Environmental and Social Systems Assessment

Mozambique – Public Financial Management for Results Program (P124615)

AFRICA REGION

7/1/2013
## Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>ADE</td>
<td>Apoio Directo às Escolas (Direct Support to Schools)</td>
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<tr>
<td>CEDSIF</td>
<td>Centro de Desenvolvimento de Sistemas de Informação de Finanças (Development Center of the Financial Information System)</td>
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<tr>
<td>CMAM</td>
<td>Central Medicamentos e Artigos Medicas (Centeral Warehouse for Medicines and Medical Supplies)</td>
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<tr>
<td>DLIs</td>
<td>Disbursement Linked Indicators</td>
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<tr>
<td>DNO</td>
<td>Direção Nacional de Orçamento (National Directorate of Budget)</td>
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<tr>
<td>DNT</td>
<td>Direção Nacional do Tesouro (National Directorate of Treasury)</td>
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<tr>
<td>ESIA</td>
<td>Environmental and Social Impact Assessment</td>
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<tr>
<td>EMP</td>
<td>Environmental Management Plan</td>
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<td>ESMF</td>
<td>Environmental and Social Management Framework</td>
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<td>ESSA</td>
<td>Environmental and Social Systems Assessment</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GoM</td>
<td>Government of Mozambique</td>
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<tr>
<td>IGF</td>
<td>Inspeção Geral de Finanças (General Inspection of Finance)</td>
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<tr>
<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
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<tr>
<td>MICOA</td>
<td>Ministry for the Coordination of Environmental Affairs</td>
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<td>MISAU</td>
<td>Ministry of Health</td>
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<tr>
<td>MPD</td>
<td>Ministério da Planificação e Desenvolvimento (Ministry of Planning and Development)</td>
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<tr>
<td>MoF</td>
<td>Ministry of Finance</td>
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<tr>
<td>MOPH</td>
<td>Ministry of Public Works &amp; Housing</td>
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<tr>
<td>MSF</td>
<td>Médecins Sans Frontières</td>
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<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
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<tr>
<td>OCIs</td>
<td>Orgãos Controlo Interno (Internal Audit Units)</td>
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<tr>
<td>PARP</td>
<td>Plano de Acção para Redução da Pobreza (Poverty Reduction Action Plan)</td>
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<td>PCT</td>
<td>Program Coordination Team</td>
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<td>PFM</td>
<td>Public Financial Management</td>
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<tr>
<td>PforR</td>
<td>Program-for-Results</td>
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<tr>
<td>SCMS</td>
<td>Supply Chain Management System (project)</td>
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<tr>
<td>SDEJTs</td>
<td>Servicos Distritais de Educacao Juventude e Tecnologia (District Education Management Unit)</td>
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<tr>
<td>SDPI</td>
<td>District Planning and Infrastructure Services</td>
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<tr>
<td>SOPs</td>
<td>Standard Operating Procedures</td>
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<tr>
<td>TA</td>
<td>Technical Assistance</td>
</tr>
<tr>
<td>TOR</td>
<td>Terms of Reference</td>
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<tr>
<td>UFSA</td>
<td>Unidade Funcional de Supervisão das Aquisições (Functional Unit of Supervision of the Acquisitions)</td>
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<tr>
<td>UGEAs</td>
<td>Unidade de Gestão das Aquisições (Procurement Units)</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Program</td>
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<tr>
<td>UNICEF</td>
<td>United Nations Children’s Fund</td>
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<tr>
<td>UTRAFAE</td>
<td>Unidade Técnica de Reforma da Administração Financeira do Estado (Technical Unit of Reformation of the Financial Administration of the State)</td>
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<tr>
<td>WHO</td>
<td>World Health Organization</td>
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EXECUTIVE SUMMARY

1. **Environmental and social risk is assessed as Low.** The program involves very few physical activities, and those that are envisaged have limited potential environmental and social impacts. Overall systems for handling of social and environmental dimensions in development operations are relatively strong and there is a good recent track record in compliance with both national legislation and Bank safeguards. There are no land acquisitions related to the Program, and no anticipated issues related to social conflicts. The key physical activities are largely confined to the health sector, which already benefits from broad-ranging donor support that requires scrutiny of environmental management standards for routine activities. The scope of potential negative impacts is limited by the nature of the activities, and implementation will be closely monitored through routine program reporting and occasional field verification by Bank missions.

2. **Disposal of pharmaceutical waste is a serious issue** due to the risks posed to garbage pickers (including children) from potential consumption, or to the wider public in the event of resale of expired medicines, and due to the possibilities for air or groundwater contamination. However, the program will improve stock monitoring and therefore have the beneficial effect of reducing the volume of expired medicines (in addition to actions to be taken to improve disposal of the remainder). Awareness of the issue is already high, and systems are being strengthened under donor-funded programs in the sector (with particular support from the US government). New government guidelines for the disposal of pharmaceutical are in development and will be implemented during the course of the program.

3. **Potential for harmful social impacts, including in terms of exacerbating inequality, is low in both sectors.** In health, the program supports a national roll-out of efforts to support improved medicines supply chain management, thereby limiting potential for geographical bias. The potential for performance based allocations to reward already better performing areas is mitigated by technical assistance to improve the capacity of implementing bodies to perform effectively, and can be further address by allocations that improve level of improvement rather than achievement of static targets. The program will also generate new data that can support analysis of geographic disparities in access to medicines at health center level. In education, the program covers ‘complete’ primary schools, which cover 56 percent of all primary school pupils. These schools are distributed across all provinces, although there is some concentration close to urban centers. The main objectives of the education intervention are to increase community participation, particularly of mothers, in school management, and to strengthen and make more transparent the allocation of resources to schools. The program should have positive social impacts by increasing community voice, and reducing scope for opaque and politically influenced allocation decisions. If successful in improving the management of complete primary schools, then the Ministry of Education intends to expand the approach to all primary schools. There are no land acquisitions supported by the Program in either sector.
PART I – COUNTRY AND PROGRAM BACKGROUND

COUNTRY CONTEXT

1. Mozambique has experienced sustained economic growth since the mid-1990s, which has continued despite recent global food, fuel, and financial crises. Gross domestic product (GDP) increased by an average of 8 percent between 2000 and 2011, 7.5 percent in 2012 and is expected to be 6.1 percent in 2013 (reduced from a projected 8.4 percent due to floods). However, the benefits of this rapid economic growth have been uneven, and had little impact on the lives of many of the country’s 22.9 million people.\(^1\) Growth has not been inclusive; the geographical distribution of poverty has remained largely unchanged over the past decade, with moderate and extreme poverty remaining heavily concentrated in rural areas and in the country’s Central and Northern regions.

2. Consequently, despite substantial progress towards the Millennium Development Goals (MDGs), these achievements have been uneven and social indicators remain low\(^2\). Based on the results of the most recent household survey, Mozambique will need to significantly accelerate poverty reduction in order to halve the population living in absolute poverty by 2015. Reducing hunger and child malnutrition also remain a major challenge; nearly 41 percent of children under-5 suffering from stunted growth\(^3\). MDG 3 has been achieved, with almost universal enrolment in primary education, but completion rates remain under 50 percent and learning outcomes are poor.

3. Mozambique’s changing economic outlook warrants a sound Public Financial Management (PFM) and accountability system to foster inclusive growth and development. Very large carbon reserves have been discovered in the center and north of the country. Fiscal revenues from these resources, including coal, gas and oil, are likely to quadruple over the next decade. The key challenge will be to translate this mineral wealth into durable development outcomes. Institutions will require the capacity to absorb additional resources and scale-up services in an equitable, sustainable and results-orientated manner. A robust PFM and accountability system is critical for transparent and optimal use of these resources, and more effective and efficient service delivery.

PFM FOR RESULTS PROGRAM - OBJECTIVE

4. The Program Development Objective is to improve the transparency and efficiency of expenditures for the storage, distribution and availability of medicines and for the management of ‘complete’ primary schools. The Bank PFM for Results Program (the ‘Program’) will support the Government of Mozambique’s own PFM for results program\(^4\) (the ‘program’) to deepen the implementation of existing PFM reforms in targeted health and education sub-sectors. Improved

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\(^1\) The GoM’s official poverty statistics place the poverty rate in both 2003 and 2009 at about 54 percent; however, recent analytical work suggests that in 2003 the poverty rate was in fact marginally higher than the official figures indicate, at 56 percent, and that it subsequently fell to 52 percent in 2009. See “Poverty in Mozambique: New Evidence from Recent Household Surveys” (World Bank, 2012).

\(^2\) Mozambique ranks 184\(^{th}\) out of 187 countries in the 2011 United Nations Human Development Index. The country is expected to achieve only 13 out of 21 Millennium Development Goals by 2015.

\(^3\) Demographic and Health Survey (DHS) Mozambique 2011, Preliminary Results (2012).

PFM will contribute to better allocation, use and accountability for resources, and to more efficient translation of these resources into results. The Government has selected improvements in the supply, storage, distribution and availability of medicines, and more transparent and accountable school-based management for ‘complete’ primary schools as initial areas of focus.

5. The Ministries of Finance, Health and Education have established a mechanism for collaborative working. Together, they will roll out an innovative approach to motivate and build capacity for change in targeted sub-sectors, with a focus on provincial, regional and local levels of government. The approach combines the use of performance based allocations within sectors and capacity development to strengthen management and PFM capacity of sector institutions. This approach will increase ownership of the PFM reform agenda at the level of implementing organizations in sectors, and build the motivation and ability for change. It will target specific obstacles to the transparency and efficiency of spending in the selected sub-sectors. Some of these obstacles will be lifted by changing incentives through performance allocations, while others will be tackled through capacity development. Once successful in these two focus areas, the Government intends to expand this approach to other areas of health and education, and across other sectors.

**Program Scope**

6. The scope of the Government’s PFM for Result’s program is to improve the transparency and efficiency of spending on public services, with an initial focus on the medicines supply chain and the school based management of complete primary schools. The Bank’s PFM for Results Program (‘the Program’) supports the Government program and has the same scope. The expenditure framework for the Program, totaling US$ 130.6 million, is set out Table 1. It includes existing Government expenditures relating directly to the management, operation and supervision of the medicines supply chain, and school based management of complete primary schools. In addition, Bank (US$ 50 million) and Government (US$ 5 million) financing to support inter-ministerial coordination, performance based allocations to motivate institutional change, and capacity development to strengthen PFM and management practices in the target sub-sectors is also included in the program of expenditures. Expenditures relating to the teaching staff (such as staff salaries) and assets (e.g. the bulk of medicines procurement costs) that are managed by these systems are not included.

7. The Bank and the Government have agreed a results framework, and targets for nine disbursement linked indicators (DLIs) against achievement of which the Bank will disburse funds. The *Tribunal Administrativo* (the supreme audit institution in Mozambique) will provide independent validation that DLI targets have been met. The medicines supply chain, indicators focus on the fiduciary integrity, storage, distribution and availability of medicines. For school based management, indicators focus on accuracy of budget classification, timely disbursement of funds, improved supervisory support for schools, and representative and effective school councils. The results framework and DLIs are based on the Government’s own strategies, plans and indicators for the improvement of PFM and performance of the medicines supply chain, and of school based management.

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5 Complete primary schools teach all years 1 – 7. They account for 56 percent of the primary school student population.
6 The Bank will have the right to make the final decision on the achievement of DLI targets for the purposes of disbursement.
**Table 1: Expenditure Framework**

<table>
<thead>
<tr>
<th>Description</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Storage and distribution of medicines</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operational costs*</td>
<td>1.2</td>
<td>1.3</td>
<td>1.4</td>
<td>3.9</td>
</tr>
<tr>
<td>Performance based allocations - purchase of critical medicines</td>
<td>4.0</td>
<td>4.0</td>
<td>3.0</td>
<td>11.0</td>
</tr>
<tr>
<td>Other performance based allocations at central, provincial and district levels</td>
<td>1.5</td>
<td>3.3</td>
<td>5.8</td>
<td>10.6</td>
</tr>
<tr>
<td><strong>2. District Education Management</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operational costs**</td>
<td>22.9</td>
<td>23.8</td>
<td>25.0</td>
<td>71.7</td>
</tr>
<tr>
<td>Performance based allocations - school funds</td>
<td>-</td>
<td>1.2</td>
<td>12.1</td>
<td>13.3</td>
</tr>
<tr>
<td>Other performance based allocations at central, provincial, and district levels</td>
<td>2.5</td>
<td>3.5</td>
<td>2.3</td>
<td>8.3</td>
</tr>
<tr>
<td><strong>3. Capacity development and Systems Strengthening (Health, education, MoF)</strong></td>
<td>1.8</td>
<td>2.2</td>
<td>4.0</td>
<td>8.0</td>
</tr>
<tr>
<td><strong>4. Program coordination and operational costs (MoF)</strong></td>
<td>0.8</td>
<td>1.5</td>
<td>1.5</td>
<td>3.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>38.9</td>
<td>45.4</td>
<td>60.2</td>
<td>130.6</td>
</tr>
</tbody>
</table>

*Storage and distribution costs only cover cost from center to province. Spending at provincial level and below is currently co-mingled with other expenditures in the chart of accounts and in practice (e.g. ambulances may collect medicines from provincial warehouses when making trips to provincial capitals for other reasons). The costs of personnel working directly on storage and distribution that are not covered by the Health sector common fund are included.

** This line covers recurrent costs of District Services for Education, Youth and Technology (SDEJT), including personnel costs, office supplies, mission travel, fuel, workshops, etc.

8. By improving transparency and efficiency of spending, the PFM for Results Program will contribute to more efficient allocation and use of related government and development partner funded expenditures on complete primary school education (including teacher salaries, text books etc.), medicines procurement and PFM investments. The program does not include these associated expenditures within its scope, because they are not strictly necessary in order to achieve the transparency and efficiency gains targeted by the program. However, these complementary programs of expenditure will benefit from the greater transparency and efficiency of the sub-sectors. In the health sector, government procurement of medicines will total approximately US$ 50 million in 2013. A further US$ 142.8 million of medicines are procured by development partners (primarily HIV, TB and malaria medicines). All medicines move through the government supply chain, whose efficiency will be improved by the program. In addition, the US Government and the Global Fund to Fight AIDS, TB and Malaria invest approximately US$ 7 million per year in supply chain strengthening (including technical assistance for medicines selection and procurement). In the education sector, total government spending on complete primary schools in 2013 is projected to be US$ 168.2 million. In addition, the education pooled fund (*Fundo de Apoio ao Sector da Educação* - FASE) will contribute a further US$ 52.5 million.

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7 CMAM annual medicines quantification projections, January 2013.
9. The Program also complements significant ongoing development partner investments in PFM reform at central level, totaling US$ 157 million 2010 – 2014. The Program will build on and help to deepen the implementation of these PFM reforms within sectors, provinces, districts and service delivery units. National PFM institutions will support capacity building to sectors that is consistent with the Government’s PFM vision.

PROGRAM ACTIVITIES

10. The Ministry of Finance and Ministries of Health and Education will work together to implement an approach to deepen existing PFM reforms and improve performance in the storage, distribution and availability of medicines and for school-based management. The National Treasury Directorate (Direcção Nacional de Tesouro – DNT) will lead the PFM for Results Program, working in close collaboration with the Ministries of Health and Education. National PFM institutions will be active partners, and will ensure that capacity development is consistent with long-term PFM reform goals. The Program will finance the implementation of an innovative approach that will motivate implementation of reforms by sector institutions, and build their capacity to achieve agreed PFM, management practice and delivery results.

11. The PFM for Results Program supports a new Government approach that helps sector institutions to identify and apply solutions that address PFM and service delivery implementation challenges. The main components of the approach are set out below.

(a) Performance based allocations: Program financing will enable the Government to use a payment for results approach to align the incentives of supply chain and education sector units, and to motivate behavior change. Performance based allocations are flexible and will support a variety of activities and budgetary needs at the level of implementing organizations, including minor refurbishments, improvements to working environments, training, or expenditures that are otherwise difficult to meet due to budget constraints, earmarking or unpredictability (e.g. funds for medicines distribution or gap filling purchases for essential primary health care medicines not covered by vertical disease programs). Sector working teams have outlined initial schedules of performance payments focusing on key steps and tasks needed to implement reforms and achieve Program level results. The performance of recipients will be assessed through government management information systems and/or routine supervision, and monitored by the Program Coordination Team. Allocations will be made through the Treasury financial system. Each sector will review and revise its schedule of payments annually to ensure that incentives are aligned with priority implementation challenges needed to achieve the Program results and DLIs. This allows a dynamic management approach to program implementation that can respond to emerging challenges and shifting incentives.

(b) Capacity Development. The program will combine performance based allocations to shift incentives with capacity development to improve management and PFM capacity.

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9 These include: CEDSIF - Centro de Desenvolvimento de Sistemas de Informação de Finanças (Development Center for the Financial Information System); Direcção Nacional de Orçamento (National Budget Directorate), UFSA - Unidade Funcional de Supervisão das Aquisições (Functional Unit of Supervision of Public Procurement); OGI - Orgãos Controlo Interno (Internal Audit Units) and; IGF - Inspecção Geral das Finanças (Inspectorate General of Finance).
i. **PFM Capacity Development:** DNT will work with national PFM institutions to provide PFM technical assistance and capacity development to support solutions identified by sector working teams. The participation of the national PFM institutions ensures integrity with the Government’s overarching PFM reform strategy. This could include technical assistance, training, workshops, equipment, and data-entry staffing on a just-in-time basis. Sectors and relevant PFM institutions will agree on the terms for reference for proposals under US$ 50,000. A committee including representatives of DNT, PFM institutions and the health and education sectors must approve proposals costing over US$ 50,000.

ii. **Public Sector Management Capacity Development:** DNT will manage a capacity development program that will target key managers in implementing organizations in the two sectors (e.g. directors of provincial medicines warehouses, or staff in SDEJTs). These managers will learn to use problem solving and team building techniques to identify performance bottlenecks, and then develop and implement solutions to overcome them. There will be a particular focus on developing the capacity of managers to work effectively with institutions outside of their own units but which are essential for their units to perform well and for the program intended results, including DLIs, to be achieved. Regular follow-up support will encourage managers and staff to monitor progress and to adjust course or approach as practical experience of implementation evolves. DNT will contract international experts to train national staff in management capacity development and problem solving techniques, and to provide ongoing quality assurance during implementation. National staff, once trained, will be located regionally to support their clients through training, mentoring and mechanisms for peer group learning and support. This will include helping managers to identify their PFM technical assistance needs. A knowledge platform will be established to strengthen exchange and dissemination of experiences under the program. This together with a periodic rotation of capacity development staff will reinforce the experience-sharing process within each sector and location. The performance of individual staff and the capacity development program as a whole will be assessed annually.

### PROGRAM IMPLEMENTATION

12. The PFM for Results Program is anchored in the Direcção Nacional de Tesouro (DNT – National Treasury Directorate), Ministry of Finance, and implemented in collaboration with sector ministries and national PFM institutions. Deepening the implementation of existing PFM reforms requires the engagement of sector ministries, provinces, districts and local levels of government. Leadership by DNT, and participation by national PFM institutions, ensures coordination and coherence with the Government’s overarching PFM reform program. A Program Management Committee (PMC), comprising of senior officials from each Ministry, will meet at least semi-annually and provide high-level strategic direction. The PMC will provide a useful platform for sharing learning from each sector with others as at a senior official level.

13. A Program Coordination Team (PCT) will be established in DNT to lead management of the program, and coordination across sector ministries and PFM institutions. The PCT will be responsible for coordinating the PFM for results program, together with sector ministries and PFM institutions. It will manage the capacity development program, including tendering for
international expertise, and recruitment, placement and regular performance management of national management capacity development staff. The PCT will facilitate coordination between sectors and national institutions for the on-demand PFM capacity development program. And, it will monitor the implementation of the performance based allocations, including support to ensure timely flow of funds through government systems to recipient institutions. The team will be responsible for general implementation monitoring, preparation and dissemination of program progress reports and financial statements. Beyond routine progress reporting, the PCT will also play an active role in knowledge management and dissemination, including across Ministries (e.g. working with the PMC), at different levels of government, and with development partners. A knowledge platform will be established to share learning across participating institutions, and to foster a community of practice for managers. The PCT will include a Program Coordinator (already identified), a Procurement Technical Assistance Advisor, a Financial Management Technical Assistance Advisor, and a Monitoring and Evaluation Specialist.

14. Sector Working Teams will be formed centrally and at provincial and district level (as appropriate) to champion and manage implementation in the selected results areas. Members of these teams will be drawn from different units relevant to achieving the sector results. They may also include representatives from the PFM institutions. National management capacity development staff will support the establishment and effective working of sector working teams. Sector Working Teams will also ensure that learning from the Program is captured and disseminated both within and across sectors.

15. The Program will fully use country procurement and financial management systems. Besides small purchases of an operational nature, medicines and the capacity development activities are the two main procurable items under the Program and managed by two agencies at the central level - CMAM and DNT. The procurement regulator (UFSA - Unidade Funcional de Supervisão das Aquisições), internal auditor (IGF - Inspecção Geral das Finanças), and external auditor (TA – Tribunal Administrativo) will perform their normal statutory oversight functions. Procurement Management Units (UGEAs – Unidades de Gestão e Aquisições) have responsibility for managing all aspects of procurement of goods, works, and services under the Program. In terms of financial management, the key entities involved in the implementation of the program will be DNT, CMAM, the Ministries of health and education at central and provincial levels, the SDJTs at district level and complete primary schools at the local level. Key internal oversight entities will be the General Finance Inspectorate, the General Health and Education Inspectorates and the CMAM internal audit unit.

16. The Tribunal Administrativo (the Supreme Audit Institution) will provide external validation of DLI results, and undertake financial audit of the Program. Reporting on the results framework and DLI will be based on data from management information systems, supervision and internal auditor reports in the first instance. The Tribunal Administrativo will provide independent validation of DLI results prior to Bank disbursement.
PART II - ENVIRONMENTAL AND SOCIAL SYSTEMS ASSESSMENT

BACKGROUND AND GENERAL APPROACH:

1. As the Public Financial Management (PFM) for Results Program mainly concerns changing incentives and providing technical assistance to strengthen PFM systems for results in target sectors, direct environmental and/or social impacts are not anticipated for the most part. The program aims to improve PFM performance in order to increase the efficiency of service delivery in sectors that involve multiple environmental and social effects. In certain cases, Disbursement Linked Indicators (DLIs) specify specific activity targets associated with physical impacts. Similarly, incentive frameworks include provision for expenditures which would involve modest environmental or social effects. In summary, the potential issues identified, which will be the focus of the following assessment are:

(a) DLIs and indicators for the health sector directly refer to management of the procurement and supply of pharmaceuticals. Therefore, the appropriate disposal of expired pharmaceuticals is a concern, although a reduction in the rate of expired or otherwise unusable medicines is a specific program objective. Incentive payments to provinces and districts may be used to undertake minor refurbishments of warehouses. These do not include construction, and will not result in significant environmental effects.

(b) DLIs and indicators for the education sector focus on improvement of oversight for primary schools through strong and representative school councils, disseminating improvement plans and increasing the number of inspection visits. Incentive expenditures involve increasing the budget availability to strongly-performing schools. As this involves operational budgets, it would be restricted to purchase of basic school equipment and very minor refurbishment, and would not involve any construction activities or significant environmental effects.

2. According to recent reviews and opinions of specialists, environmental and social management in Mozambique is characterized by a relatively well-developed policy framework, and is steadily improving as staffing and practical work processes are developed in response to increasing awareness of these issues.

3. The Ministry for the Coordination of Environmental Affairs (MICOA) is the key government agency responsible for coordination of government actions related to environment and social safeguards (particularly the new Involuntary Resettlement Regulation-Decree 31/2012). It has the mandate to direct the implementation of environmental and social safeguards policies and to coordinate the sustainable planning and use of natural resources of the country. Funding to the environment sector has risen six-fold in the last six years. However, a 2012 Environment Sector Institutional Performance Study found many areas of remaining weakness, particularly in relation to human resources management and provision of appropriate work systems and tools. MICOA’s ability to monitor implementation and performance of the Environmental and Social Impacts Assessment (ESIA) systems is being improved through development of an ESIA database. There have been implementation issues with safeguards processes under some Bank projects, though the picture is one of improving awareness and implementation over time.
4. At the provincial level, MICOA is represented by the Provincial Directorates for the Coordination of Environmental Affairs (DPCAs). At district level, MICOA’s representation is through the District Planning and Infrastructure Services (SDPI) under the Ministry of Public Works. This department is responsible for handling issue related to land use planning, as well as any issue related to environmental protection. However, staff typically have limited training on environmental matters, which places a constraint on effective environmental and social management at the district level. Most sector ministries have designated human resources and/or a unit responsible for environmental and social affairs. These environmental and social units often comprise of only a single person, who acts as a focal point, and who typically has other responsibilities. Only the Ministry of Mineral Resources has a reasonably large environmental and social unit. The Strategic Plan for this Environmental Sector recognizes this limited capacity and calls for such units to be strengthened.

5. Assessments for each of the specific environmental and social issues identified under the PFM for Results Program are presented in turn below.

**DISPOSAL OF EXPIRED PHARMACEUTICALS**

**Description of Program Environmental and Social Management System:**

6. The first principle of waste management is to reduce the volume of waste that is produced, and the PFM for Results Program aims to support this approach through improved planning and coordination of pharmaceutical procurement and supply, improved management of stock levels, more systematic and effective distribution of medicines, and improved tracking of near-expiry and expired medicines. Improved data systems will allow more active management and distribution of products close to expiring, including distribution across multiple sub-units. DLIs have been established around more timely processing of requisitions from the provinces, more complete reporting of stock levels from the district and provincial levels, and reductions in the percentage of unusable (i.e. expired or damaged) stock amassed in warehouses at central and provincial levels. The program will develop a methodology and establish a baseline to measure the quantity of expired medicines at the provincial level for the first time (data is currently only collated for central warehouses). Hence the overall effect of the Program should be to reduce the volumes of waste pharmaceuticals produced within the supply chain, rather than to increase them, and its performance in this regard will be closely monitored.

7. Nevertheless, some degree of wastage is inevitable, and therefore systems are required for the proper disposal of this pharmaceutical waste. The need to strengthen these systems in Mozambique was recognized in the 2005-2015 Strategic Plan for the Environmental Sector. These are still under development, but a number of key policy documents exist.

8. The *Regulations on the Management of Biomedical Waste* (Decree no 8/2003) establish that: (a) MICOA is responsible for policy development and licensing, whilst MISAU is responsible for management of waste within healthcare facilities, including training and capacity development for this.

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10 Rather than a current first-in-first-out system that bunches near-expiry products for the first next delivery destination.
(b) Medicines must be stored in a secure area, especially cyto-toxic medicines.
(c) Medicines may be disposed of via the waste water system, or a controlled pit within a sanitary landfill. Unused antibiotics can be buried or preferably incinerated.
(d) For cyto-toxic medicines, MISAU should be contacted for guidance on safe disposal.
(e) Bio-medical waste can only be transported off-site by operators licensed by MICOA (which will coordinate with MISAU on licensing decisions).

9. The Standards & Procedures for Bio-medical Waste Management in Health Facilities (2010) further stipulate that:
(a) Large quantities of waste pharmaceuticals should be returned to suppliers.
(b) Transport outside of facilities should be documented.
(c) Pharmaceutical waste may be incinerated (temperatures are not specified, and this is not allowed for small quantities for cyto-toxic), disposed of in a sanitary landfill, burnt on an open fire (only for small quantities of non-cyto-toxic medicines), or buried (only in facilities in rural areas and under supervision)\(^\text{11}\).
(d) In larger facilities, pharmaceutical waste may be encapsulated or incinerated at high temperature (temperatures not specified, but this would normally refer to incineration above 1200 °C). In health centers or posts, disposal may be through encapsulation, or burning for small quantities\(^\text{12}\).
(e) Municipal pits can be used for healthcare waste disposal after pre-treatment of waste, but not open air or uncovered pits (there is no specification on the use of pit lining), and waste-pickers must be excluded.

10. For the management of pharmaceutical waste within the supply chain more specifically, Standard Operating Procedures for Management, Control and Dispensing of Medicines have recently been updated and state that:
(a) Regular inventory checks must be conducted within all storage facilities, and all expired and damaged stock should be removed to a separate quarantine area and documented.
(b) Quarantined stocks should be dealt with routinely (at least 2 or 3 times a year, depending on the size of the facility) to prevent accumulation of waste stocks.
(c) Pharmaceuticals may be disposed of by incineration, burial or crushing\(^\text{13}\).
(d) Disposal may be carried at health centers, district stores, hospital stores, provincial stores or central stores, but only in the event that adherence with guidelines can be guaranteed. Facilities that have not been authorized to conduct disposal on site should return stocks to their supplying store.
(e) Disposal must take place in a location approved by competent authorities.
(f) Records must be kept of the inventory of stocks disposed of or returned.

11. Within MISAU, the *Central Medicamentos e Artigos Medicas* (CMAM) is responsible for procurement, management of the central medical stores, and distribution to provincial warehouses. CMAM is also responsible for setting and monitoring adherence to standard operating procedures for the ordering, storage and management of medicines within the public health supply chain. An Internal Audit Unit is tasked with assessing each province semi-annually (and within each province at least two districts, and then two health centers within each district).

\(^{11}\) Table 3 in document.
\(^{12}\) Table 4 in document – doesn’t include separate guidelines for cyto-toxic medicines.
\(^{13}\) Although not stated explicitly, this is intended to imply crushing for inertization.
 Provincial and district stores are under the responsibility of local health departments. They may report activities to CMAM, but are not directly supervised by it. The Environmental Health Department is responsible for internal policy related to environmental issues, and supports training and implementation of healthcare waste management processes, but is focused on end-user healthcare facilities where the great majority of healthcare waste is generated. The Pharmaceutical Department is also involved in setting policies specifically related to the use and handling of pharmaceuticals.

12. Although some policy guidance is in place (as summarized above), gaps and some inconsistencies remain:
(a) Detailed procedures and requirements for disposal methods are not currently provided, although international guidelines are readily available (for example through WHO and MSF). Specifications need to be established to define e.g. high-temperature incinerators and sanitary landfills, especially given that the availability of both is very limited in Mozambique.
(b) There is also some inconsistency in that the Regulations mention that disposal into the waste water system is acceptable, but this is not mentioned elsewhere, and conversely, encapsulation is mentioned under the Standards & Procedures, but not under the SOPs. According to international norms, the main recommended disposal methods for pharmaceutical storage facilities would be high temperature incineration and encapsulation / inertization, with burning and dilution allowable for some substances.
(c) Apart from some limited references to cytotoxic substances, no mention is made of differential treatment of various pharmaceuticals according to the specific risks they involve.
(d) It is not clearly stated who authorizes facilities to dispose of pharmaceuticals themselves, as opposed to returning them, or who the competent authorities are who should approve the final disposal location. Within the framework established in Decree 8/2003 and Decree # 13/2006 of 15 June – Waste Management Regulations, it is likely that MISAU would authorize internal activities, but that MICOA would need to license any involvement of external parties (i.e. disposal to municipal land-fills or use of industrial furnaces for incineration), but this is not made clear in the SOPs.
(e) The current SOPs are unclear as to whether provincial medical stores are required to dispose of pharmaceutical waste themselves, or may return it to CMAM in the event that they do not have the appropriate facilities.

13. Some of these gaps (at least those relating to the specification of acceptable methods of disposal) are expected to be filled through the establishment of Norms for Disposal of Pharmaceutical Products, which are currently under development by the Pharmaceutical Department. These are intended to be consistent with SADC and WHO standards, and to be issued as a decree before the end of 2013. The draft document proposes that:

(a) For solids, semi-solids & powders:
• Antibiotics, narcotics, psycho-tropics and cytotoxic substances should be disposed of through inertization, if equipment for incineration or encapsulation is not available, and this must be under supervision of a pharmacist for narcotics and psycho-tropics.
• If no other solution is available, small quantities of other medicines can be disposed of within the municipal waste stream (1 percent of total stream), or 5-10 percent in emergency cases for limited periods, as long as the total is not more than 50t per day and
the waste site is well-managed. Pharmaceuticals disposed of at rubbish tips should be placed at the base of pits, immediately covered and protected from waste pickers.

- The best solution for large quantities is high-temperature incineration.

(b) For liquids:

- Non-toxics and bio-degradable liquids can be diluted and flushed into drains; others can be diluted and flushed in small quantities (excluding antibiotics, narcotics, psycho-tropics and cyto-toxics). Encapsulation and high temperature incineration are also acceptable techniques.
- Vaccines are best incinerated, but may otherwise be encapsulated or inertized.
- Liquid antibiotics can be diluted and then flushed into drains after two weeks.
- Controlled substances (narcotics and psycho-tropics) should be disposed of via high-temperature incineration, encapsulation or inertization, under supervision of a pharmacist.
- Cyto-toxics are best incinerated in a high-temperature, 2-chamber incinerator. They can also be disposed of in rubbish tips after inertization or encapsulation. Dilution and flushing into drains is only allowed if they are first degraded chemically.\textsuperscript{14}

Program Capacity and Performance Assessment:

14. Mozambique has recent experience of dealing with pharmaceutical waste within the supply chain. Following a visit by journalists to CMAM stores last year, public attention was drawn to the fact that a large volume of expired medicines had been stockpiled in the central stores, and there was political pressure to resolve this.

15. In response, a task force was established that involved MISAU, UNICEF, MSF and the Supply-Chain Management System project (SCMS – supported by USAID). UNICEF and SCMS carried out an inventory of the expired stock, MSF provided input on categorization of the pharmaceuticals to ensure that they were not inappropriately mixed, and potential disposal options were reviewed.

16. In total, US$8.7 millions worth of pharmaceuticals (roughly 4,000m\textsuperscript{3} by volume) were involved, but this stock had built up over 5-6 years, representing slightly under two percent of the total supply during that period\textsuperscript{15}. Returning the medicines to suppliers was not possible due to legal restrictions on the export of hazardous waste. The availability of high-temperature industrial furnaces was investigated, and following some testing, some pharmaceuticals were disposed of in the kilns of ceramics and cement factories, but capacity was insufficient to deal with the full backlog. Some pharmaceuticals were disposed of via encapsulation, but this was also found to be time-consuming and problematic for the volumes involved. The remainder was burnt at an old borrow pit some 70km outside of Maputo\textsuperscript{16}. This site was chosen because its

\textsuperscript{14} This is unlikely to be available in Mozambique.
\textsuperscript{15} International guidelines cite around 3% as a reasonable target for maximum wastage, so performance may not be too bad within Mozambique. However, these figures are for expiries accumulated at central warehouse level. While this is likely to have included some products that had been returned from lower levels of the system, it is probably an underestimate of the total volume of expired/unusable medicines within the systems as a whole. The program aims to improve reporting, at least to provincial level (with the methodology used possibly applicable at district level).
\textsuperscript{16} Further information on drug disposal will be gathered during the program appraisal mission.
remoteness would reduce the risk of impacts from fumes or of people entering the site. CMAM received an environmental license from MICOA for the disposal of the pharmaceuticals at this site, and the police were also involved to ensure security, but no formal EIA was carried out.

17. The events caused some embarrassment as they created the impression that there was a large amount of wastage in the pharmaceuticals supply chain (which represents a major expenditure for GoM and donors), and the outcome was not entirely satisfactory given that open burning is not a recommended means of disposal, due to the risks of incompletely-burnt substances remaining, as well as the fumes that can be produced. Nevertheless, a number of positives can be drawn from the experience:
(a) GoM, donors and NGOs worked together in a coordinated team to find solutions, and gained practical experience in how to manage the issue along the way, including the use of private sector incinerators.
(b) The detailed inventory actually revealed that the rate of waste accumulation was not particularly high, the issue was that it had been allowed to go on over several years without being addressed.
(c) A lesson has therefore been learnt about the need to address disposal on a regular basis, particularly as the available options to dispose of small amounts of pharmaceutical waste are wider than when very large volumes are involved.

18. Improvements have already been brought in as a result, in the form of the guidelines in the revised SOPs, and development of the national Norms. All central warehouses now generate expiry date profiles for stock expiring in the next 180 days. These reports are used by CMAM to decide strategically whether to distribute the short shelf life stock or earmark it for quarantining.

19. However, systems are new and untested, and although disposal of pharmaceutical waste is now being dealt with on a more regular basis, policy gaps and less than ideal disposal methods (at both central and provincial level) will remain until the Norms are completed and issued. Completion and full institutionalization will require additional coordination, planning, resources and oversight.

**Summary Assessment of Program Systems for Pharmaceutical Disposal:**

<table>
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<tr>
<th>Core Principle</th>
<th>Key Elements</th>
<th>Assessment of consistency</th>
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<tbody>
<tr>
<td>1) Environmental and social management procedures and processes are designed to (a) promote environmental and social sustainability in the program design; (b) avoid, minimize, or mitigate</td>
<td>Operate within an adequate legal and regulatory framework to guide environmental and social impact assessments at the program level. Incorporate recognized elements of environmental and social assessment good practice, including (a) early screening of potential effects; (b) consideration of strategic, technical, and site alternatives (including the “no action” alternative); (c) explicit assessment of potential induced, cumulative,</td>
<td>The environmental policy framework recognizes the need to treat pharmaceutical waste as a particular case of hazardous waste, and to ensure specialized procedures are followed for its disposal. However, there is some inconsistency and lack of detail in the guidelines presented in different policy documents, and little discussion of categorization of pharmaceutical waste. Responsibilities for</td>
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17 Nevertheless, the site was being used by locals to collect water, and a bore-hole was provided in compensation for the loss of access once it began to be used as a disposal site.
against adverse impacts; and (c) promote informed decision-making relating to a program’s environmental and social effects.

and trans-boundary impacts; (d) identification of measures to mitigate adverse environmental or social impacts that cannot be otherwise avoided or minimized; (e) clear articulation of institutional responsibilities and resources to support implementation of plans; and (f) responsiveness and accountability through stakeholder consultation, timely dissemination of program information, and responsive grievance redress measures.

| 2) Environmental and social management procedures and processes are designed to protect public and worker safety against the potential risks associated with (a) construction and/or operations of facilities or other operational practices developed or promoted under the program; (b) exposure to toxic chemicals, hazardous wastes, and otherwise dangerous materials; and (c) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards. | Promotes community, individual, and worker safety through the safe design, construction, operation, and maintenance of physical infrastructure, or in carrying out activities that may be dependent on such infrastructure with safety measures, inspections, or remedial works incorporated as needed. Promotes use of recognized good practice in the production, management, storage, transport, and disposal of hazardous materials generated through program construction or operations; and promotes use of integrated pest management practices to manage or reduce pests or disease vectors; and provides training for workers involved in the production, procurement, storage, transport, use, and disposal of hazardous chemicals in accordance with international guidelines and conventions. Includes measures to avoid, minimize, or mitigate community, individual, and worker risks when program activities are located within areas prone to natural hazards such as floods, hurricanes, earthquakes, or other severe weather or climate events. | National guidelines are not fully consistent with international good practice (i.e. WHO or MSF guidelines) as they allow for disposal of pharmaceutical waste via burial, landfills, waste water systems and incineration, without stating sufficient conditions or safeguards for these practices. Encapsulation and inertization are recommended practices for disposing of sizable quantities of a wide range of pharmaceuticals, but are not promoted under the (already approved) national framework. In practice, disposal of pharmaceutical waste from medical stores received little attention until it became a public issue last year. Procedures, capacity and budgets were found insufficient to tackle the issue, and some of the methods used for disposal were not fully compliant with international good practice. However, an effective crisis response was mobilized, an understanding has been gained of the need to tackle the issue on a routine basis, before expired stocks reach crisis level, and more detailed guidelines on disposal methods are under preparation. |

**Fraud & corruption issues:**

20. The key potential corruption issue related to the disposal of expired medicines is the risk that they could be re-sold as valid medicines to the public. This does not represent a fiduciary risk to government, but does present a serious threat to public health if people were to be duped into purchasing ineffective and hazardous medicines. Past experience with the build-up of expired medicines indicates that this has probably not been a major issue to date, as least at the central level, but safeguards should nevertheless be put in place to ensure it cannot occur in future.

21. The overall fraud and corruption risk assessment for the Program (see Fiduciary Systems Assessment in Annex 5 within the Program Document) identifies the illicit re-sale of pharmaceuticals in general as an issue. Steps to counter this risk include the focus of the DLIs on
improved stock management and reporting systems, and the inclusion of periodic spot checks on warehouses and pharmacies within the Plan of Action. After incorporation of mitigation measures, the fraud and corruption risks are assessed as moderate. At the disposal stage, current practices include collaboration between MISAU, MICOA and police in order to ensure that consignments of pharmaceuticals for disposal are well protected. The inclusion of these issues will also be reviewed in the new norms for pharmaceutical waste disposal.

**EQUITABLE ACCESS TO HEALTH AND EDUCATION SERVICES**

**Description & Assessment of Distributional Issues related to Pharmaceuticals Supply:**

22. There are differences in both health expenditures and health outcomes between provinces and districts, but the reasons for these differences, and whether there are related to systems of budget and service allocation have not been clearly established. Through improvement of record-keeping and monitoring systems within the pharmaceutical supply chain, the Program will contribute to a greater information base and the identification of weaknesses that could prejudice service delivery to certain jurisdictions. For instance, one of the DLIs for the health sector is the rate at which the central warehouses fill pharmaceutical orders by the provinces. Systematic monitoring of this indicator would reveal not only whether CMAM were providing preferential service to some areas, but also any systematic differences between the level and frequency of orders made by the provinces, which could potentially be related to population levels, disease burdens, etc.

23. Program capacity support and change management for improved pharmaceutical supply management at the provincial and district level will be available nationally on a demand-basis. The system is expected to favor those areas where there are existing supply bottle-necks and management issues, as provinces will be encouraged to identify areas of weakness where capacity support is required. Nevertheless, it remains theoretically possible that higher capacity locations could be favored due to greater proactivity or organization in requesting support, and therefore, the populations already under-served by poorly-performing local health authorities, may also fail to reap the potential benefits of the Program. To address this potential risk, the TOR for the selection committee that decides on the award of larger capacity-building proposals will include a requirement to prioritize support to provinces and districts which are judged (on the basis of supply chain monitoring or otherwise) to face particular challenges in pharmaceutical supply or distribution.

**Description & Assessment of Distributional Issues related to Promoting Accountability in School Management:**

24. Ongoing education sector support programs have focused significant attention on issues of vulnerability and equitable access to services, including through the ESMF prepared under the Bank support to the sector. School budget allocation formulae including vulnerability and poverty indictors have been developed and piloted, with the resulting adoption of a relatively simple funding formula based on pupil headcount, but including a premium related to the number of poor pupils. During the last few years, there has also been an extensive program of
investment to ensure that all areas of the country are served by complete primary schools, providing education at grades 1 thru 7. It is these 4,068 primary schools, many of them recently expanded that the Program will target. Because the Program will include performance-based budget supplements, there is a potential risk that it could favor schools that are already high-performers, and therefore possibly disadvantage populations in remote or poor areas. However, the performance-related increments will be very modest in comparison to the overall school budgets, and the improvements in accountability and monitoring of school performance are expected to lead to improvements across the board. The provision of performance-based supplements is a pilot activity being introduced under the Program, and its effectiveness and potential weaknesses will be assessed before any broader application.

Summary Assessment of Program Systems to Avoid Exclusion of Vulnerable Groups:

<table>
<thead>
<tr>
<th>Core Principle</th>
<th>Key Elements</th>
<th>Assessment of consistency</th>
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</thead>
<tbody>
<tr>
<td>Due consideration is given to cultural appropriateness of, and equitable access to, program benefits giving special attention to rights and interests of Indigenous Peoples and to the needs or concerns of vulnerable groups.</td>
<td>Undertakes free, prior, and informed consultations if Indigenous Peoples are potentially affected (positively or negatively) to determine whether there is broad community support for the program. Ensures that Indigenous Peoples can participate in devising opportunities to benefit from exploitation of customary resources or indigenous knowledge, the latter (indigenous knowledge) to include the consent of the Indigenous Peoples. Gives attention to groups vulnerable to hardship or disadvantage, including as relevant the poor, the disabled, women and children, the elderly, or marginalized ethnic groups. If necessary, special measures are taken to promote equitable access to program benefits.</td>
<td>Indigenous Peoples (as defined by the Bank) do not occur in Mozambique. As the Program includes elements of request-based and performance-related support, there is a potential risk that it could be biased towards areas where health and education service providers are already performing strongly. However, the Program is built around service delivery systems that already include systems for equitable targeting, will improve the monitoring of service provision, and aims to identify and target specific service delivery bottlenecks.</td>
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**Inputs to the Program Action Plan:**

25. The following points have been included in the Program Action Plan (Annex 8):

(a) Complete and adopt Norms for Disposal of Pharmaceutical Products, including detailed acceptable methods of disposal by category and volume of pharmaceutical, and necessary environmental, health & safety conditions, including requirements for consultation with affected members of the public and involvement of relevant government agencies in decision-making and implementation of pharmaceutical disposal activities.

(b) Development and implementation of pharmaceutical disposal plans:

- Develop simple disposal plans / procedures for each major facility consistent with the Norms, and determine the (budgeted) requirements for equipment, training, etc. The
plans would be very simple, but would specific how the Norms would be implemented in each facility – i.e. whether expired pharmaceuticals would be returned up the supply chain or disposed of locally, method of disposal to be used, staff responsibilities, etc.

- Provide training and equipment to appropriate staff, and implement: (i) development and approval of pharmaceutical disposal plans for storage facilities; (ii) routine reporting on volumes and disposal of pharmaceutical waste; and (iii) spot checks for compliance with plans and guidelines.

26. A ballpark estimate of the cost of completing the Norms and developing facility-level plans would be in the region of $20,000, which is less than the support being provided to the Pharmaceuticals Department under the program. Further implementation costs will depend on the disposal options selected.

**INPUTS TO THE PROGRAM IMPLEMENTATION SUPPORT PLAN**

27. Social and environmental specialists within the task team will give ongoing advice on the development of management systems on a needs-basis, and will join at least one implementation support mission per year to review progress in the field. They should give particular attention to the following:

   (a) Satisfactory completion of Norms for Disposal of Pharmaceutical Products and plans for implementation at main warehouses, including consideration of the needs for public consultation and participation;
   (b) Satisfactory implementation of the Norms through review of routine reporting on volumes and methods of pharmaceutical waste disposal, and periodic field visits to warehouses and disposal sites.

**SUMMARY OF PUBLIC CONSULTATIONS AND PARTICIPATION**

28. A consultation event was held at the World Bank offices in Maputo on 12 June 2013 (10:00 – 12:00). The draft ESSA, a program summary and invitation to the event were publicized through NGO networks in the health and education sectors 10 days prior to the event. For the education sector, representatives from Canadian Co-operation and the Education Health Partners Group participated. For the health sector, representatives from Médecins Sans Frontières and Canadian Co-operation participated.

29. Participants agreed with the ESSA that environmental and social risks are related to the Program are low. Participants welcomed actions to support the government to approve and implement new guidelines for the disposal of expired medicines.
## Environmental and Social Risks Screening Tool/Form

<table>
<thead>
<tr>
<th>Risk</th>
<th>Assessment</th>
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<tbody>
<tr>
<td><strong>Associated or likely social and environmental effects</strong></td>
<td>Low</td>
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<tr>
<td>There are very few physical activities involved in the program that could engender environmental or social impacts. The pertinent activity is improved management of pharmaceuticals supply chain. This will actually reduce the level of expired medicines accumulating in the system, and therefore have a beneficial effect through reducing issues of waste pharmaceutical disposal. However, given the program’s involvement with supply chain management it is recommended to exercise due diligence to ensure that disposal is managed properly. Systems are already being strengthened, however, with support from a number of donor programs, and no major issues are anticipated. The program activities occur at the main central and provincial warehouses, where pharmaceutical stocks and expiries can be readily monitored.</td>
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| **Environmental and social context**                                | Low        |
| Mozambique does not have well-developed systems for solid waste management, municipal disposal sites host large numbers of waste-pickers, and demand for medicines means that re-sale of expired drugs is a realistic risk. However, these issues can be addressed by ensuring that the Ministry of Health takes direct responsibility for tracking and disposing of expired pharmaceutical stocks. |

| **Program strategy and sustainability**                             | Low        |
| The program is focused on improving public financial management, which is key to delivery of government services in general, and strongly supported by GoM, partners and the public. Key sectors have been selected according to their strategic needs for improved PFM to remove service delivery roadblocks. The program does not include explicit environmental objectives (which are not appropriate to the focus), but it does include a specific objective to reduce the volume of expired pharmaceuticals, which will have a positive environmental impact. It also contains objectives on the delivery of education and health services which will have considerable social benefits. For the disposal of waste pharmaceutical, sustained action will be needed beyond the end of the operation, but government commitment is strong, and the scale of the issue should decrease over time in line with improvements in stock management systems. |

| **Institutional complexity and capacity**                           | Moderate   |
| The program is complex to the extent that it involves two separate sectors, but in each case, implementation is handled within a single sector without need for extensive coordination or cross-dependencies. Awareness of the issues within the relevant sectors is already strong, and performance is steadily improving. Capacity is not unlimited, but it is adequate for the scale of the issues. In relation to construction activities, much of the oversight can be tasked to qualified supervision consultants. |

| **Reputational and political risk context**                         | Low        |
| Potential corruption issues have been identified, but these do not present major risks as long as basic systems function acceptably. Build-up of expired pharmaceuticals has recently attracted political attention because of the impression of wastage it creates. However, this would generally mitigate in favor of installing improved stock management and disposal systems, as has been observed to be the case. |

| **Overall assessment**                                              | Low        |
| The potential for negative environmental and social impacts attributable to the program is extremely limited, and the specific issues identified can be readily addressed. |