



# Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

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Appraisal Stage | Date Prepared/Updated: 21-May-2019 | Report No: PIDISDSA26575



**BASIC INFORMATION**

**A. Basic Project Data**

Country Mozambique	Project ID P165463	Project Name MZ - Additional Financing - Water Services and Institutional Support II	Parent Project ID (if any) P149377
Parent Project Name Water Services & Institutional Support II	Region AFRICA	Estimated Appraisal Date 20-May-2019	Estimated Board Date 14-Jun-2019
Practice Area (Lead) Water	Financing Instrument Investment Project Financing	Borrower(s) Ministry of Economy and Finance	Implementing Agency FIPAG

Proposed Development Objective(s) Parent

The objectives of the Project are to: (i) Increase water service coverage in key cities of Mozambique's territory; (ii) Strengthen the institutional and regulatory capacity for water supply services in the northern, central and southern regions of Mozambique's territory; and (iii) Support Mozambique to respond promptly and effectively to an Eligible Crisis or Emergency.

Components

- Component 1: Rehabilitation and Expansion of Water Supply Production and Distribution
- Component 2: Institutional Support
- Component 3: Output-Based Payments for Low-Income-Household Connections
- Component 4: Contingent Emergency Response
- Component 5: Capacity Building and Operational Support to CRA

**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	101.00
<b>Total Financing</b>	101.00
<b>of which IBRD/IDA</b>	75.00
<b>Financing Gap</b>	0.00

**DETAILS**



**World Bank Group Financing**

International Development Association (IDA)	75.00
IDA Grant	75.00

**Non-World Bank Group Financing**

Other Sources	26.00
NETHERLANDS: Min. of Foreign Affairs / Min. of Dev. Coop.	26.00

Environmental Assessment Category

B-Partial Assessment

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

**B. Introduction and Context**

Context

1. **This Project Paper seeks the approval of the Executive Directors to provide an additional grant in the amount of US\$75 million to the Republic of Mozambique for the Water Services and Institutional Support Project II- WASIS II (P149377).** The proposed Additional Financing (AF) will cover the water supply reconstruction and recovery investments in the cities and towns affected by the Cyclone Idai, the replenishment of funds used for the Immediate Response Mechanism (IRM) and the costs associated with scaling up of investments under the Original Financing. The proposed revised project is funded from two sources: (i) IDA in the amount of US\$75 million, and (ii) the Development-Related Infrastructure Vehicle (DRIVE) Program from the Government of the Netherlands in the amount of US\$26 million.

2. The AF will enable the Government of Mozambique (GoM) to: (i) rehabilitate critical infrastructure damaged by the Idai Cyclone and restore the basic water supply services in the affected areas (Beira, Dondo, Tete, Moatize, Quelimane, Nampula, Mocuba and surrounding towns), including the replenishment of the funds used from the original WASIS II Project, as part of the IRM; (ii) scale-up the project activities to include water supply treatment transmission and distribution systems in the city of Nacala with co-financing from the government of the Netherlands, and thus increase the impact of the original project; and (iii) achieve the project development objectives of the original WASIS II project, as described in the Project Appraisal Document presented to the Board on March 29, 2016, by covering the financing gap and support the rehabilitation and expansion of water production and distribution in the cities of Tete and Moatize. Institutional development and project management support will also be provided under the AF. The



investments financed through this AF include: (i) construction of approximately 60 km of transmission mains, 300 km of network and 20,000 new connections in 5 of the largest cities in Mozambique; (ii) construction and rehabilitation of water treatment plants with additional 35,000 m<sup>3</sup>/d of water produced; and (iii) performance-based grants for operational support to the regional water utilities, as part of the institutional development activities.

3. **A Level 2 restructuring of the project will be executed with the proposed changes:** (i) modify the results framework by adjusting selected targets to reflect the scaled-up investments for reconstruction and recovery in the cyclone affected areas; (ii) extend the closing date of the Original Financing from October 31, 2022 to April 30, 2024 to allow sufficient time for completion of planned activities under the AF and achievement of the Project Development Objectives (PDO), (iii) reallocation of project funds to reflect the reduced cost of Component 3.

4. **Alignment with the Country Partnership Framework (CPF).** The AF is aligned to the Mozambique CPF 2017-2021<sup>1</sup>, namely Focus Area 2, Investing in Human Capital, where priority is given to reducing the incidence of water and sanitation-related diseases by providing improved access to water and sanitation services to an additional 1.1 million people living in peri-urban areas and small towns (Objective 7). The project interventions will help to reduce the prevalence of water-borne and diarrheal diseases attributable to limited access to clean water supply in low-income communities. The expected benefits from the project will contribute to reduction on child stunting, cholera epidemics and chronic diarrhea outbreaks, and child mortality in those cities.

#### Rational for Crisis Response Window

5. The Original Financing targets the cities that were greatly affected by cyclones Idai and Kenneth,<sup>2</sup> rendering the proposed interventions even more critical. The AF will finance water supply investments in the cities of Tete and Moatize that have been affected by the Cyclone Idai, extend project activities to the city of Nacala with co-financing from the Government of the Netherlands, and replenish the funds that are being used for the immediate response to the Idai Cyclone. IDA funding is needed to support the recovery and reconstruction efforts in those cities and expand the investment program to one additional city, to address deficiencies in infrastructure and increase water service coverage to a large number of low-income residents.

6. From March 10 to 23, 2019, Mozambique was hard-hit by Cyclone Idai with heavy rains (more than 200 mm in 24 hours), winds (180 to 220 km/h) and flooding in the Central and Northern regions of the country, more specifically in the Buzi, Pungue (where Beira and Dondo cities are), Zambezi (Where Tete, Moatize and Quelimane cities are), and Licungo (where Mocuba is) River basins. Nampula and Nacala cities suffered from urban flooding and erosion. As a result, on March 19, 2019 the Government of Mozambique (GoM) declared a National Emergency, triggering major emergency response interventions. On April 25, 2019, Cyclone Kenneth hit the Northern Region of the Country, resulting in both river and urban flooding in Cabo Delgado Province, where Pemba City is located.

7. As of May 2, 2019, over 1.7 million people were affected and 644 killed, while 275,000 houses were either partially or totally destroyed. The initial cost of the damages in the central region is estimated to be

<sup>1</sup> Report No. 104733-MZ, March 30, 2017.

<sup>2</sup> Beira, Dondo, Pemba, Tete and Moatize



around US\$773 million, or 6.3 percent of Mozambique’s Gross Domestic Product (GDP). Based on the modelled damages by the World Bank’s Disaster Risk Management Team, the infrastructure sectors are the hardest hit. The damages negatively impacted the population’s livelihood, housing, social infrastructure and overall agriculture production, and encompass large public infrastructure, including key national roads, water supply, sanitation and drainage systems, irrigation infrastructure, and energy transmission grids.

**Table 1 - Estimate of capital damages by sector (in US\$ millions)<sup>3</sup>**

Modelled			Reported & Modelled	Total
Residential Buildings	Non-Residential Buildings	Infrastructure	Agriculture	
\$178	\$149	\$188	\$141-\$258	\$656-\$773

8. These devastating events seriously affected six of Mozambique’s eleven provinces (Sofala, Zambezia, Manica, Nampula, Tete and Cabo Delgado), which account for 72 percent of the country’s population. They also host the poorest populations in the country, with high incidences of poverty in Zambezia and Nampula. All the project target cities are among the affected urban settlements and are at high risk of cholera and acute diarrhea outbreak, due to poor sanitation which is exacerbated by the current floods and damaged water supply infrastructure. The poor residents of the peri-urban areas are the most affected. As of April 10, 2019, over 4,000 cholera cases were diagnosed. Thus, urgent construction of household and communal sanitation systems is required to prevent further deterioration of public health and loss of life.

9. Following cyclone Idai, and the declaration of a national emergency, on April 5, 2019 the GoM requested the Bank to assist in addressing the urgent rehabilitation, reconstruction, and preservation of damaged infrastructure. The Bank responded by supporting the GoM in addressing the most urgent and immediate needs through the activation of the CERC/IRM Component in the original project, to help restoring water supply access in the critical areas. In addition to the original project, CERC/IRM components were triggered for the Integrated Feeder Road Development Project (P158231) as well as the Agriculture and Natural Resources Landscape Management Project (P149620).

10. The WASH cluster led by National Directorate of Water Supply and Sanitation (DNAAS) with support from United Nations International Children’s Emergency Fund (UNICEF) is providing support with household water treatment, vaccination and sanitation and hygiene promotion in the affected areas. However, the scale of destruction and reconstruction needs far outweighs the resources that are currently available, particularly with respect to potable water supply access in peri-urban areas. Moreover, with the current financial crisis it is unlikely that the GoM will be able to attract sufficient external financing for investments that target vulnerable low-income residents. The IDA/CRW-AF is therefore expected to provide urgent support to Government efforts in improving public health and facilitate the process of restoring basic productive capacities and public services through the rehabilitation of critical water infrastructure and services. It will also help catalyze the water sector investment by leveraging additional resources from partners who value IDA technical and financial assessments of the associated investment projects, such as the DRIVE program.

<sup>3</sup> The estimates reflect only the cost of replacement and do not include the cost of build back better



### C. Proposed Development Objective(s)

#### Original PDO

The objectives of the Project are to: (i) Increase water service coverage in key cities of Mozambique's territory; (ii) Strengthen the institutional and regulatory capacity for water supply services in the northern, central and southern regions of Mozambique's territory; and (iii) Support Mozambique to respond promptly and effectively to an Eligible Crisis or Emergency.

#### Current PDO

The objectives of the Project are to: (i) Increase water service coverage in key cities of Mozambique's territory; (ii) Strengthen the institutional and regulatory capacity for water supply services in the northern, central and southern regions of Mozambique's territory; and (iii) Support Mozambique to respond promptly and effectively to an Eligible Crisis or Emergency.

#### Key Results

Key indicators to measure progress towards achievement of the PDO include:

- (a) Number of people in urban areas provided with access to an improved water source under the project (core indicator).
- (b) Direct project beneficiaries (percentage of whom are female) (core indicator).
- (c) Number of implemented and monitored regulatory frameworks with the regional utilities (annual).
- (d) Number of completed and independently audited financial statements (annual).

### D. Project Description

11. The AF will finance water supply investments in the cities of Tete and Moatize that have been affected by the Cyclone Idai, extend project activities to the city of Nacala with co-financing from the Government of the Netherlands, and replenish funds being used for the immediate response to the Idai Cyclone. Below is a brief description of the AF:

12. **Component 1: Rehabilitation and Expansion of Water Supply Production and Distribution (total cost US\$153.8 million – US\$26 million from DRIVE and US\$127.8 million from IDA, of which US\$61.3 financed from AF).** The restructured Component 1 will continue to support the investments in Beira, Dondo, Pemba, Tete and Moatize, and will finance investments in Tete and Moatize and scale investments in one new city, Nacala and small towns affected by the Cyclone Idai. These investments will enable the GoM to provide services to a large number of low-income residents in the largest urban areas in the country and to reconstruct part of the damaged water supply infrastructure by the Cyclone Idai.

- **Water supply production and distribution in Tete and Moatize, and replenishment of the IRM funds to finance emergency works in Idai affected areas.** The nature and scope of the investments related to increase water production and distribution under sub-component 1a and 1b for Tete and Moatize



remain unchanged as appraised in the original financing. Specifically, the investments will focus on: 1- a) increasing water production from 44,000 m<sup>3</sup> per day to 55,000 m<sup>3</sup> per day in these cities through expansion and refurbishment of the wellfields, existing intake, water treatment facilities, 26 km of transmission mains and associated pump stations; and 1 - b) increase service coverage in the distribution system in Tete and Moatize through construction of two new distribution centers and rehabilitate existing ones to increase water storage through groundwater reservoir, construction of 150 km of water supply networks, installation of district meters and control valves, and installation of approximately 20,000 new household meters and related materials for domestic connections. These activities were informed by technical diagnostics and studies and concept designs were completed for key infrastructure elements.

- **Component 1 will be scaled up to include new investments in Nacala.** These investments are aimed at restoring the water supply production and distribution capacity, as well as enhance the system resilience to climate related events. The Government of the Netherlands will co-finance 50 percent of the costs of the project activities in Nacala. Specifically, this component will be modified to include:
  - i. Subcomponent 1a:
    - a. Electromechanical equipment for the existing raw water intake that was built at the time the Nacala Dam was rehabilitated, along with 2 km of raw water transmission main from the intake to the water treatment plant.
    - b. Construction of a water treatment plant (to replace the old one) with treatment capacity of 25,000 m<sup>3</sup>/day, including the associated electromechanical equipment, pumping stations and a 400 m<sup>3</sup> reservoir.
    - c. Construction of a 33 km transmission main (to replace the old one) with associated booster stations, rehabilitation of existing reservoirs.
  - ii. Subcomponent 1b:
    - d. Rehabilitation and construction of distribution centers.
    - e. Rehabilitation and expansion of 150 km of distribution network.
    - f. Rehabilitation of 15 km of large distribution main.

13. All activities financed under Component 1, including those of the original financing, will provide increased reliability and resilience to existing water supply system. In addition, the detailed engineering designs will incorporate aspects to improve these systems' overall resilience to drought and floods.

14. **Component 2: Institutional Support (U\$18.9 million from IDA).** This Component will cover the financing gap of U\$6.4 million from the original project and utilize the resources to cover operating costs, in addition to the costs related to project management, supervision of contracts under Component 1, audits, training and various technical studies as needed. Under this component, the project will also re-purpose funds to finance a pilot to provide performance-based grants to finance service improvement activities for the FIPAG's regional departments/utilities as part of the technical assistance support.<sup>4</sup> The grants will be linked to achievement of a minimum set of indicators (institutional, operational and financial) on a performance scorecard agreed between each regional department/utility and FIPAG. The Regional departments/utilities will utilize the grants to finance operation and maintenance works, equipment and logistical support, and other assets and tools needed to improve service delivery. It is expected that these funds will be used to improve service quality and collection efficiency. The grant can also be used to, on a

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<sup>4</sup> Initially this mechanism will be used to provide incentive for improved performance of FIPAG's regional departments. Once the Regional Utilities are created they will continue to receive support under this same mechanism.



declining basis, cover financing gaps between the cost of delivering water supply services and the revenues collected. In addition, this component will finance necessary support to allow for FIPAG and the Regional Utilities to further build resilience in their operations, such as emergency preparedness plans and equipment.

## E. Implementation

### Institutional and Implementation Arrangements

15. **The project implementation arrangements remain unchanged.** Components 1, 2, 3 and 4 of the Project will continue to be implemented by FIPAG, the asset-holding agency responsible for investments in urban water supply in the largest cities in the country. Component 5 is implemented by CRA<sup>5</sup>, the water regulator. Project's disbursement categories remain unchanged, and disbursement estimates have been updated.

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

The investments of the additional financing will be primarily made in Nacala, Tete and Moatize. Additional emergency response works will be implemented in Beira, Dondo Quelimane, Mocuba and surrounding small towns which have been affected by the Cyclone Idai. Given the nature, scale and scope of the infrastructure investments planned, the potential adverse environmental and social impacts of the project are expected to be localized, moderate, reversible and temporary. The civil works will be carried out either on land already owned by FIPAG or along existing roads rights-of-way. As the proposed additional financing will finance the same nature of investments as those financed by WASIS-II, the project safeguard category remains a B. The locations of infrastructure investments under both projects are similar - urban areas and rights-of-way of existing roads. It is envisaged that the bulk of the impacts associated with the proposed activities will occur during the construction/rehabilitation phases. There are no protected areas for nature conservation, species or habitats of particular interest that will be directly or indirectly affected. It is expected that most of the potential adverse environmental and social impacts associated with the project investments will be avoided and/or mitigated through provisions adopted during the project preparation phase and/or the development of the technical designs. An Environmental and Social Management Framework (ESMF) has been developed, which provides guidance and procedures for the environmental and social impact assessment, review, approval and implementation of the subproject's activities. Where necessary, the proposed mitigation measures from the Environmental and Social Impact Assessments and Environmental and Social Management Plans (as well as Resettlement Action Plans) will be inserted in the works contracts obligations. Other relevant and applicable national regulations will guide the project implementation phase, as well as serve as due-diligence guidelines with which the Borrower has to comply.

<sup>5</sup> Recently changed to Water Regulatory Authority – Autoridade Reguladora de Água (AURA) through the Decree 08/2019 of February 18, 2019.



**G. Environmental and Social Safeguards Specialists on the Team**

Paulo Jorge Temba Sithoe, Environmental Specialist

Eden Gabriel Vieira Dava, Social Specialist

**SAFEGUARD POLICIES THAT MIGHT APPLY**

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>This project is classified as a Category B. The nature, scale and scope of the infrastructure investments proposed for the project are similar to those financed under the original project. This policy is triggered due to potential negative environmental impacts mostly expected to occur during the construction phase.</p> <p>The anticipated impacts associated with the construction and rehabilitation activities will likely include soil erosion resulting from vegetation clearance and excavations of soils for activities such as the rehabilitation and construction of boreholes, and the installation of pipelines and/or construction of distribution centers and water treatment plants. Additional impacts will include noise and dust emissions from vehicles and the movement of machinery, including risks to the community and workers health and safety. Pollution of soils and waterways may also result from spills and leaks of fuels as well as oils and any lubricants used on the machinery and vehicles involved in construction activities. The expected social impacts during the construction phase may be related to labor influx, child labor, community health and safety issues, Gender Based Violence (GBV), Sexual Exploitation and Abuse (SEA), land acquisition, land use change, physical or economical displacement of PAPs, among others.</p> <p>FIPAG is currently recruiting additional staff to strengthen its capacity on health and safety to</p>



		ensure the implementation of the project in full compliance with the World Bank Safeguards policies, applicable Environmental, Health and Safety Guidelines and the applicable Mozambique environmental and social regulations. The additional staff is expected to be on board by September, 2019.
Performance Standards for Private Sector Activities OP/BP 4.03	No	The Project does not involve financing for private sector activities
Natural Habitats OP/BP 4.04	No	There are no sensitive or critical natural habitat areas affected by proposed investments.
Forests OP/BP 4.36	No	The project does not involve or affect forests.
Pest Management OP 4.09	No	The proposed project activities do not require the use of pesticides or other inputs that trigger this policy.
Physical Cultural Resources OP/BP 4.11	Yes	The nature and scope of the proposed activities suggest triggering OP 4.11 to ensure that any cultural resources are identified and properly managed. This includes subproject siting and design criteria that will seek to ensure that the proposed activities will avoid disturbing or affecting physical cultural resources. Additionally, the ESMF include “chance finds” procedures to address OP 4.11. These procedures will be included in all the civil work contracts.
Indigenous Peoples OP/BP 4.10	No	There are no Indigenous Peoples in the project area.
		The proposed project activities may result in land acquisition, land use change, physical and or economical displacement of PAPs, temporary or permanent loss of assets, i.e., crops or other means of income generation. Therefore, appropriate compensation for these negative social impacts may be needed.
Involuntary Resettlement OP/BP 4.12	Yes	The proposed activities for Nacala, include a construction 21 km of new water transmission main, with potential creation of new PPZ, with will result in limitation or extinguish of PAPs Land rights. Where possible, expansion will occur within existing FIPAG infrastructure compounds. Water pipelines will also utilize road rights-of-way in order to reduce the impact on assets. In cases where new neighborhoods are being formed, FIPAG will work with the municipality to ensure water networks are established prior to the municipality allowing new homes to be built.



FIIPAG has developed a Resettlement Policy Framework (RPF), which includes among other issues a clear guidance for preparation of the RAP/ARAP, compensation of PAPs, GRM sensitive for Gender Based Violence (GBV) and Sexual Exploitation and Abuse (SEA) acceptable to the WB, which will be publicly disclosed in country and in WB external Website. In case land acquisition, land use change or restriction of land rights, access to resources are identified as a requirement for a project activity, a RAP/ARAP will be prepared, consulted upon, reviewed by the World Bank for No Objection, and publicly disclosed.

Safety of Dams OP/BP 4.37

Yes

The source of water for the Nacala system is the Nacala Dam, therefore this policy applies. FIPAG has contracted a Dam safety assessment and will implement its recommendations using project financing.

Projects on International Waterways OP/BP 7.50

Yes

This policy is preemptively triggered in the original project because the project will finance activities potentially affecting two International rivers, the Pungue River and Zambezi River.

The original project obtained exception to notification requirement, approved by the RVP on March 3, 2015 for investments in Beira, Dondo, Tete and Moatize cities.

In the context of the additional financing, no new notifications are needed, as the additional investments do not fall under the International waterways.

Projects in Disputed Areas OP/BP 7.60

No

The project is not taking place in disputed areas.

**KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT**

**A. Summary of Key Safeguard Issues**

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

The proposed AF will finance the development of water supply infrastructure and services in some cities of Mozambique. The types of activities expected to be carried out as part of WASIS II AF project include construction activities, mainly of a new Water Treatment Plant (WTP) and/or the rehabilitation of infrastructures (i.e., water



abstraction, transport, storage, treatment and distribution systems). Potential unintended negative social impacts will be mitigated through application of adequate instruments to be prepared in accordance with the World Bank safeguards policies and applicable national regulations. The proposed AF will retain the parent project Category 'B' which triggered OP/BP 4.01 (Environmental Assessment), OP/BP 4.12 (Involuntary Resettlement) and OP/BP 7.50 (Projects on International Waterways). The AF will also finance electromechanical works in the existing raw water intake at Nacala dam, which was previously built by the Government of Mozambique, along with 2 km of raw water transmission main from the intake to the water treatment plant. Thus, the AF triggers the World Bank policy on Safety of Dams (OP4.37) given the project reliance on the performance of the existing Nacala Dam. The Environmental and Social Management Framework (ESMF), the Resettlement Policy Framework (RPF) as well as the draft Environmental and Social Impact Assessment (ESIA) prepared by the Client's PIU pursuant to OP 4.01 and OP 4.12 confirm that large-scale, significant and/or- irreversible environmental impacts are not expected. These instruments, however, do point out that some potential negative small-scale and localized environmental and social impacts from project investments may occur, and which should be taken care of in the design of the AF project and its implementation arrangements.

The bulk of the environmental and social impacts associated with the proposed activities will mainly occur during the construction/rehabilitation phases. During these stages, the foreseen negative impacts include seasonal, temporary or permanent community access to pathways, land clearance and land use restrictions as a result of new pumps and pipe installation in specific geographic locations, short-term reduction in income for those communities engaged in informal commercial activities due to trenching for water pipes, and localized environmental and possible social impacts from infrastructure rehabilitation, upgrading or construction such as air, soil and water pollution, loss of vegetation, soil erosion, potential increase in HIV, labor influx, Gender-Based Violence, Sexual Exploitation and Abuse (SEA), child labor as well as health and safety risks to workers and communities, among others. Pollution of soils and waterways may also result from spills and leaks of fuels as well as oils and any lubricants used on the machinery and vehicles involved in construction activities.

To address the anticipated environmental and social impacts the borrower has prepared and consulted an overall Environmental and Social Management Framework (ESMF), a Resettlement Policy Framework (RPF) for the Project. Both the ESMF and RPF originally prepared, approved and disclosed for Tete, Moatize, Pemba, Beira and Dondo were updated to incorporate the Nacala works. For Nacala City, an Environmental and Social Impact Assessment (ESIA) for the Water Intake, Water Treatment Plant (WTP) and transmission main construction is under preparation. In addition, a dam safety assessment is being prepared as required per OP 4.37. These two assessments are expected to be finalized during Project implementation pursuant to the safeguards deferral provisions of paragraph 12 of the IPF Policy applied by authority of the RVP in response to the emergency situation and aggravation of capacity constraints in Mozambique caused by cyclone IDAI. Partial safeguards deferral was authorized to expedite project processing and support the emergency recovery efforts in the cyclones Idai and Kenneth affected areas.

Under the parent project, subprojects' preparation process was always preceded by screening, followed by preparation and application of site-specific ESIA/ESMPs/ARAPs as applicable. All site-specific instruments which are an integral part of the contractor's' contract were previously consulted upon and disclosed locally prior to the commencement of physical activities. While systematic screening, reporting and project supervision has been an issue, WASIS II and the AF will benefit from the lessons learnt in the first two operations at FIPAG. FIPAG has developed with close supervision from the WB updated screening forms and reporting templates that were designed to adequately identify and monitor projects environmental and social impacts. A set of quarterly safeguards performance reports compiled through the monthly progress reports do point out to the need in improving non-compliance issues related with incidents and accidents. Particular attention will be focused in improving on how FIPAG has been supporting the victims of accidents or incidents, including how such incidents/accidents have been communicated to all relevant



stakeholders, including the family of the victims, government authorities and FIPAG's top management. To address such issues FIPAG has launched a national bid to hire dedicated environmental and social service providers who will among other roles, design and implement a robust Environmental and Social Management System (ESMS) to effectively manage FIPAG's safeguards requirements in all operations. The mobilization of the service is underway and expected to be fully functional by July 2019.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area: Project interventions are expected to improve access to water supply, reduce the incidence of water borne diseases, child mortality and improve the quality of life for the poor residents of the peri-urban areas in selected cities. The benefits of the project are of particular importance for women and girls, which have water closer to their homes and therefore reducing the time spent fetching water.

The civil works and other construction and rehabilitation activities proposed under the project are relatively small in scale, and the potential adverse environmental and social impacts are expected to be minor, localized, and easily mitigated. Indirect and long-term impacts are not expected at this time, barring any major cumulative impacts caused by the larger water sector investments in select target cities that are being implemented in tandem with some of the activities of this project.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts. Most of the proposed investments are related to the rehabilitation or upgrade of existing systems. And for these, energy efficient systems are being considered and accessible routes to facilitate maintenance of the infrastructure. Where possible, alternative sites will be assessed in order to mitigate the potential social and environmental impacts, while taking into account the financial, economic and technical viability of the investments.

For the water transmission mains they will be built on or adjacent to Right of Way of existing public infrastructure (roads or electricity TL), in order to avoid the creation of a new PPZ and minimize the negative impacts to potential Project Affected Persons (PAPs). The 33 km of water transmission main will be built along the road from Nacala dam to the city area. The distribution network will also be built with existing public infrastructures such as roads, electricity transmission and distribution lines in the Nacala city area. The ESMF and RPF provides a clear guidance for implementation of an effective GRM that can capture the GBV/SEA related complaints.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described. With respect to implementation of the ESMF and the RPF, the Environmental Social Unit (ESU) created in FIPAG within the Technical Support area holds primary responsibility for all environmental and social issues of the project including implementation of the ESMF and RPF.

FIPAG is currently recruiting additional staff to strengthen the ESU capacity on health and safety to ensure the implementation of the project in full compliance with the World Bank Safeguards policies, applicable Environmental, Health and Safety Guidelines and the applicable Mozambique environmental and social regulations. Over the years FIPAG has developed experience with integrating environmental and social aspects within water supply projects in line with the World Bank safeguard policies. The expansion of FIPAG's activities including WAISIS II-AF activities result in the need for additional staff which will involve the appointment of 5 ESOs in each of the regional delegations. In addition, FIPAG has invested in building skills of environmental and social specialists to bring them up to date with contemporary World Bank's requirements such as issues related to labour influx, the Code of Conduct and gender-



based violence and child violence in project areas, and other health and safety issues likely to affect communities living in vicinities of FIPAG’s projects. The FIPAG Capacity Development Plan was also designed to improve the effectiveness of the capacity of the local authorities in the management of environmental and social impacts during the planning, implementation and operation phases of the project in the selected cities. The additional staff is expected to be on board by September, 2019.

The ESMF and RPF provide a clear guidance on the screening process for establishing the level of environmental management required for each type of project activity; the preparation of site specific RAP/ARAP, implementation of an effective GRM, and management of PPZ related risks. The Environmental and Social Impact Assessments (ESIAs), Environmental and Social Monitoring Plans (ESMPs), Resettlement Policy Plans (RAPs), Abbreviated Resettlement Plans (ARAPs) and any other safeguard instruments, such as a Health & Safety Plans, will delineate the environmental and social management responsibilities of the project owner, the contractors and the Owner’s Engineer. These requirements will be integrated in the bidding documents and construction contracts.

The project will also finance training and capacity building activities associated with ensuring that FIPAG has sufficient capacity to implement and supervise the ESMF/ESIA and RPF/RAP, as well as any subsequent Environmental and Social Management Plans for construction and Abbreviated RAPs (if required) throughout project implementation.

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

Project stakeholders include FIPAG, municipal authorities, community leaders and residents where the WASIS II investments will be made. The preparation process for the ESMF and the RPF included extensive consultations with all relevant stakeholders including civil society organizations, project beneficiaries and key government agencies among others.

Both the ESMF and RPF will be publicly disclosed in country and target cities through the FIPAG Offices following open and transparent public consultations with key project stakeholders prior to appraisal of the additional financing. The ESMF and RPF will be submitted for disclosure in the Bank's external website. Project beneficiaries has been included in the consultation process and consulted directly with respect to the ESMF and RPF. The target audience for the public consultations include provincial and municipal governments, civil society, and local communities in the Nacala city, where the bulk of the project activities of the additional financing, will be implemented. The recommendations and discussions were included in the final version of the ESMF and RPF. All project beneficiaries have access to the Portuguese version of the summaries of the ESMF and RPF in their city.

**B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)**

**Environmental Assessment/Audit/Management Plan/Other**

Date of receipt by the Bank  03-May-2019	Date of submission for disclosure  17-May-2019	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
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**"In country" Disclosure**



Mozambique

17-May-2019

Comments

The review of this Safeguards has been Deferred.

Comments

**Resettlement Action Plan/Framework/Policy Process**

Date of receipt by the Bank

03-May-2019

Date of submission for disclosure

17-May-2019

**"In country" Disclosure**

Mozambique

17-Sep-2015

Comments

The review of this Safeguards has been Deferred.

Comments

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

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

**C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)**

**OP/BP/GP 4.01 - Environment Assessment**

Does the project require a stand-alone EA (including EMP) report?

Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?



No

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?

Yes

**OP/BP 4.11 - Physical Cultural Resources**

Does the EA include adequate measures related to cultural property?

Yes

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?

Yes

**OP/BP 4.12 - Involuntary Resettlement**

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

Is physical displacement/relocation expected?

TBD

Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods)

TBD

**OP/BP 4.37 - Safety of Dams**

Have dam safety plans been prepared?

No

Have the TORs as well as composition for the independent Panel of Experts (POE) been reviewed and approved by the Bank?

No

Has an Emergency Preparedness Plan (EPP) been prepared and arrangements been made for public awareness and training?

Yes

**OP 7.50 - Projects on International Waterways**

Have the other riparians been notified of the project?

No

If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?

Yes

Has the RVP approved such an exception?

Yes



### The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

Yes

### All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

### CONTACT POINT

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#### Borrower/Client/Recipient

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#### Implementing Agencies



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**APPROVAL**

Task Team Leader(s):	Lizmara Kirchner Odete Duarte Muximpua
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**Approved By**

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Practice Manager/Manager:	Catherine Signe Tovey	20-May-2019
Country Director:	Mark R. Lundell	21-May-2019