funded from two sources: (i) IDA CRW (IDA-D520) in the amount of US\$35 million equivalent, and (ii) the MDTF (TF-B1121) in the amount of US\$10 million.

Table 4. Project Financing Sources (US\$ Million)

| Source | Original (5226-MZ) | Additional Finance 1 (5992-MZ) | Additional Finance 2 | Total |
|--|-----------------------|--------------------------------------|-------------------------|--------|
| International Development Association (IDA) | 50.00 | | | 50.00 |
| CRW | | 10.00 | 35.00 | 45.00 |
| MDTF | | | 10.00 | 10.00 |
| Total Project Cost | 50.00 | 10.00 | 45.00 | 105.00 |

D. Other changes

Implementation Arrangements

33. **The implementation arrangements of the Project will be maintained.** INAS will maintain its role as implementing agency and responsible for the project's fiduciary responsibilities. As mentioned in the



components section, project implementation will continue implementing activities already included in the project and incorporate adaptations in the case of post-emergency PWP (e.g. shorter duration of PWP).

34. **The AF2 proposes to complement and strengthen national capacity through third-party agencies and innovative methods to deliver benefits and services in the emergency affected areas.** Third-party agencies with existing operational capacity in Mozambique may be contracted for specific roles. The WFP has been identified as an agency with existing implementation capacity to support the delivery of services in difficult to access areas. In addition to WFP global experience in fragile and conflict countries, WFP has also been implementing payment delivery in the Province of Tete and, more recently, WFP has been carrying out food distribution activities in difficult-to-reach cyclone and floods affected districts. Any contracted agencies would be responsible for capacity building to strengthening national capabilities to carry out similar tasks going forward. Furthermore, this AF2 proposes to leverage existing World Bank projects to scale up alternative payment processes. Specifically, the Mozambique Financial Inclusion and Stability Project (P166107) will support INAS in implementing digital payments to a selected group of beneficiaries in the city of Beira, the largest urban area affected by Idai. The use of payment processes in addition to INAS methods, will not only support the planned coverage scale up of post-emergency DTC but also reduce the administrative cost of payment delivery.

35. **This AF2 will also introduce an Offline Payment Application (OPA), leveraging information technology for beneficiary identification, verification and enhanced accountability of payment processes.** The project has tested an OPA aimed at increasing transparency, accountability and establishing standardized processes for SP cash transfer programs in the country. The OPA first uploads the payment list as generated by the e-INAS and then, allows INAS officials to verify the identity of main beneficiary using both the individual's identity document, and by comparing the beneficiary picture in e-INAS with a verification photo of the beneficiary upon cash delivery. This beneficiary picture is also used for post-payment spot checks auditing. The OPA also produces critical reconciliation information such as receipt number and amount delivered. After the payment event, OPA also allows payment teams to conduct reconciliation between local and central INAS levels. The OPA increases the efficiency of information management processes during payments activities. The use of OPA will be reflected in the revised Operational Manual.

36. **To strengthen INAS' capacity in addressing social risks, this AF2 will benefit from the World Bank-Executed MDTF (P167025) to use third-party agencies to complement existing GRMs, especially in the response to the cyclone and floods emergencies.** The project will use Mozambique's Civil Society Platform for Social Protection (PSCM-PS), an independent monitoring initiative implemented since 2013 and supported by the One UNJP. The PSCM-PS is legally constituted and consists of an extensive group of civil society organizations with trained staff and capacity to conduct regular local monitoring activities. The MDTF will support the role of PSCM-PS to: (i) generate customized and standard reports on selected performance indicators using e-INAS; (ii) conduct education campaigns and sensitize beneficiaries regarding beneficiaries' rights and responsibilities and anti-corruption practices; (iii) collect grievances and provide feedback to beneficiaries; (iv) conduct spot checks during and after payment to ensure payment protocols are followed, as well as prevent, identify, and follow up on potential cases of leakage or corruption; and (v) prepare bi-monthly reports of activities conducted and main findings.



Gender

37. **The proposed AF2 activity will look at three specific areas to reduce gender-based risks while increasing women's empowerment.** First, reducing the risk of women's exclusion. The proposed activities will address outreach, intake and enrollment processes that are particularly gender-sensitive. The outreach strategy will rely on local structures and other communication strategies with specific focus to reach vulnerable women, and the selection process will rely on eligibility criteria that prioritizes female headed-households and households with vulnerable women and children. Second, evidence shows that cash transfers can help in reducing GBV related practices (including intra-household violence, early marriage, amongst others),¹¹ thus the project will deliver cash benefits to female representatives of the household and will involve them in PWP, allowing them to acquire some skills while contributing to the recovery of their communities. Finally, to reduce the risk of GBV, monitoring efforts through independent post-payment activities, will look specifically at gender issues in the distribution process to ensure that benefits are reaching the intended beneficiary, challenges for women to collect their benefits, risky intra-household dynamics, amongst other key project-relevant gaps between males and females.

Climate change

38. The Climate Change Screening Tool report indicated that Mozambique is *moderately exposed* in the future to most shocks, except High Sea Level Rise for which Mozambique is Highly Exposed (World Bank, 2019d). Noticeably, the estimates of increased precipitation and strong winds show an increase in the future but with high imprecision. Between 1980 and 2018, 60 tropical cyclones and tropical storms entered the Mozambique Channel and 18 made landfall on the coast of Mozambique. Still, there is an observed increased frequency of strong winds, as only four occurred in the period 1980-1993, whilst the other seventeen occurred in the later period from 1994-2019. Two cyclones in the period 1980-1993 were classified as Category 3-5 compared to nine in the period 1994-2019.

39. The project will utilize cyclone and High Sea Level Rise information for planning PWP activities in coastal communities as some PWP activities could mitigate the hazard effects in relatively less exposed communities, while others could be vulnerable to the effect of extreme weather events. Supported by the Mozambique: Cyclone Idai Emergency Recovery and Resilience Project (P171040), this AF2 will also place additional emphasis on climate change and disaster risk criteria informing the implementation of PWP activities together with District Authorities, so as to reduce exposure of the community and community assets by, for instance, directing PWP to water management activities (cleaning and maintenance of canals), or reducing community vulnerability by improved technical design of the works or more diversified productive activities.

40. The project will also give additional attention to developing financial services for underserved populations, such as the development of electronic transaction accounts for this target population, as they facilitate the delivery of recovery programs, increasing beneficiaries' resilience to disasters and emergencies. Some related activities are already under implementation in the drought affected area of

¹¹ Tenzin, M. 2018. Tackling the intervention of GBV prevention and response and cash-based interventions. Women's Refugee Commission. <http://www.cashlearning.org/downloads/genderandctpwrc.pdf>



Gaza, aiming to provide benefits via electronic transaction accounts to eligible households from the existing DCT. Also, a digital payment pilot is under preparation in collaboration with the Mozambique Financial Inclusion and Stability Project (P166107). These experiences will inform the preparation of a Social Protection Payment Strategy funded under the Mozambique Social Protection ASA (P167025) with technical support from the Finance, Competitiveness and Innovation (FCI) team.

Evaluation

41. Evaluation of the activities included in this AF2 will be a joint effort between this AF2 and the analytical activities (P167025) described above. For instance, this AF2 will finance the collection of household socioeconomic information to assess the welfare impacts of proposed activities, while the ASA will provide technical assistance on the evaluation design and necessary analytical work. Details on the ASA are discussed in a separate Concept Note.

III. KEY RISKS

42. The overall risk of the project is ‘substantial’ due mainly to the existing macroeconomic risks and the evolving institutional capacity of INAS. Macroeconomic risk is ‘substantial’ due to the fragile fiscal situation that could jeopardize regular budgetary transfers to MGCAS affecting the implementation of activities as SP programs require timely transfers of budgetary allocations to maintain the functioning of the service delivery chain. A delayed financing for beneficiary registration, for example, would delay the implementation of programs. The institutional capacity of INAS represents a ‘substantial’ risk due to slow implementation until 2017, but this risk has been mitigated with identification of bottlenecks, proactive communications with the World Bank team, open discussion on technical solutions, and rapid implementation of selected solutions, reflected in the accelerated implementation and disbursements since 2017. However, the risk for institutional capacity for implementation and sustainability remains Substantial, due to the uncertainty observed in staffing positions responsible for technical decisions.

43. The AF2 maintains a ‘substantial’ risk regarding compliance with environment and social safeguards due to the weak implementation of the project ESMF. To mitigate risks associated with safeguards, the AF2 would require a dedicated ESMF person to support implementation in the emergency areas. In addition, INAS has recently completed a comprehensive training on ESMF and its implementation. INAS has recently assigned three technical staff to work in the safeguards unit absorbing these responsibilities within the regular personnel structures. In addition, INAS will scale up an existing grievance redress instrument developed for other programs into the implementation of this AF2.

44. Fiduciary risks also remain ‘substantial’ despite the progress made in procurement capacity. Although INAS is already executing large and complex contracts, showing a reasonable level of procurement management, the project will mitigate the risks with dedicated trainings as needed (especially in the case third-party agencies like U.N. agencies). The overall FM risk rating remains ‘substantial’ due to country risk, capacity issues in the country and the decentralized nature of the project, however the project FM arrangements are adequate for the implementation of the AF2.



IV. APPRAISAL SUMMARY

A. Economic Analysis

45. The project will contribute to the wellbeing of beneficiary households in both regular SP programs and in those directed to households affected by the cyclone and floods emergencies. This AF2 brings an important expansion of the DCT for post emergency beneficiaries in the areas affected by the cyclone and flood emergencies. Rigorous evaluations of emergency response programs are scarce but Ivaschenko et al. (2018), in an unusual quasi-experimental design after the Typhon Winston in Fiji, found that 28.5 percent of the post disaster cash transfers are used on food consumption while 21 percent is used on materials for dwelling repairs. Other literature also suggests that cash transfers can help promote food security in a post-disaster context through dietary diversity (Bailey and Hedlund, 2012; Sharma, 2016) and can also reduce negative coping strategies to meet their needs, such as self-imposed dietary restrictions, child labor and dangerous work (Lehmann and Masterson, 2014). In addition to the household level effects, others have studied the impact of post disaster social assistance on increased long-term growth through nutritional and productivity pathways: combining disaster and household level data. Hill, Skoufias and Maher (2019) show that the costs of weakened nutrition resulting from disasters represents 3.9 percent of initial income per capita. These household-level gains from disaster responses are used to provide an estimate of the economic gains of project activities.

46. Previous estimates of the impact of natural disasters on household wellbeing indicate that food consumption was reduced by 25 percent by the Cyclone Jokwe in 2008, or by 10 percent due to the floods in 2007 (Baez et al, 2017). These estimates are close to the estimated effects of the Cyclone Idai on maize yields of -18.1 percent (World Bank, 2019c). Assuming 28-35 percent of the direct Cash Transfer is utilized on food consumption, the MZN 2,500 per month would represent between 18 and 23 percent of the poverty line. These estimates suggest that the value of the DTC would be enough to mitigate the impacts of the disasters on consumption.

B. Technical

47. The technical design of the activities included under this AF2 reflects both the existing capacity of the implementing agency and the proposed GoM response strategy supported by development partners. The implementation of PWP programs has not only been effective and reaching the project coverage targets, but also provided a space for adaptation of activities to specific target groups, as in the case of TPI, and to address community productive and resilience needs. In the post disaster context, PWP are an effective tool to provide both income support and facilitate the rehabilitation of the affected areas. Countries like Mexico, Colombia and Bangladesh have effectively used this instrument and the simplifications to the post-emergency PWP Operational Manual reflect those best practices.

48. The technical design of the DCT for Post-Emergency (DCT-PE) was already incorporated in the previous additional finance and this AF2 has incorporated lessons from past implementation. First, the flexible program intake mechanism established in the AF1 is maintained so as to allow for DCT-PE beneficiaries to come from existing INAS beneficiaries, INGC lists of affected population, and from



complementary lists collected by District Authorities. The DCT Operational Manual also established the use of ENSRB vulnerability criteria to prioritize the affected population. Second, this flexible program intake is being combined with a flexible payment strategy that could rely on third-party agencies whether UN agencies or private firms, as well as existing INAS processes. In this AF2, DCT-PE is implemented in districts with existing INAS capacity and will rely on third-party agencies where these have a competitive advantage, such as operations in areas that are difficult to reach. This AF2 prioritizes flexibility in implementation that would reduce the technical and fiduciary complexity of the previous delivery of DCT in the Gaza drought (funded by AF1).

49. These flexible processes, for both PWP and DCT, are also accompanied by tested information technology instruments to enhance transparency and accountability in payment processes. The OPA was tested and also launched in selected Provinces. Expanding its use in the cyclone and flood affected areas would increase the reliability of INAS' processes and accountability.

50. Finally, the existing coordination with other international agencies and Government bodies responsible for the emergency period will facilitate the use of already produced lists of affected households reducing the efforts in beneficiary registration. The list produced by INGC/WFP will be used for INAS coverage expansion and data transfer protocols are functional and being formalized. This coordination has also facilitated information exchange on market conditions for DCT implementation (Plan International, 2019), and decisions on territorial sequencing of interventions.

C. Financial Management

51. INAS will have FM responsibility for the implementation of the proposed AF2. The latest FM supervision mission conducted concluded that INAS has been working to ensure compliance with FM requirements of World Bank-financed operations. The overall FM performance rating is 'moderately satisfactory,' however, INAS is taking appropriate actions to implement the agreed FM action plan. There is no outstanding audit report under this operation.

52. The FM and Disbursement arrangements in place for the Social Protection project will also apply for this operation, and changes to those arrangements are not expected. Therefore, the project funds, expenditures, and resources will be accounted for using the government integrated financial management information system, e-SISTAFE, complemented by excel spreadsheets. Disbursement of IDA funds will be done on transactions basis (statements of expenditures [SOEs]). The proposed AF2 will make use of advances, direct payments, reimbursement and special commitment methods for disbursements. INAS will prepare quarterly interim financial reports (IFRs) and provide such reports to the World Bank within 45 days of the end of each calendar quarter. The project financial statements will be audited annually by the independent auditor in accordance with International Standards on Auditing as issued by the International Auditing and Assurance Standards Board within IFAC.



53. The project's FM arrangements have an overall residual FM risk rating of 'substantial' and satisfy the World Bank's minimum FM requirements under the Bank Policy and Directive for Investment Project Financing (IPF).

D. Procurement

54. All procurement to be financed under the Additional Financing will be carried out in accordance with the World Bank Procurement Regulations for IPF Borrowers (dated July 2016, revised November 2017 and August 2018), and the provisions stipulated in the Legal Agreement.

55. Procurement will be carried out by the INAS project implementation unit (PIU) that has been in charge of the original financing, and the arrangements designed under the original financing will remain in place. It is not anticipated that the additional activities will have an adverse impact on the available capacity within INAS. New activities include the potential contracting of third-party agencies for specific services, like monitoring payments, or delivery of payments in difficult-to-access areas. Other activities may require contracting non-governmental organizations (NGOs) and UN agencies.

56. As the project will now adopt the World Bank's Procurement Regulations for IPF Borrowers (dated July 2016), revised November 2017 and August 2018, a Project Procurement Strategy for Development (PPSD) was prepared by the Implementing agency, covering the components with new activities. In view of the emergency nature of the project and the streamlined preparation, the PPCSD will be revised during implementation.

57. The procurement chapter of the Project Implementation Manual developed under the original financing will be updated to incorporate the recent revisions to the World Bank's Procurement regulations. The update will provide guidance to INAS on the implementation of the project, and it summarizes the main procurement aspects applicable to it.

58. The Procurement Plan for the project, covering the new activities, was updated after INAS presented the PPCSD and incorporated it into the World Bank's tracking system, Systematic Tracking of Exchanges in Procurement, which will provide for an environment for the submission of prior review requests for the World Bank and contract implementation monitoring.

59. Table 5 indicates the initial values for prior review of procurement decisions by the World Bank. All activities estimated to cost below these amounts shall be treated as post review and will be reviewed by the World Bank during the implementation support mission under a post-procurement review exercise. Direct Contracting/Single Source Selection will be subject to prior review only for contracts estimated to cost more than the amounts indicated in the Table 5. The World Bank may, from time to time, review the amounts, based on the performance of the implementing agencies.



Table 5. Prior Review Thresholds

| Procurement Type | INAS Prior Review (US\$) |
|-----------------------------------|--------------------------|
| Goods and non-consulting services | 1,500,000 |
| Consultants services (Firms) | 500,000 |
| Individual consultants | 200,000 |

60. Assessment of national procedures. The Mozambique Procurement Regulation, Decree 5/2016 of March 8, 2016, has been assessed as required under the World Bank's Procurement Framework. The assessment indicated that the country's regulations are generally consistent with international best practice for the following reasons: (a) there is adequate advertising in national media; (b) the procurement is generally open to eligible firms from any country; (c) contracts documents have an appropriate allocation of responsibilities, risks, and liabilities; (d) there is publication of contract award information in local newspapers of wide circulation; (e) the national regulations do not preclude the World Bank from its rights to review procurement documentation and activities under the financing; (f) there is an acceptable complaints mechanism; and (g) records of the procurement process are maintained.

61. However, the Request for Bids/Request for Proposals document shall require that bidders/proposers submitting bids/proposals present a signed acceptance at the time of bidding, to be incorporated in any resulting contracts, confirming application of, and compliance with, the World Bank's Anti-Corruption Guidelines, including without limitation the World Bank's right to sanction and the World Bank's inspection and audit rights.

62. With the incorporation of the above provision, the Mozambique Procurement Regulation will be acceptable to be used under those procurements not subject to the World Bank's prior review, as the thresholds indicated in Table 5, or any updates indicated by the World Bank in the Procurement Plan.

E. Social (including Safeguards)

63. The activities described under this AF2 are already being implemented but will be subject to different adjustments. The DCT-PE will be scaled up to cover the beneficiaries in the cyclone and flood affected areas, while maintaining the operational protocols already established in MGCAS (2017). The PWP will also maintain its operational process shortening the duration of the intervention to three months for the post-emergency PWP and using the existing list of PWP beneficiaries. Reflecting these changes under the AF2, the ESMF and Resettlement Policy Framework (RPF) have been adequately revised and published by the Government on August 30, 2019.

64. The implementation of the social and environmental safeguards has made progress since the hiring of a safeguard specialist as well as the allocation of three INAS staff to support the specialist at the national level. Recently, a safeguards training for provincial level staff has been conducted with the aim



of creating local safeguards implementation and management capacity and, in addition, safeguards training has been carried out in the delegations where AF2 activities will take place in order to strengthen further operational aspects relating to adherence/compliance, and coordination with other government agencies at provincial and district levels, while ensuring beneficiaries' participation and engagement in project implementation and management. More importantly, the AF2 will support the hiring of a dedicated safeguards staff due to increased vulnerability in cyclone and flood affected areas. INASs will also utilize a grievance redress instrument that is in operation for other programs in this AF2. This instrument was reviewed during appraisal and found adequate to be scaled up.

65. Unlike the current Social Protection Project, the proposed AF2 anticipates the utilization of third-party agencies to contract services in the cyclone affected areas to expedite service delivery. Adherence to World Bank safeguards policies and procedures should be secured in the Memorandum of Understanding/Contracts to be signed between the World Bank and these agencies, and their implementation capacity adequately assessed.

F. Environment (including Safeguards)

66. The implementation of the post emergency PWP under Component 2 has a low to medium level of environmental impacts, typical of a Category B project, due to the fact that no new infrastructure is envisaged, but rather improvement or repairing of existing infrastructures in cyclone and flood affected areas through the post-emergency PWP program. Because the post-emergency PWP program is a simplified version of the current PWP and will be implemented in the post disaster settings, proposed activities will mainly involve: removal of debris, rehabilitation of streets and roads, rehabilitation of social infrastructure like schools and hospitals/health units, and rehabilitation of sanitary infrastructure among others such activities, which will mainly happen on existing sites, so expected adverse impacts will be easily manageable. Under the parent project, only very small environmental impacts were identified related to solid waste management and beneficiary safety at the work site. Consequently, the Borrower has prepared and revised the ESMF that provides general environmental and social baseline information relevant to the project under the AF2; assessed anticipated environmental and social risks and impacts based on subproject typologies; described how subprojects will be reviewed and screened, including the type and timing of any subproject environmental and social assessment instruments; and detailed the institutional arrangements for environmental and social assessment, management, supervision and reporting. The ESMF addresses potential direct and indirect environmental impacts as well as budget provision for capacity building and safeguards management. Notwithstanding, the implementation of the ESMF will need to be strengthened on the application of specific recommendations such as the timely processing of environmental licenses and provision of protective equipment for PWP participants. In May 2019, the INAS team received a training on World Bank safeguards to strengthen the implementation of the ESMF and identification of other related risks. In addition, INAS assigned three regular staff to the safeguards unit reflecting their ownership of the agenda. The preparation of the existing ESMF included extensive stakeholders' consultation and participation.



WORLD BANK GRIEVANCE REDRESS

67. 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/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org

**VI SUMMARY TABLE OF CHANGES**

| | Changed | Not Changed |
|--|---------|-------------|
| Results Framework | ✓ | |
| Components and Cost | ✓ | |
| Reallocation between Disbursement Categories | ✓ | |
| Implementing Agency | | ✓ |
| Project's Development Objectives | | ✓ |
| Loan Closing Date(s) | | ✓ |
| Cancellations Proposed | | ✓ |
| Disbursements Arrangements | | ✓ |
| Safeguard Policies Triggered | | ✓ |
| EA category | | ✓ |
| Legal Covenants | | ✓ |
| Institutional Arrangements | | ✓ |
| Financial Management | | ✓ |
| Procurement | | ✓ |
| Implementation Schedule | | ✓ |
| Other Change(s) | | ✓ |

VII DETAILED CHANGE(S)**COMPONENTS**

| Current Component Name | Current Cost (US\$, millions) | Action | Proposed Component Name | Proposed Cost (US\$, millions) |
|---|-------------------------------|---------|--|--------------------------------|
| Institutional strengthening and capacity building to support the consolidation of | 15.55 | Revised | Institutional strengthening and capacity building to | 21.96 |



| | | | | |
|---|--------------|---------|--|---------------|
| the national Basic Social Security Strategy | | | support the consolidation of the national Basic Social Security Strategy | |
| Labor-intensive Public Works | 36.95 | Revised | Labor-intensive Public Works | 41.66 |
| Direct Cash Transfers | 7.50 | Revised | Direct Cash Transfers | 41.38 |
| TOTAL | 60.00 | | | 105.00 |

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

| Current Allocation | Actuals + Committed | Proposed Allocation | Financing % (Type Total) | |
|--------------------|---------------------|---------------------|-----------------------------|----------|
| | | | Current | Proposed |

IDA-52260-001 | Currency: XDR

| | | | | |
|-------------------------------|---------------|--|--------|--------|
| iLap Category Sequence No: 1 | | Current Expenditure Category: GDS,WKS,NCS,CS,TRG,OP | | |
| 8,450,000.00 | 10,338,152.14 | 11,855,000.00 | 100.00 | 100.00 |
| iLap Category Sequence No: 2A | | Current Expenditure Category: LABOR PART B.1 | | |
| 10,400,000.00 | 9,718,307.72 | 10,400,000.00 | 100.00 | 100.00 |
| iLap Category Sequence No: 2B | | Current Expenditure Category: LABOR PART B.2 | | |
| 5,070,000.00 | 1,311,108.22 | 2,070,000.00 | 100.00 | 100.00 |
| iLap Category Sequence No: 3A | | Current Expenditure Category: PUBLIC WKS GRANT PART B.1 | | |
| 4,485,000.00 | 1,214,295.98 | 4,485,000.00 | 100.00 | 100.00 |
| iLap Category Sequence No: 3B | | Current Expenditure Category: PUBLIC WKS GRANT PART B.2 | | |
| 2,145,000.00 | 143,887.30 | 2,145,000.00 | 100.00 | 100.00 |
| iLap Category Sequence No: 4 | | Current Expenditure Category: GDS,NCS,CS,TRG,OP PART B.1 AND B.2 | | |



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| | | | | |
|---|----------------------|---|----------------------|--------|
| 1,495,000.00 | 355,709.85 | 1,495,000.00 | 100.00 | 100.00 |
| iLap Category Sequence No: 5 | | Current Expenditure Category: UNALLOCATED | | |
| 455,000.00 | 0.00 | 50,000.00 | | |
| Total | 32,500,000.00 | 23,081,461.21 | 32,500,000.00 | |
| IDA-59920-001 Currency: XDR | | | | |
| iLap Category Sequence No: 1 | | Current Expenditure Category: GDS,WKS,NCS,CS,TRG,OP PA,C2 | | |
| 1,850,000.00 | 604,844.23 | 1,850,000.00 | 100.00 | 100.00 |
| iLap Category Sequence No: 2 | | Current Expenditure Category: Direct cash Transfer Part C.1 | | |
| 5,550,000.00 | 0.00 | 5,550,000.00 | 100.00 | 100.00 |
| Total | 7,400,000.00 | 604,844.23 | 7,400,000.00 | |
| Expected Disbursements (in US\$) | | | | |
| Fiscal Year | Annual | Cumulative | | |
| 2013 | 0.00 | 0.00 | | |
| 2014 | 1,500,000.00 | 1,500,000.00 | | |
| 2015 | 1,360,262.47 | 2,860,262.47 | | |
| 2016 | 2,471,231.06 | 5,331,493.53 | | |
| 2017 | 5,682,580.22 | 11,014,073.75 | | |
| 2018 | 12,157,487.52 | 23,171,561.27 | | |
| 2019 | 13,649,360.47 | 36,820,921.74 | | |
| 2020 | 48,557,826.22 | 85,378,747.96 | | |
| 2021 | 19,621,252.04 | 105,000,000.00 | | |



SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

| Risk Category | Latest ISR Rating | Current Rating |
|--|-------------------|----------------|
| Political and Governance | ● Moderate | ● Moderate |
| Macroeconomic | ● Substantial | ● Substantial |
| Sector Strategies and Policies | ● Moderate | ● Moderate |
| Technical Design of Project or Program | ● Substantial | ● Low |
| Institutional Capacity for Implementation and Sustainability | ● Substantial | ● Substantial |
| Fiduciary | ● Substantial | ● Substantial |
| Environment and Social | ● Substantial | ● Substantial |
| Stakeholders | ● Substantial | ● Moderate |
| Other | ● Low | ● Low |
| Overall | ● Substantial | ● Substantial |

LEGAL COVENANTS – Second Additional Financing for the Social Protection Project and Support to Cyclone and Flood Emergencies (P170327)

Sections and Description

The Recipient shall, not later than 60 days after the Effective Date, update and adopt, in form and substance acceptable to the Association and following the guidelines set forth in the Project Implementation Manual, a grievance redress mechanism that encompasses transparent, timely and fair procedures that will allow people potentially affected by the Project to peacefully settle any possible grievance and will ensure that all complaints received from Beneficiaries and other interested stakeholders related to any activity under the Project, are properly and timely addressed.

Conditions

| Type | Description |
|---------------|--|
| Effectiveness | The Direct Cash Transfers Manual has been adapted and adopted by the Recipient in a manner satisfactory to the Association |
| Type | Description |
| Effectiveness | The Project Implementation Manual has been updated by the Recipient in a manner acceptable to the Association |

VIII. RESULTS FRAMEWORK AND MONITORING

Results Framework COUNTRY: Mozambique

Second Additional Financing for the Social Protection Project and Support to Cyclone and Flood Emergencies

Project Development Objective(s)

The objective of the project is to provide temporary income support to extremely poor households and to put in place the building blocks of a social safety net system.

Project Development Objective Indicators by Objectives/ Outcomes

| Indicator Name | DLI | Baseline | End Target |
|--|--|----------|------------|
| Provide temporary income support to extremely poor households | | | |
| Direct project beneficiaries (Number) | | 0.00 | 240,000.00 |
| Action: This indicator has been Revised | Rationale: Rationale: Current: 97,413.00 Indicator name remains the same. Total (number) enrolled to benefit from public intensive works or direct cash transfers. This indicator assesses the total coverage of the intervention. The end target and methodology are revised to include additional public works and direct cash transfers beneficiaries (both for post-emergency and for vulnerable households) supported under this project | | |
| Direct Project beneficiaries of Direct Cash Transfers (Number) | | 0.00 | 140,500.00 |



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| Indicator Name | DLI | Baseline | End Target |
|--|---|----------|------------|
| Action: This indicator has been Revised | Rationale: Current: 18,477.00 Indicator name remains the same. Revise end target to reflect all direct cash transfer beneficiaries to benefit from direct cash transfers, including AF1 (18,500 affected by drought), and AF2 (14,000 vulnerable households, and 108,000 affected by cyclone and floods) | | |
| Female beneficiaries (Percentage) | | 0.00 | 65.00 |
| Action: This indicator has been Revised | Rationale: Current: 65.00 Indicator is revised to (i) reflect the increased focus on reducing the gender gap by delivering cash to women recipients; and (ii) to increase the end target to reflect the higher than expected achievement in the current implementation of public works | | |
| Percentage of Beneficiaries from the poorest two quintiles in rural areas (Percentage) | | 0.00 | 66.00 |
| Action: This indicator has been Revised | Rationale: Current: 66.00 Indicator name remains the same. Revise to reflect a more realistic end target based on lower than expected achievements of current targeting mechanism for public works intervention. | | |
| Percentage of Beneficiaries from the poorest two quintiles in urban areas (Percentage) | | 0.00 | 75.00 |
| Action: This indicator has been Revised | Rationale: Current: 87.00 Indicator name and target remains the same. Revised to reflect a more accurate methodology. | | |



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| Indicator Name | DLI | Baseline | End Target |
|--|---|-----------|------------|
| Percentage of Beneficiaries that receive the full amount of the transfer for Labor-Intensive Public Works (Percentage) | | 0.00 | 70.00 |
| Action: This indicator has been Revised | Rationale: Current: 84.00 Indicator name and end target remain the same, but definition and estimation is further clarified to reflect current methodology and data availability. | | |
| Percentage of payments made within the month they are due for Labor-intensive Public Works (Percentage) | | 0.00 | 70.00 |
| Action: This indicator has been Revised | Rationale: Current: 82 No change | | |
| Percentage of payments within the month they are due for Direct Cash Transfers (Percentage) | | 0.00 | 70.00 |
| Action: This indicator has been Revised | | | |
| Percentage of beneficiaries registered in the Single Registry of Beneficiaries (Percentage) | | 0.00 | 95.00 |
| Action: This indicator has been Revised | Rationale: Current:83.00 No change | | |
| Number of public works beneficiaries under the Inclusive Public Works modality (TPI). (Number) | | 10,123.00 | 17,292.00 |
| Action: This indicator is New | Rationale: AF2 incorporates the TPI modality to facilitate participation of socioeconomic groups under public works schemes with different physical effort levels, including females, lactating mothers, among others. This TPI modality was tested and is | | |



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| Indicator Name | DLI | Baseline | End Target |
|---|---|----------|------------|
| | expanded under the AF2. | | |
| Intermediate Results Indicators by Components | | | |
| Indicator Name | DLI | Baseline | End Target |
| Institutional strengthening and capacity building to support the consolidation of the national Basic Social Security Strategy | | | |
| Percentage of households registered in the SRB with complete information not older than 3 years (Percentage) | | 0.00 | 60.00 |
| Action: This indicator has been Marked for Deletion | Rationale: Under the AF2 the project considers a broader SP framework based on E-INAS, thus the update is expected to be done as part of e-INAS | | |
| Percentage of INAS delegations in areas of project implementation with functioning e-INAS (Percentage) | | 0.00 | 90.00 |
| Action: This indicator has been Revised | Rationale: Current: 60% Revised to reflect the broader SP framework using e-INAS, and revised end target to reflect a more realistic goal based on the slower than expected rollout of e-INAS | | |
| Districts where project is implemented with grievance and redress system operational (Number) | | 0.00 | 4.00 |
| Action: This indicator has been Revised | Rationale: Current: 0 | | |



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| Indicator Name | DLI | Baseline | End Target |
|---|---|----------|------------|
| | Revised: to total number of districts instead of percentage | | |
| Complaints resolved as percentage of total received (Percentage) | | 0.00 | 50.00 |
| Action: This indicator has been Revised | Rationale: Current: 0 Revised indicator in line with proposed GRM pilot and provide a more realistic target | | |
| Completed Process Evaluations (Number) | | 0.00 | 1.00 |
| Action: This indicator has been Revised | Rationale: Current: 0 No change | | |
| Labor-intensive Public Works | | | |
| Total payments for Labor-intensive Public Works done using electronic verification (Number) | | 0.00 | 20,000.00 |
| Action: This indicator has been Revised | Rationale: Current: 0 Revised to reflect the current payment strategy which includes third party monitoring and payments delivered by INAS using electronic verification, as well as a more realistic end target given the current expansion. | | |
| Public Works Program Beneficiaries in Urban Areas (Number) | | 0.00 | 14,000.00 |
| Action: This indicator has been Revised | Rationale: Current: 9,616.00 | | |



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| Indicator Name | DLI | Baseline | End Target |
|--|---|----------|------------|
| | Revise end target to reflect increase coverage of public works | | |
| Public Works Program Beneficiaries in Rural Areas (Number) | | 0.00 | 117,000.00 |
| Action: This indicator has been Revised | Rationale: Current: 87,857.00 Revise end target to reflect coverage expansion in rural areas. | | |
| Number of PWP subprojects completed (Number) | | 0.00 | 800.00 |
| Action: This indicator has been Revised | | | |
| Number of PW subprojects that include measures for reducing natural disaster risks or increasing climate resilience (Number) | | 0.00 | 100.00 |
| Action: This indicator has been Revised | Rationale: Current: 0 Revised to better reflect the implementation approach. | | |
| Direct Cash Transfers | | | |
| Percentage of payments of the Direct Cash Transfers done with electronic verification (Percentage) | | 0.00 | 60.00 |
| Action: This indicator has been Revised | Rationale: Current: 0 Revised to reflect different payments mechanism used for different programs, and clarify methodology accordingly. | | |



Monitoring & Evaluation Plan: PDO Indicators

| Indicator Name | Definition/Description | Frequency | Datasource | Methodology for Data Collection | Responsibility for Data Collection |
|------------------------------|--|------------|------------|--|------------------------------------|
| Direct project beneficiaries | Total (number) selected and enrolled (to benefit from public intensive works or direct cash transfers) - even if not yet paid. Direct beneficiaries are people or groups who directly derive benefits from an intervention (i.e., children who benefit from an immunization program; families that have a new piped water connection). Please note that this indicator requires supplemental information. Supplemental Value: Female beneficiaries (percentage). Based on the assessment and definition of direct project beneficiaries, specify what proportion of the direct project beneficiaries are female. This indicator is | semiannual | MIS | In addition to previous targets, this indicator includes new post-emergency cash transfer beneficiaries. Note that there is an overlap between public works and direct cash transfer, do not double count. | INAS |



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| | | | | | |
|---|---|----------------------------------|------------------------|--|-----------------|
| | calculated as a percentage. | | | | |
| Direct Project beneficiaries of Direct Cash Transfers | Total selected and enrolled (to benefit from direct cash transfers), even if not yet paid. Beneficiaries supported by unconditional cash transfers of Early Recovery Response. Enrolment and registration has been completed and the payment agency has been contracted. Payments are expected to be made in December | Bi-monthly | MIS | | INAS |
| Female beneficiaries | Based on the assessment and definition of direct project beneficiaries, specify what percentage of the beneficiaries are female. | | | | |
| Percentage of Beneficiaries from the poorest two quintiles in rural areas | | Every 18 months | Impact Evaluation | | INAS |
| Percentage of Beneficiaries from the poorest two quintiles in urban areas | | INAS through an independent firm | Impact Evaluation | | Every 18 months |
| Percentage of Beneficiaries that receive the full amount of the transfer for Labor- | | INAS | Management Information | | Annual |



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| | | | | | |
|--|---|--------|-------------------------------|---|---------------------|
| Intensive Public Works | | | System | | |
| Percentage of payments made within the month they are due for Labor-intensive Public Works | | INAS | Management Information System | | Annual |
| Percentage of payments within the month they are due for Direct Cash Transfers | Based on INAS information system and data collected manually at the delegation level. | INAS | MIS | Data collection is manual based on Delegation forms. Needs to be systematized (6/19/19) | INAS. Semi-annually |
| Percentage of beneficiaries registered in the Single Registry of Beneficiaries | | INAS | MIS | | Semi-annual |
| Number of public works beneficiaries under the Inclusive Public Works modality (TPI). | Number of beneficiaries participating in TPI tagged subprojects. | Annual | e-INAS | Administrative records from Delegation level | INAS |

Monitoring & Evaluation Plan: Intermediate Results Indicators

| Indicator Name | Definition/Description | Frequency | Datasource | Methodology for Data Collection | Responsibility for Data Collection |
|---|---|-----------|------------------------------|---|--|
| Percentage of households registered in the SRB with complete information not older than 3 years | | INAS | MIS | | <ul style="list-style-type: none"> Annual |
| Percentage of INAS delegations in areas of project implementation with functioning e-INAS | | INAS | MIS and INAS reports, Audits | | Annual |
| Districts where project is implemented with grievance and redress system operational | GRM will be piloted in 4 districts as part of the AF2 | INAS | MIS and process evaluation | Delegation and district level information. Manual collection. | Annual |



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| | | | | | |
|---|--|------|----------------------|--|-----------------------|
| Complaints resolved as percentage of total received | | INAS | MIS or GRM | | Bi-annual |
| Completed Process Evaluations | | INAS | INAS report | | Bi-annual from year 3 |
| Total payments for Labor-intensive Public Works done using electronic verification | | INAS | MIS | | annually |
| Public Works Program Beneficiaries in Urban Areas | | INAS | MIS | | Annual |
| Public Works Program Beneficiaries in Rural Areas | | INAS | MIS | | Annual |
| Number of PWP subprojects completed | | INAS | MIS | | Annual |
| Number of PW subprojects that include measures for reducing natural disaster risks or increasing climate resilience | | INAS | MIS and INAS reports | | Annual |
| Percentage of payments of the Direct Cash Transfers done with electronic verification | | | | | |

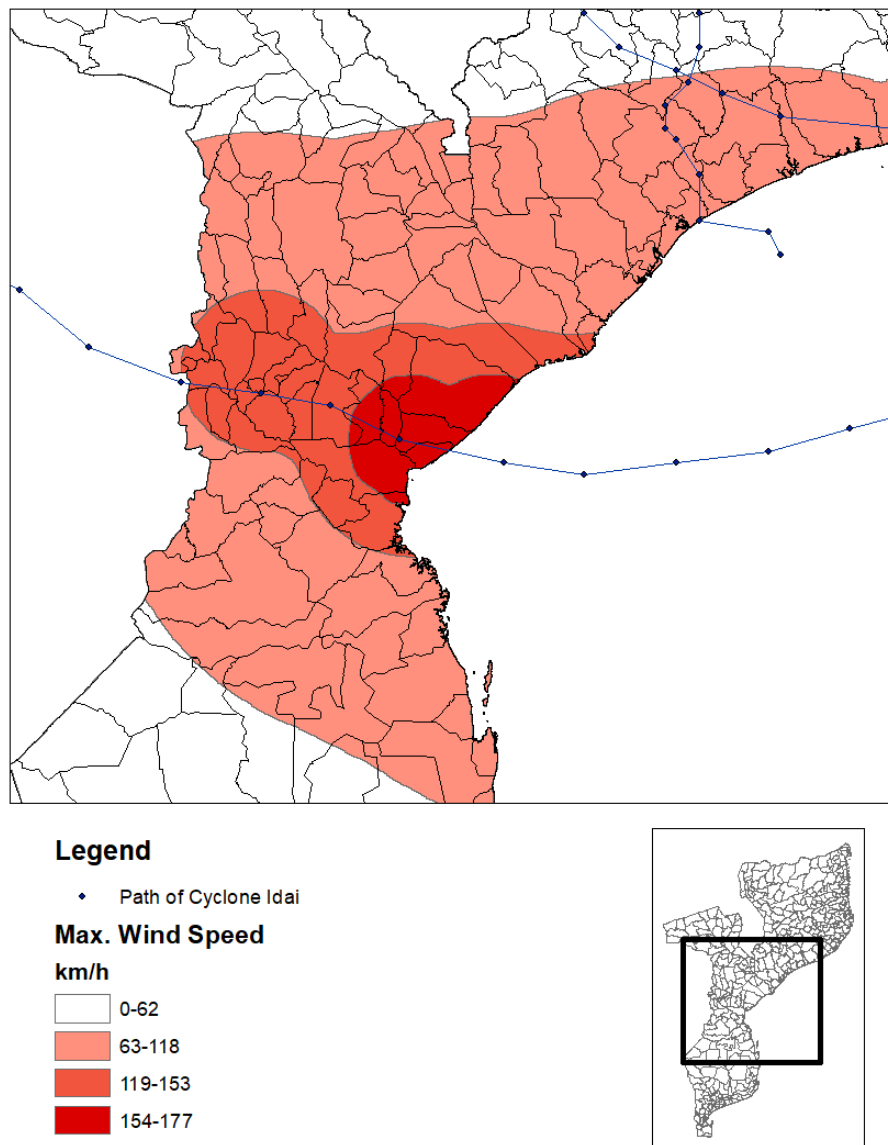


ANNEX 1: Territorial Coverage of SP Disaster Response

68. This Annex provides an illustration of the analysis conducted for the selection of districts to be covered by the SP Response financed by this AF2. The illustration is based on the Idai Cyclone. Table 1.1 includes information on the different INAS delegations (and their associated Districts), the number of estimated households in poverty (and poverty rates), the number of affected households as reported by CENOE (their share of the total affected population and the cumulative share), the current coverage of direct cash transfer and PWP programs, and the estimated expansion in the most affected districts. The estimated coverage expansion for cyclone and flood response is based on the existing operational capacity as produced by INAS.
69. **Existing INAS coverage.** The SP response will be based on the existing capacity of INAS. The top 14 districts affected by the cyclone and floods include Cidade de Beira, Nhamatanda, Dondo, Buzi, Sussundenga, Gondola, Chidade de Chimoio, Macate, Muanza, Machanga, Gorongosa, Maringue, Caia, Doa, and Cheringoma and correspond to four INAS delegations. In these top 14 districts, the total number of INAS participants is 70,000 households. In order to achieve the target of 105,000 to be financed by this AF2, an additional 35,000 households would be identified through the INGC list of affected population and complemented using INAS information system. Although the number of affected households is still evolving, it is unlikely to affect the ordering of the affected districts and the distribution of beneficiaries across districts.
70. **Establishing common criteria across similar type of hazards.** The illustration for the Idai Cyclone sheds important lessons in establishing a common approach to district eligibility in the Kenneth Cyclone, for example. One such criteria is the exposure to a specific type of hazard. Using the wind exposure information produced by the World Bank, the districts exposed to Extremely dangerous winds (154-177km/h) or Very dangerous winds (119-153km/h) meet the criteria for exposure to hazard. In addition to *hazard* (probability of being subject to a specific type of phenomenon) and *exposure* (human and physical assets in the same location as the phenomenon) dimensions, *vulnerability* (the impact of the phenomenon on exposed assets) is the third dimension in disaster risk analysis. The nearest proxy for vulnerability is the poverty rate at the district level.
71. Using the poverty rate at the district level should guide the allocation of SP Response across districts, aiming to follow the relative poverty rates across districts.



Figure 1.1. Wind exposure across districts. Source: World Bank (2019b)





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Table 1.1. District Population, Poverty, Cyclone and Flood Affected Population and INAS Coverage

| Delegation | Province | District | Poverty | | | Cyclone and Flood Affected | | | Existing Capacity | | Expansion |
|------------|-----------|-----------------|-------------------|-----------------------|-----------|--------------------------------|------------|----------------|-----------------------|--------------|---------------------------------|
| | | | Households (2019) | Households in poverty | % Poverty | Households (CENOE - Maio 2019) | % of total | Cumulative (%) | Direct Cash Transfers | Public Works | Public Works proposed expansion |
| BEIRA | SOBALA | CIDADE DA BEIRA | 131637 | 9,337 | 7.1% | 161,722 | 41.85% | 41.85% | 4777 | 3608 | 1500 |
| BEIRA | SOBALA | NHAMATANDA | 65711 | 44,260 | 67.4% | 55,873 | 14.46% | 56.31% | 6409 | 1299 | 2800 |
| BEIRA | SOBALA | DONDO | 41905 | 12,488 | 29.8% | 33,347 | 8.63% | 64.94% | 3699 | 0 | 2500 |
| MACAHANGA | SOBALA | BUZI | 35863 | 23,551 | 65.7% | 30,872 | 7.99% | 72.93% | 2172 | 160 | 2800 |
| CHIMOIO | MANICA | SUSSUNDENGA | 35378 | 25,762 | 72.8% | 26,816 | 6.94% | 79.87% | 4907 | 2516 | 600 |
| CHIMOIO | MANICA | GONDOLA | 41041 | 27,559 | 67.1% | 10,993 | 2.84% | 82.71% | 2147 | 3446 | 500 |
| CHIMOIO | MANICA | CIDADE DE CHIMC | 80410 | 24,135 | 30.0% | 9,785 | 2.53% | 85.24% | 3265 | 0 | 2000 |
| CAIA | SOBALA | MARROMEU | 33592 | 21,546 | 64.1% | 8,362 | 2.16% | 87.41% | 0 | 0 | 0 |
| CHIMOIO | MANICA | MACATE | 18500 | 13,101 | 70.8% | 8,282 | 2.14% | 89.55% | 0 | 1285 | 1200 |
| BEIRA | SOBALA | MUANZA | 8506 | 7,095 | 83.4% | 7,326 | 1.90% | 91.45% | 654 | 938 | 1500 |
| MACAHANGA | SOBALA | MACHANGA | 12768 | 8,632 | 67.6% | 6,177 | 1.60% | 93.05% | 1591 | 600 | 1000 |
| BEIRA | SOBALA | GORONGOSA | 39419 | 30,675 | 77.8% | 5,758 | 1.49% | 94.54% | 2729 | 0 | 1138 |
| CAIA | SOBALA | MARINGUE | 23382 | 19,173 | 82.0% | 5,380 | 1.39% | 95.93% | 1331 | 0 | 1000 |
| CAIA | SOBALA | CAIA | 42238 | 30,168 | 71.4% | 3,007 | 0.78% | 96.71% | 2613 | 350 | 0 |
| MOATIZE | TETE | DOA | 19889 | 16,477 | 82.8% | 1,560 | 0.40% | 97.11% | 1176 | 0 | 1000 |
| CAIA | SOBALA | CHERINGOMA | 11650 | 8,672 | 74.4% | 1,412 | 0.37% | 97.47% | 1198 | 0 | 1000 |
| TETE | TETE | CIDADE DE TETE | 647020 | 161,302 | 24.9% | 1,238 | 0.32% | 97.80% | 2238 | 2387 | 0 |
| QUELIMANE | ZAMBEZIA | CHINDE | 22674 | 16,475 | 72.7% | 1,207 | 0.31% | 98.11% | 1069 | 0 | 1207 |
| MOATIZE | TETE | MOATIZE | 64702 | 44,022 | 68.0% | 1,018 | 0.26% | 98.37% | 4625 | 2250 | 0 |
| CHIMOIO | MANICA | MOSSURIZE | 53482 | 38,284 | 71.6% | 1,003 | 0.26% | 98.63% | 1939 | 2170 | 0 |
| VILANCULOS | INHAMBANE | GOVURO | 9764 | 5,761 | 59.0% | 944 | 0.24% | 98.87% | 1291 | 2927 | 1000 |
| CHIMOIO | MANICA | VANDUZI | 25497 | 17,077 | 67.0% | 851 | 0.22% | 99.10% | 1278 | 2479 | 0 |
| MACAHANGA | SOBALA | CHIBABAVA | 28708 | 20,409 | 71.1% | 791 | 0.20% | 99.30% | 1591 | 160 | 1000 |
| MOATIZE | TETE | MUTARARA | 49147 | 37,570 | 76.4% | 784 | 0.20% | 99.50% | 4992 | 350 | 0 |
| MOCUBA | ZAMBEZIA | MAGANJA DA COS | 49753 | 34,578 | 69.5% | 646 | 0.17% | 99.67% | 1124 | 1961 | 0 |
| VILANCULOS | INHAMBANE | VILANKULOS | 49510 | 25,099 | 50.7% | 426 | 0.11% | 99.78% | 2934 | 0 | 1000 |

ANNEX 2: Mozambique: CRW Eligibility Matrix

| CRW Eligibility Requirements | Considerations | | | | | | | | | | | | | | |
|---|--|----------------|--------------------|---------|--------------------|-------|-----------------------|---------------------------|----------------|-------------|---------|---------|---------|---------|---------|
| 1. Review available impact data to inform early assessment of need to access CRW resources. | <ul style="list-style-type: none">• Cyclone Idai caused extraordinary levels of impact in Mozambique. The cyclone caused massive destruction resulting from both flooding and strong winds. The cyclone passed over Zambezia, Nampula and Tete provinces in the first week of March. It then came back after having gained strength and passed over Sofala, Manica and Tete in full force during the end of the second week of March.• A Global Rapid Post-Disaster Damage Estimation (GRADE) was carried out to assess the damages caused by the cyclone. The objective of this assessment was to estimate the economic damages, measured in replacement value, caused by the event and understand the spatial and sectoral distribution of damages to support recovery and reconstruction efforts. Damages have resulted from both flooding and high winds during two distinct phases of the cyclone’s evolution: flooding between March 5 and 13, and more extensive flooding and winds that occurred from March 14 onwards. Damages were modeled and assessed for both flood, extreme rain and wind over both phases. The assessment combines the latest exposure (population, buildings and infrastructure) and hazard data (wind and flood).• As per the GRADE, total reported and modeled damages to residential buildings, non-residential buildings, infrastructure and agriculture is up to US\$773 million, of which 90 percent concentrated in the three provinces of Sofala, Zambezia and Manica. <p><i>Estimate of capital damages by sector (in US\$ millions)</i></p> <table><tr><th colspan="3">Modelled</th><th>Reported & Modeled</th><th rowspan="2">Total</th></tr><tr><th>Residential Buildings</th><th>Non-Residential Buildings</th><th>Infrastructure</th><th>Agriculture</th></tr><tr><td>US\$178</td><td>US\$149</td><td>US\$188</td><td>US\$258</td><td>US\$773</td></tr></table> <ul style="list-style-type: none">• Housing: About 240,000 houses were destroyed or damaged. Initial assessments estimate damages to residential buildings at US\$178 million and non-residential buildings at US\$149 million.• Agriculture: An estimated 715,000 hectares of agricultural land were destroyed, threatening the livelihoods of 500,000 food-producing families. The cyclone hit right before annual harvest, worsening the impacts of the damages. Total cost of agricultural damages is estimated at up to US\$258 million.• Roads: Road networks have been massively damaged by the cyclone. The City of Beira was isolated for days in the aftermath of the event due to flooded roads and damaged bridges. Some villages in the province of Sofala are still either unreachable or with very limited connectivity. In the province of Manica, connections between Sussundenga and Dombe is cut due to a damaged bridge. In the Province of Zambezia, | Modelled | | | Reported & Modeled | Total | Residential Buildings | Non-Residential Buildings | Infrastructure | Agriculture | US\$178 | US\$149 | US\$188 | US\$258 | US\$773 |
| Modelled | | | Reported & Modeled | Total | | | | | | | | | | | |
| Residential Buildings | Non-Residential Buildings | Infrastructure | Agriculture | | | | | | | | | | | | |
| US\$178 | US\$149 | US\$188 | US\$258 | US\$773 | | | | | | | | | | | |

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| | <p>where the road network is still being rebuilt from floods in 2015, damages to roads due to erosion and collapsed bridges have been reported.</p> <ul style="list-style-type: none"> • Ports and Airports: Parts of Beira Port – including the grain terminal, warehouses and the coal terminal sustained damage. Beira’s international airport also suffered significant wind damage but opened again days after the event. • Energy: Power lines and power stations throughout the country have been damaged, leaving hundreds of thousands of people without electricity. At the transmission level, the 66kV line from Lamego to Gurara-Guara (feeding the town of Buzi) was damaged. Flooding on the Pungoe river caused the collapse of 13 towers which need to be immediately reestablished to secure supply to Buzi. In addition, the 110kV line from Dondo to Beira has been damaged, 20 towers have collapsed, which has cut the supply to Manga and Munhava. As of 2nd April, Beira, Dondo and Buzi were supplied through generators, isolated from the national grid. The Munhava substation, which is the main provider of electricity to the city of Beira is severely damaged. Switchgears and control room were flooded. Some of the hydropower dams were also impacted with potential impact on dam stability. The damages to power generation in the region has affected electricity export to South Africa leading to outages in the neighboring country as well. • Water: Access to water has been severely affected leading to water shortages and health impacts. 16 water distribution systems have been reported damaged across the affected regions. Damages to intake and transmission lines, pumps, facilities and the overall network have been reported in the cities of Beira, Manica, Tete, Moatize, Nampula, and Nacala, as well as smaller towns such as Buzi, Mocuba and Caia. In Beira, UNICEF estimates that 40 percent of the water distribution system will have to be repaired¹². • Education: According to Government estimates, 3,436 classrooms have been damaged affecting over 305,700 students¹³. Schools are used as shelters disrupting children’s education across the affected regions. • Health: According to INGC and UN-OCHA, at least 55 health centers have been damaged by the storm and subsequent flooding.¹⁴ The emergency room of the Beira Central Hospital was extensively damaged during Cyclone Idai’s landfall, rendering it non-functional. At the same time, community health centers lost access to supply chains for drugs or were unable to open due to flooding. Approximately 74,650 of the affected population are pregnant women and more than 43,000 women in flood-affected areas are due to give birth in the next six months.¹⁵ The health situation is deteriorating in the aftermath of the disaster, primarily due to lack of access to safe water. As of May 7, 6,732 cases of cholera and 8 deaths had been reported, according to the Ministry of Health. At least 16 water distribution systems have been damaged and safe drinking water remains scarce throughout the affected areas. |
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¹² UNICEF: Cyclone Idai: Life-saving water supply for children and families restored in Beira, Mozambique. For details, see: <https://www.unicef.org/press-releases/cyclone-idai-life-saving-water-supply-children-and-families-restored-beira>.

¹³ INGC, Cyclone Idai Situational Update, 10 April 2019

¹⁴ INGC, Cyclone Idai Situational Update, 10 April 2019

¹⁵ UN-OCHA Situation Report No 1. Mozambique Cyclone Idai & Floods, 2 April 2019



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| <p>2. Assessment may also take into account whether the country has:</p> <ul style="list-style-type: none"> • Issued a declaration of emergency; • Requested CRW resources; • Requested a Post-Disaster Needs Assessment (PDNA) or Damage and Loss Assessment (DaLa). | <ul style="list-style-type: none"> • Issuance of a declaration of emergency: The Government declared a state of emergency and three days of national mourning on March 19, 2019. • Request for World Bank assistance: The Government requested the World Bank's technical assistance in the response phase on March 27, 2019. • Request for CRW resources: The Government requested the activation of the IDA Immediate Response Mechanism and access to CRW resources on April 5, 2019. • A Government-led Post-Disaster Needs Assessment, under the coordination of the Ministry of PWP, Housing and Water Resources, and in coordination with the UN, the EU and the World Bank, is on-going and expected to be completed by mid-May. It will draw on the preliminary results from the rapid damage assessment. Its results will be presented at a reconstruction conference June 1st, 2019. |
| <p>3. Assessment of World Bank capacity to respond without accessing CRW.</p> | <ul style="list-style-type: none"> • Mozambique has suffered extensive impact from Cyclone Idai. Humanitarian needs are estimated at US\$282 million and recovery and reconstruction needs are estimated at US\$1,160 million, totaling US\$1,442 million. • Mozambique has a strong active Disaster Risk Management (DRM) portfolio with the World Bank and there is some capacity to respond to Cyclone Idai through the existing portfolio with: <ul style="list-style-type: none"> ○ Rapid strategic disbursement of US\$34 million from the IDA DRM and Resilience Program; ○ Mobilization of US\$60 million from existing projects; ○ Cancellation of US\$15 million from two on-going projects, to be reallocated to the emergency recovery; IDA Immediate Response Mechanism (IRM) for US\$55 million, to be replenished using part of CRW allocation. • As of end of April 2019, Mozambique's IDA18 allocation is already 79 percent committed (US\$895 million out of US\$1,140 million). The remaining US\$245 million covers the Mozambique Urban Sanitation Project (P161777) and Temane Regional Electricity Project (P160427) approved by the Board in June 2019. Therefore, no regular PBA resources are available for financing of new projects or restoring project financing diverted through activation of the IRM/CERCs in response to Cyclone Idai. • Given the above, especially as total funding needs are far greater than the current capacity to respond, with a funding gap estimated at US\$1,114.7 million, CRW financing is needed as last resort, which is critical for IDA to mount an effective response. |
| <p>4. Outline cooperation with the United Nations.</p> | <ul style="list-style-type: none"> • The World Bank is a member of the Mozambique Humanitarian Country Team (HCT), which is overseeing the coordinated response to the cyclone, in close collaboration with the National Disaster Management Institute (INGC) and the Technical Council Disaster Management (CTGC). The UN Resident Coordinator (UNRC)/UNICEF Resident |



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| | <p>Representative and the WFP Resident Representative are respectively chair and co-chairs of the HCT. The World Bank team has participated in the regular coordination meetings of the CTGC and HCT to continue monitoring the flood situation, response and gaps. Following the request from the Government, the UN, EU and the World Bank are currently supporting the preparation of a joint PDNA.</p> <ul style="list-style-type: none"> • Ongoing coordination with UN agencies and Donors to harmonize response: Daily UNOCHA led coordination meetings in Beira and Maputo. DFID is coordinating the mapping of donor pledges. • A Meeting with WB and Donors took place on March 21 with the Mayor of Beira to discuss damages and emergency recovery needs and support coordination. • A WB Field visit to Beira was conducted on March 27, 2019, to assess damages on the ground and further assess needs and discuss planned response with authorities INGC and partners (UNOCHA and Clusters). • The UN has launched a Flash Appeal for an amount of US\$282 million to assist 1.72 million people, of which US\$82.1 million has been mobilized to support the search and rescue operations and emergency needs. |
| 5. Validation of initial impact data with PDNA and other information to calculate final allocation. | <ul style="list-style-type: none"> • The impact data presented here includes both modeled estimates from remote assessments (the GRADE approach) as well as information recorded on the ground by INGC, line Ministries and development partners. The available information shows that impacts and reconstruction needs are far beyond available financing means and indeed higher than the requested CRW allocation. The crisis response will be designed to address the most important recovery needs in a sustainable way. • The GRADE approach used for the assessment has been applied in recent disaster events worldwide, including Madagascar (after Cyclone Enawo in March 2017 and Cyclone Ava in January 2018), Haiti (after Hurricane Matthew in October 2016), Ecuador (after the earthquake on April 16, 2016), and Nepal (after the earthquake on April 25, 2015), and has proven to be fairly accurate when compared with results from field assessments. The Government-led PDNA process takes a different approach, using local observations of damages and impacts and taking into account inputs from stakeholders, which will improve the final impact estimates. |
| 6. Preliminary information on factors: 6(a). Severity of crisis and costs of recovery from PDNA/DaLA. | <ul style="list-style-type: none"> • As per the GRADE, total reported and modeled damages to residential buildings, non-residential buildings, infrastructure and agriculture is US\$773 million. 90 percent of damages were concentrated in the three provinces of Sofala, Zambezia and Manica. The most affected areas will need urgent humanitarian support with the objective to prevent further casualties and health impacts due to food insecurity, lack of clean water and access to health care. It is also urgent to increase mobility in affected areas to reach isolated villages and areas that are in need of essential supplies and medical support. When the immediate crisis is over, the region will require support in reconstruction of buildings, houses, roads, schools, hospitals and telecommunication, water and electricity networks. |
| 6(b). Number of affected persons. | <ul style="list-style-type: none"> • According to the INGC, 1.5 million people have been directly affected by Cyclone Idai, of which 141,000 have been displaced. As of April 25, 2019, 603 casualties have been confirmed. In addition, the spread of water-borne illnesses due to the stagnant and |



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| | <p>polluted flood water and difficulties of accessing quality drinking water has raised new challenges. At least 4,072 cases of cholera have been reported and 2 related deaths (April 9). In addition, food insecurity is expected to rise due to massive damages to agricultural production and lack of access to food. WFP estimates that 1.85 million people are urgently in need of food in affected areas.</p> |
| <p>6(c). Estimates of GDP and fiscal impact.</p> | <ul style="list-style-type: none"> • The total direct asset damage is estimated at US\$656 -US\$773 million, on a GDP of US\$12.33 billion USD (2017), which represents a large relative shock (5.3– 6.2 percent). Due to the shock, GDP growth estimates have been revised downwards from 3.7 to 2 percent for 2019, and from 4.2 to 3.5 percent in 2020 given the significant impact of Cyclone Idai on agricultural production and trade in the affected areas. Sofala and Manica account for almost 65 percent of Mozambique's total cash crops production and for about 22 percent of overall agriculture production. The Beira corridor is a key regional hub that links hinterland countries to the ocean; and the port of Beira is estimated to handle 25percent of the country's international cargo on an annual basis. The impact on these sectors is the main driver of the expected drop in growth in 2019 and 2020. • Cyclone Idai is also expected to widen the trade deficit and raise inflation. The volumes of exported crops are likely to be constrained this year. Together with increased imports, particularly of basic goods and fuel, this could widen the goods trade balance to 23 percent of GDP in 2019 (up from a pre-cyclone estimate of 20 percent). Price pressures are also expected to increase as food production drops and the trade balance widens with increased demand for food and reconstruction related imports, pushing estimates for year-on-year inflation up to a range of 6percent to 8percent, compared with a pre-cyclone forecast of 5percent. |
| <p>6(d). Availability of resources to respond to crisis from:</p> <p>(i) IDA portfolio;</p> <p>(ii) Domestic sources;</p> <p>(iii) Other external financing; including IBRD;</p> | <ul style="list-style-type: none"> • IDA portfolio: From existing active IDA projects, the following resources are available: <ul style="list-style-type: none"> ○ US\$34 million from the IDA DRM and Resilience Program (P166437; US\$96 million); ○ US\$60 million from active projects to provide immediate support efforts without restructuring; ○ US\$55 million from activation of the IRM/CERC for rapid recovery response; ○ US\$15 million from cancellations from ongoing projects (US\$5 million from the Water Resources Development Project (P107350) and US\$10 million from the National Statistics and Data for Development Project (P162621)). • Domestic resources: The Government has allocated over US\$4 million for disaster response and announced that at least US\$18 million additional budget is needed. Given current budget situation and the effects of the undisclosed debt crisis, it will be difficult for the Government to allocate further financing. • Other external financing: The UN has launched a Flash Appeal for an amount of US\$282 million to assist 1.72 million people, of which US\$94.3 million has already been mobilized as of April 23, 2019 to support the search and rescue operations and emergency needs. The IMF is providing US\$120 million under its Rapid Credit Facility. • Amount of remaining CRW resources: Following the IDA18 Mid-term Review (MTR) the latest IDA18 CRW envelope is US\$2.25 billion. So far US\$400 million has been allocated: (i) US\$50 million to Laos PDR to support response to floods, (ii) US\$80 |



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| (iv) Amount of remaining CRW resources. | million to Mongolia to respond to a commodity price shock; (iii) US\$200 million to Yemen to combat its cholera outbreak; and (iv) US\$50 million to Dominica for recovery and reconstruction following Hurricane Maria; and US\$20 million to Tonga after Tropical Storm Gita. The proposed US\$350 million to Mozambique represents 18.9 percent of the remaining IDA18 CRW envelope. |
| 6(e). Country absorptive capacity | <ul style="list-style-type: none">• Mozambique's capacity to absorb additional IDA is strong as indicated by its IDA Portfolio Performance Rating of 3.5, its FY18 disbursement ratio of 29 percent and accelerated pace of IDA18 commitments (79 percent as of end of April 2019).• The emergency response will seek to fast-track additional IDA resources and optimize the use of country absorptive capacity by: (1) activating CERC components in active projects across different sectors with functional PIUs; (2) using AF for projects that have both strong PIUs and functional sectoral counterparts; (3) optimizing the newly established Disaster Management Fund, which will be regulated and facilitate transparent flow of emergency funds; and (4) developing a strategic Emergency Recovery Project that will aim to focus on the rapid recovery of public services and infrastructure across sectors. |
| 6(f). Country Size | <ul style="list-style-type: none">• Mozambique's population is about 29.8 million people with a total national GDP of US\$12.3 billion, or a GDP of US\$412 per capita (2017). While the incidence of poverty has declined, the number of poor people is growing. According to the latest official figures, poverty has fallen from 54 percent in 2002 to 46 percent in 2014. However, the number of people living in poverty using the US\$1.9/day 2011 poverty line has increased from 13.3 million in 1996 to 17.1 million in 2014.• Mozambique has achieved significant economic development since the end of the civil war in 1992, but important challenges remain that have been aggravated by the recent crisis sparked by discovery of hidden debt. Falling commodity prices, climate shocks, fiscal tightening and a slowdown in foreign direct investment in the aftermath of the disclosure of US\$1.4 billion in hidden debt caused economic growth to drop to 4.3 percent and inflation to peak at 26 percent in 2016. While inflation decreased to five percent by August 2018, growth dipped to an average of 3.8 percent in 2016 and 2017. External debt remained at an unsustainably high level—estimated 85 percent of GDP— and the economy remains exposed to external shocks given its dependence on a few commodities for foreign exchange earnings. Potential large revenues from liquefied natural gas (LNG) projects may increase government earnings in the coming years, although the exact timing of this increase is uncertain. In 2017, the country was classified as being in a “fragile situation” by the World Bank. |



ANNEX 3: Enhanced Coordination between Disaster Risk Management and Social Protection

1. **The Government of Mozambique (GoM) has recently introduced significant measures to improve the response coordination to weather and climate change risks with the SP sector.** In 2017, the GoM issued a new DRM Plan for Mozambique 2017-2030; GoM, 2016) led by the INGC which highlights the linkages between the DRM sector and other sectors. In particular, the DRM Plan proposes a role for SP in scaling up safety net programs by using a climate risk approach. The GoM also approved a decree creating the Disaster Management Fund (DMF) to ensure the timely and predictable availability of resources for disaster preparedness, response, recovery and reconstruction (GoM, 2017). The country's National Strategy for Adaptation and Mitigation of Climate Change (2013-2025) also highlights the key role of the SP sector to improve the resilience of households and communities to the negative impacts of climate change; specifically through the PWs program (MICOA, 2012).
2. **The GoM also approved the country's new Social Protection Strategy (2016-2024) which includes a Disaster Response window and stresses the need to enhance households' resilience to climate change.** To this end, the strategy (ENSSBII 2016-2024) calls for the review of key SP programs, suggesting that PWs targeted to poor households could also support households' resilience to climate change. Public works are currently implementing traditional activities where there is an opportunity to adapt existing community projects to identify and implement smart climate change activities that would allow the program to support risk reduction activities such as strengthening riverbeds flood buffering areas to reduce exposure and other community infrastructure to reduce vulnerability.
3. **As part of these efforts, the GoM has requested the World Bank's support for the design and implementation of the PWs to be implemented in post-emergency scenarios.** The core element of the *post-emergency PWs* is to support the post-emergency situation linked to cyclones and floods emergencies. This will constitute the introduction of new modality of the current PWs program aimed at: (i) providing a timely, predictable and temporary source of income to affected households by a natural disaster to avoid negative coping strategies and support them to assesses restitution; and ii) support the communities affected to rehabilitate public assets. Immediate PWs program will be an adaptation of existing Productive Social Action Program (*Programa Acção Social Produtiva*, PASP) to ensure food consumption stabilization of affected households with labor capacity and contribute to rehabilitation of public assets.
4. **The immediate PWs program is a simplified version of the current PWs and will be implemented in the post disaster settings.** The GoM is interested in using the immediate PWs program as a catalyzer for rapid local recovery of public assets by implementing activities focused on removal of debris, rehabilitation of streets and roads, rehabilitation of social infrastructure like schools and hospitals/health units, and rehabilitation of sanitary infrastructure among others.
5. **Assessments on international experiences shown that PWs programs can be effectively utilized in post-emergency scenarios.** Similar interventions have helped in post-emergency situations to stabilize the food consumption of the household and participate in rehabilitation activities in their communities. In Mexico, the Temporal Employment Program (PET), had a subcomponent called PET-*Inmediato* (PET-I, for immediate) that was created to work on emergency responses. PET-I has been an effective instrument

in post-emergency situation to supports households that have been affected by a disaster through relief and recovery activities with the goal of providing them with a source of income while helping them avoid negative coping strategies. The program supports the rehabilitation and reconstruction of community assets while providing temporary employment to affected populations (World Bank, 2013).

6. The Immediate PWs program will have the following parameters:
 - a. *Labor-intensity of subprojects.* At the local level, an average of 70 percent of subproject resources will fund the cash transfers given to participants in exchange for their labor on the PWs.
 - b. *Benefit size.* Participants will receive a cash transfer of MZM 1,050 per month, which is below the market wage rate for unskilled workers.
 - c. *Timebound and predictability of the benefit.* Beneficiaries will participate in the program for three months when they would be able to stabilize their consumption after the shock and will allow households to predict the timing and amount of the benefit.

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