### BASIC INFORMATION

#### A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Project ID</th>
<th>Parent Project ID (if any)</th>
<th>Project Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mozambique</td>
<td>P158231</td>
<td></td>
<td>Integrated Feeder Road Development Project (P158231)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Estimated Appraisal Date</th>
<th>Estimated Board Date</th>
<th>Practice Area (Lead)</th>
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<tbody>
<tr>
<td>AFRICA</td>
<td>Jun 12, 2017</td>
<td>Oct 09, 2017</td>
<td>Transport &amp; ICT</td>
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</table>

<table>
<thead>
<tr>
<th>Lending Instrument</th>
<th>Borrower(s)</th>
<th>Implementing Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Project Financing</td>
<td>Ministry of Economy and Finance</td>
<td>Road Fund</td>
</tr>
</tbody>
</table>

**Proposed Development Objective(s)**

The proposed development objective is to enhance mobility in selected rural areas in support of agriculture and other livelihoods of local communities, whilst reducing the transport costs along the connected main national corridors.

#### Financing (in USD Million)

<table>
<thead>
<tr>
<th>Financing Source</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Borrower</td>
<td>35.00</td>
</tr>
<tr>
<td>International Development Association (IDA)</td>
<td>150.00</td>
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</table>

**Total Project Cost**

235.00

**Environmental Assessment Category**

- B-Partial Assessment

**Concept Review Decision**

- Track II - The review did authorize the preparation to continue

**Other Decision (as needed)**
B. Introduction and Context

Country Context

1. **Mozambique is a relatively large country with an area of approximately 800,000 square kilometers and a spatially dispersed population.** Divided by the Zambezi River, the country is characterized by a sharp contrast between the north and the south. The topography in the north is marked by hills, low plateaus, and highlands while the south is mainly composed of lowlands. The majority of the total population of 26 million lives in coastal regions and along the main corridors, such as the Beira and Nacala. About nine million people, or 40 percent of the total population, live less than 50 kilometers (km) distance from the coastline, and half of them live within 10 km of the coast. About 32 percent of the population live in urban areas.

2. **Though Mozambique’s economic performance has been very strong since the end of the Civil War in 1992, growth has recently slowed.** The average growth rate for the last decade was about 7 percent, with strong growth of over 10 percent in the non-manufacturing sectors and about 9 percent in the service sector. Strong performance was made possible by sound macroeconomic management, a number of large-scale foreign-investment projects and significant donor support. However, revelations of previously undisclosed loans pushed public debt to beyond 100 percent of GDP in 2016, shifting the country to high risk of debt distress. Significant reductions in public expenditure and foreign direct investments, followed by rapid currency depreciation and raging inflation, resulted a sharp reduction in growth. The growth forecast for the current year has been revised to 4.5 percent from 7 percent.

3. **Rapid growth over the past decade has not translated into significant poverty reduction.** After falling by an estimated 12 percent between 1997 and 2003, the poverty rate decreased by only four percentage points, to 52 percent, in next five years, while the per capita GDP increased by more than 20 percent. Poverty is persistently high, particularly in rural central and northern provinces where the vast majority of the rural population rely on subsistence farming without good access to markets and where other job opportunities are also limited. The correlation between poverty and rural accessibility in Mozambique is clear, although causality is debatable.

4. **Many domestic farmers and firms are still isolated and not well connected to markets.** Among others, limited rural access is an important constraint to agriculture, which remains an important sector employing about 80 percent of the country’s total workforce and generating about 30 percent of GDP. Mozambique is a traditional exporter of tobacco, sugar and cotton. However, most farmers are not involved in market transactions, because of the poor access to market and unreliable transport services. Despite its domestic production potential, Mozambique is currently importing about US$600 million of food and agricultural products every year. Firms in inland areas are also not connected to the global market. Domestic firms are traditionally highly concentrated in several coastal cities, such as Maputo and Beira. Some new businesses have recently been reemerging in inland areas, such as agribusiness in Manica and leather and textile in Tete. However, efficient movement of people and freight across cities and ports is still a challenge, particularly in inland areas.

5. **Mozambique is highly vulnerable to climate change and is amongst the five top countries globally with extreme risk rating.** The vulnerabilities span multiple dimensions: exposure to climate-related natural disasters (especially floods) and sea-level rise; human sensitivity in terms of population patterns, development, natural resources, agricultural dependency and conflict; and limited adaptive capacity of the government and infrastructure.
Sectoral and Institutional Context

Mozambique enjoys an advantageous strategic location by virtue of providing natural exits to most of its neighbors, in particular Zimbabwe, Zambia, and Malawi. This is one of the reasons transport infrastructure in Mozambique is primarily developed transversally, connecting the mining and agricultural clusters to the nearest ports and neighboring countries. With the exception of National Road N1, the country has very limited connectivity among its six west-east corridors.

7. The country has 104 identified rivers basins, including nine trans-boundary ones, making it the third most exposed to flood related hazards among African countries. Most of the rivers flow west to east, draining the water of central African plateau into the Indian Ocean. The road network is prone to significant disruptions caused by river floods and cyclones, especially the north-south links. These disruptions in the road network have significant socio-economic consequences, partially due to very low redundancy of the Mozambican road network. For example, the floods the Limpopo river basin in 2014 were estimated to cause a direct loss of US$403 million in terms of public infrastructure.

8. Road transport is the most important mode, accounting for half of freight traffic and 98 percent of passenger traffic in the country. The classified road network measures 30,464 km, out of which 7,344 km or 24 percent of roads are paved. Primary roads are mostly paved and connect provincial capitals and main ports. Secondary roads connect primary roads and important ports, border posts and economic poles. One-third of the secondary roads are paved. The tertiary or vicinal roads of the classified network connect district centers and villages. The road density is still relatively low at only 2.9 km/100 km² of land, which compares unfavorably to some neighboring countries (for example, 10.8 km/100 km² in Kenya and 5.5 km/100 km² km in Tanzania). The extent of the unclassified road network is not certain, with estimates ranging from 30,000 to 45,000 km.

9. In the past decade, the Government of Mozambique (GoM) has been making significant efforts particularly toward rehabilitating and extending the country’s primary network. In 2015, the GoM budgeted about US$580 million on road network rehabilitation and maintenance nationwide, out of which US$178 million was spent on rehabilitation and upgrading of primary roads. At the national level, two governmental entities, the Road Fund (RF) and National Roads Administration (ANE), are responsible for maintaining all classified roads.

10. While 85 percent of the primary road network is in good or fair condition, about half of non-primary roads are in poor condition and need to be rehabilitated or maintained. This incurs significant economic costs to the economy, especially in remote and rural areas. The country’s challenges are therefore twofold. First, it is and continues to be essential to maintain the primary road network in good condition, which is currently carrying most of national and regional traffic, including heavy mining transportation. Road user cost benefits from maintaining National Highway N1 in good condition, as opposed to fair condition, are estimated at US$54 million or 0.4 percent of GDP. While this main network enables participation of producers in national and global markets, paradoxically it also enables penetration of imports to the detriment of local farmers’ competitiveness, employment and investment.

11. Second, rural accessibility is lagging behind even by African standard. Based on a new GIS-based methodology developed in the Sustainable Development Goals context, the Rural Access Index (RAI), defined as the share of the rural population who live in within 2 km of the nearest road in good condition, is estimated at 20.4 percent. This means an estimated 15 million rural dwellers are unconnected to the road network. Rural accessibility is particularly limited in the central and northern provinces. Investment needs to address the deficit are significant. More than 9,400 km of non-primary roads are in poor condition. About 1200 km of non-primary roads, or 4 percent of the classified network, are inaccessible due to severe damage. In addition, given the current sparse population and low road density, Mozambique...
will need to expand its classified network by including and rehabilitating unclassified roads, to ensure more access in rural and remote areas.

12. In the context of climate change, the provision of reliable accessibility requires effective planning for potential impacts of extreme events and building resilience in the road network accordingly. Though the country is amongst the first to decree mandatory climate risk screening of all major road projects, yet deep uncertainty of future climate events and future transport demand hampers effective decision-making under the constrained budget scenario. The latter depend on land-use choices, population growth and migration rates, economic activities among other while the former is linked to location, frequency, intensity of such events in Mozambique as well as in the catchment areas of the riparian countries.

Relationship to CPF

13. The proposed project is fully aligned with the New Road Sector Strategy (RSS3, 2015). RSS3 supports the Government's prime objective of promoting the economic and social development of the country by enhancing productivity and competiveness, through expanding good road connectivity to all major productive zones, and by reducing travel times and vehicle costs through good maintenance of the networks. RSS3 promotes the GOM objective of balanced and inclusive development through enhanced rural mobility and the prioritizing of infrastructure which link productive areas to markets. The project also supports the Pillar 1 (Promoting Diversified Growth and Enhanced Productivity) of the draft Country Partnership Framework.

14. Development of Nampula and Zambesia is high on government agenda, with a strong emphasis on building a resilient framework of infrastructure and basic services. The proposed project will coordinate and leverage upon the investments being made by other projects in the two provinces, especially with the World Bank-funded Agriculture and Natural Resources Land Management Project (ANRLMP) approved in June 2016. ANRLMP will implement diverse components in stimulating enterprises and smallholder agriculture, marketing and resource conservation, including components of rural roads and market center facilities in five Districts in Nampula center and south, adjacent to five Districts in Zambezia Province.

C. Proposed Development Objective(s)

15. The proposed development objective is to enhance mobility in selected rural areas in support of agriculture and other livelihoods of local communities, whilst reducing the transport costs along the connected main national corridors.

16. The PDO is proposed to be achieved through (i) providing improved non-primary roads in targeted and prioritized rural areas, and (ii) ensuring that the connected national road network is maintained in good condition and provide efficient road mobility as a network.

Key Results (From PCN)

17. The project’s results framework will be finalized during project preparation. The proposed key results indicators are: (a) Increase in percentage of rural population within 2 kilometers of all-season roads in the targeted areas, (b) Reduction in transport cost on the connected primary road network measured using roughness index as a proxy; (c) Improvement in road conditions measured as roads in good and fair condition as a share of total road network in target areas; and (d) improved transport services in select areas.

18. In addition to the PDO level indictors, the project would consider the following intermediate indicators:
a. Component 1: (i) Number of kilometers of improved non-primary road network (ii) Number of people with access to an all-season road; and (iii) Number of Area-Based Maintenance Contracts implemented

b. Component 2: (i) Extension of rehabilitated primary road network and (ii) Number of OPRC implemented

c. Component 3 and 4: The indicators will be decided based on the scope of the activities including for the gender action plan, road safety, and citizen engagement activities.

D. Concept Description

19. Reliable connectivity and improved access are key for achieving sustainable growth in Mozambique. The project will focus on addressing the transport infrastructure constraints in two of the poorest provinces, Zambezia and Nampula, in Mozambique to improve access and connectivity of the rural population to reliable and well performing network.

20. The proposed project aims to improve the efficiency of movement of people and goods along targeted primary and non-primary roads in support of agricultural growth and poverty reduction through providing rural roads infrastructure. As fragmented and isolated feeder road interventions tend to result in diminishing investment returns, the project design adopts a holistic network-based approach. Prioritization and complementarity are important to maximize benefits and ensure sustainability. The project will also provide technical assistance to develop national and subnational government capacity to ensure sustainable implementation and maintenance.

21. The project area in the two provinces will be defined during project preparation giving consideration to wider economic benefits and available budget. Project areas will also be selected ensuring close collaboration and coordination with other ongoing and planned development projects in the country to maximize synergy across sectors. The selection criteria could include: (i) poverty incidence; (ii) agricultural production and/or potential; and (iii) connectivity to the primary road network and major domestic and international markets.

22. Project Components: The proposed project will comprise of five components:

23. Component 1: Rehabilitation and Maintenance of Rural (Non-Primary) Roads (Approximately US$100 million)
This component would finance rehabilitation works on parts of secondary and (classified and unclassified) rural roads in targeted areas in Zambezia and Nampula provinces, including design studies and supervision activities, and support the extension of the Zambezia Area Based Maintenance System (ABMS- a simplified performance based contracting approach) into Nampula Province. It is anticipated that the project would target about 10 districts in two provinces, which would be selected using multi-criteria analysis based on poverty, agricultural production, access to social facilities and other factors, including investment efficiency and climate vulnerability. The total road length that would be supported under this component, including the standards to which they would be improved, the method of implementation, as well as the participating districts will be decided in the preparation stage. The total length of project roads will depend on the eventual technical standards adopted and chosen levels of service: a bituminous seal approach would reduce the scope of the project interventions, whereas construction to gravel road standards could increase the coverage.

24. Component 2: Rehabilitation of Connected Primary Road Network (Approximately US$120 million). This component would support rehabilitation of the connected primary road network to enhance connectivity to not only roads but also final markets or economic destinations. Two sections of National Road N1 are being considered under the project. These are Chimura to Nicodala (169 km) and Quelimane to Namacurra (70 km). The project plans to adopt the Output and Performance-Based Contracting (OPRC) approach to implement rehabilitation and maintenance works.
25. Component 3: Pilot Rural Transport Services (US$5 million). The component will support the government to pilot a rural transport services program to improve mobility and access to economic and social services to all population groups in the selected areas. It will focus on the identification of current transport service availability and potential market barriers to private service providers. The pilot would benefit local communities near road improvement investments, for instance, through expanded market opportunities to sell agricultural produce and purchase advanced inputs. The pilot would also use ICT based solutions to connect the services and end users in a reliable and cost-effective manner.

26. Component 4: Capacity Building and Project Administration (US$10 million). This component would finance knowledge development and institutional strengthening activities for management of rural roads at the national and subnational levels, road safety, and enhanced citizen engagement. A special focus will be on training key stakeholders in assessing climate change risk and factoring the risk in decision making. Among others, the project will support capacity building support to the key national road safety institution, the National Traffic Institute (Instituto Nacional dos Transportes Terrestres, INATTER) and for safeguards compliance at the ANE and provincial levels.

27. Component 5: Zero-budget Contingency Component. This component will facilitate access to rapid financing by allowing reallocation of uncommitted project funds in the event of a natural disaster either by a formal declaration of a national or regional state of emergency or upon a formal request from the GoM.

SAFEGUARDS

A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project will rehabilitate and upgrade existing roads in Nampula and Zambezia Provinces.

B. Borrower’s Institutional Capacity for Safeguard Policies

Both the Road Fund (RF) and National Roads Administration (ANE) have experience successfully delivering similar IDA financed projects through the implementation of Environmental and Social Management Frameworks (ESMFs) and Resettlement Policy Frameworks. The ANE Environment and Social Unit is well versed in both national regulations and World Bank Safeguards requirements.

C. Environmental and Social Safeguards Specialists on the Team

John Bryant Collier, Eden Gabriel Vieira Dava

D. Policies that might apply

<table>
<thead>
<tr>
<th>Safeguard Policies</th>
<th>Triggered?</th>
<th>Explanation (Optional)</th>
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</thead>
<tbody>
<tr>
<td>Environmental Assessment OP/BP 4.01</td>
<td>Yes</td>
<td>The Project is expected to be a category B project (to be confirmed once the final scope of activities has been identified). The project will rehabilitate and upgrade existing roads in Nampula and Zambezia provinces; therefore, the civil works are expected to</td>
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</tbody>
</table>
have a low impact on the biophysical environment near selected road sections and bridges. The Borrower will prepare an ESMF for the project and, once identified, will also prepare necessary site specific the Environmental and Social Impact Assessments (ESIA)/Environmental and Social Management Plans (ESMP) in order to better capture specificities of the targeted roads and bridges. All safeguards documents will be disclosed nationally and at the World Bank InfoShop.

<table>
<thead>
<tr>
<th>Natural Habitats OP/BP 4.04</th>
<th>TBD</th>
<th>Once the ESMF has been prepared and the scope and specific areas of operation in Nampula and Zambezia are identified, the team will determine if the Natural Habitats policy should be triggered.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forests OP/BP 4.36</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Pest Management OP 4.09</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Physical Cultural Resources OP/BP 4.11</td>
<td>Yes</td>
<td>The ESMF is expected to include appropriate &quot;Chance-find&quot; mechanisms to ensure mitigation of any new discovery of Physical Cultural Resources during project implementation.</td>
</tr>
<tr>
<td>Indigenous Peoples OP/BP 4.10</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Involuntary Resettlement OP/BP 4.12</td>
<td>Yes</td>
<td>The proposed restoration works (reconstruction/rehabilitation) are not expected to require the physical resettlement of Project Affected Persons (PAP), nor will they result in massive loss of crops, assets, or livelihoods. Though unlikely, there might be insignificant encroachment in portions of surrounding farmlands, the width of the existing right-of-way is sufficient enough (by law, 15 m on each side of the road) to allow the easy movement of machineries during the construction/rehabilitation activities. A RPF will be prepared and will guide the preparation of any site specific RAPs, should they be required.</td>
</tr>
<tr>
<td>Safety of Dams OP/BP 4.37</td>
<td>No</td>
<td>No</td>
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<tr>
<td>Projects on International Waterways OP/BP 7.50</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Projects in Disputed Areas OP/BP 7.60</td>
<td>No</td>
<td>No</td>
</tr>
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</table>

**E. Safeguard Preparation Plan**

Tentative target date for preparing the Appraisal Stage PID/ISDS

Oct 03, 2016
Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS.

The ESMF and RPF are expected to be completed and disclosed by December 15, 2016.

CONTACT POINT

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Sr Highway Engineer

**Borrower/Client/Recipient**
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FOR MORE INFORMATION CONTACT

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APPROVAL

<table>
<thead>
<tr>
<th>Task Team Leader(s):</th>
<th>Kulwinder Singh Rao, Satoshi Ogita</th>
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<tr>
<th>Approved By</th>
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</thead>
<tbody>
<tr>
<td>Safeguards Advisor: Nathalie S. Munzberg 31-Oct-2016</td>
</tr>
<tr>
<td>Practice Manager/Manager:</td>
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<tr>
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<td>Country Director:</td>
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