



**AFRICAN DEVELOPMENT
BANK GROUP**

**PROJECT: ENHANCING PRIVATE SECTOR ENGAGEMENT AND CAPACITY
BUILDING FOR REFUGEES AND IDPS IN FRAGILE CONTEXT IN
MOZAMBIQUE**

COUNTRY: THE REPUBLIC OF MOZAMBIQUE
PROJECT APPRAISAL REPORT NOVEMBER 2021

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CURRENCY EQUIVALENTS

(November 2021)

1 UA = USD 1.41

1 UA = 95.57 MZN

1USD= 60.44 MZN

FISCAL YEAR

01 January – 31 December

WEIGHTS AND MEASURES

1metric tonne	=	2204 Pounds (lbs)
1 kilogramme (kg)	=	2.200 lbs
1 metre (m)	=	3.28 feet (ft)
1 millimetre (mm)	=	0.03937 inch (")
1 kilometre (km)	=	0.62 mile
1 hectare (ha)	=	2.471 acres

ABBREVIATIONS AND ACRONYMS

ADF	African Development Fund
AfDB	African Development Bank
CAADP	Comprehensive Africa Agriculture Development Programme
CRFA	Country Fragility and Resilience Assessment
ENDE	Estrategia Nacional de Desenvolvimento (National Development Strategy)
FPA	Fiduciary Principles Agreement
HC	Host Community/ies
GBV	Gender Based Violence
HHs	Households
IDPs	Internally Displaced Persons
IFPELAC	Instituto de Formação Profissional e Estudos Laborais Alberto Cassimo
INAR	National Institute for Refugee Support
INEP	Istituto Nacional de Emprego (National Institute for Employment)
MADER	Ministry of Agriculture and Rural Development
M&E	Monitoring and Evaluation
MTA	Ministry of Land and Environment
PEP	Plano Estrategico Provincial (Provincial Strategic Plan)
PoCs	Persons of Concern
PQG	Programa Quinquenal do Governo (Government's 5-year Programme)
PSS	Psico-Social Support
SDAE	Servicos Distritais de Actividades Economicas (District Services for Economic Activities)
SME	Small and Medium Enterprise
SPAE	Servicos Provinciais de Actividades Economicas (Provincial Services for Economic Activities)
TSF	Transition Support Facility
UA	Unit of Account
UNHCR	United Nations High Commissioner for Refugees

GRANT INFORMATION

Clients' Information

RECIPIENT: **THE REPUBLIC OF MOZAMBIQUE**

EXECUTING AGENCY: **UNHCR**

Financing Plan

Source	Amount in UA	Instrument
Pillar III TSF ADF 15	1 Million	Grant

ADF's Key Financing Information

Grant Currency UA

Time-frame – Main Milestones (expected)

Project Appraisal: August 2021

Project Approval: November 2021

Effectiveness: January 2022- December 2024

Launch: January 2022

Final Disbursement: September 2024

Closing Date: December 2024

Paragraph	Topics Covered
Project Overview	<p><u>Project Name:</u> Enhancing Private Sector Engagement and Capacity Building for Refugees and IDPs in Fragile Context in Mozambique</p> <p>Implementation timeframe: 2022- 2024</p> <p><u>Project Objectives, Expected Outputs and Expected Outcomes:</u></p> <p>Objective: The project aims to enhance private sector engagement in order to improve the inclusiveness of market systems and entrepreneurship in fragile areas in Northern Mozambique, including refugee and Internally Displaced Persons (IDP) settlements and their surrounding host communities in Nampula and Cabo Delgado Provinces. The project will focus on institutional capacity building of IDP's and Refugees and Governmental Extension Services.</p> <p>Outcomes: At the end of the project, refugees, IDPs and their host communities are expected to have improved capacity to meet market demand, resulting in more sustainable opportunities. On the other hand, the private sector is expected to benefit from access to more stable supply. Outputs: To improve the capacity of the target group to access market opportunities, technical support will be provided such as training, business development support, strengthening of community-based structures. Partnership / business arrangement between the producers and the private sector will be facilitated.</p> <p><u>Project cost:</u> UA 1 million</p> <p><u>Direct project beneficiaries:</u> The project will directly support 600 households (60% women) –forcibly displaced persons, including 40% of the host communities across Nampula and Cabo Delgado to achieve sustained income and gradually reduce dependency on relief aid. In addition, around 2000 households (estimated 10,000 individuals) would have access to services which were previously restricted or unavailable, such as training and skills development, financial services, business development and extension services, markets and related facilities, among others.</p> <p>The support provided under this project will also cover Mozambicans living in host communities around Maratane Refugee Settlement, representing 40% of the total project beneficiaries. The overall population in Maratane and surrounding communities will benefit from enhanced market access, stronger market linkages with the private sector and increased access to financial services.</p>
Needs Assessment	<p>The Bank's partnership with the UNHCR is premised on the complex nature of addressing fragility and building a resilient Africa. The collaboration, within the context of the humanitarian-development nexus, recognizes that humanitarian situations like displacement are lasting longer requiring local solutions that promote economic participation of the displaced allowing them to become self-reliant, while also supporting the economic empowerment of their host community to achieve shared prosperity. In situations of conflict, women, youth, and girls are often among the worst affected. Women are particularly vulnerable to displacement, loss of livelihoods, land dispossession, disrupted access to public services, and domestic and sexual violence.</p> <p>Creating economic opportunities is a vital way of addressing fragility, supporting stability, and catalysing state-building. As such, private sector engagement plays an important role in economic recovery and in addressing and sustaining certain drivers of fragility and resilience. Constructing community resilience from the bottom up can help relieve long-term pressures in fragile contexts. This means investing in more diverse livelihood opportunities and the capacity to address shared challenges.</p>

Paragraph	Topics Covered
Alignment with Country and Bank Strategies	<p>The scope of the project and expected outputs are aligned with national and provincial development strategic plans, including the Government's 5-year Programme (PQG 2020-2024), the National Strategy for Development (ENDE - 2015 – 2035), the Employment Policy and the Provincial Strategic Plan (PEP 2030). Such plans seek to promote and adopt a more diversified and competitive economy, intensifying sectors products with the potential to raise income generation and create more employment opportunities, especially for young people in fragile environments. The strategy is to promote growth, productivity, and competitiveness based on activities oriented towards producing goods and services that satisfy the population's basic needs, i.e., agriculture and industrialization. It enhances the use of natural resources to streamline national value chains and encourage the modernization and diversification of the economy. The project components also align with the Strategy for Resilience and Integrated Development of the North (ERDIN), which is a comprehensive plan led by ADIN, and seeks to build resilience, support the recovery of the economy and integrate the provincial development strategies in the north of Mozambique.</p> <p>The project also aligns with the Strategy for addressing fragility and building resilience in Africa, given the Bank's to engage in pockets of fragility within countries and ensure sustainable inclusive development. Importantly, the project is closely aligned to three of the Bank's High-5 institutional priorities (Improve Quality of Life and Industrialize Africa and Feed Africa). The effectiveness of the Strategy premises on the ability to respond to the needs of the most vulnerable populations, those at the bottom of the pyramid, while tapping into the partnership opportunities to better respond to traditional and emerging needs of vulnerable populations across the humanitarian-development nexus. Creating new employment and livelihood opportunities helps to increase economic diversity and alleviate inequality and marginalization, leading to greater resilience.</p>
Knowledge Management	<p>The proposed project will enhance private sector engagement in fragile and conflict-affected settings. The project outcomes and outputs will contribute to knowledge building, and new lessons and experiences will be systematically documented for future use. The project will also address cross-cutting issues including gender and sustainable environmental management as key aspects of socio-economic development in transition states. This model clearly illustrates the interaction between communities and private sector to bring benefits for host communities.</p>

Results Based Logical Framework

RESULTS FRAMEWORK						
A	PROJECT INFORMATION					
PROJECT NAME AND SAP CODE: Enhancing Private Sector Engagement And Capacity Building For Refugees and Idps in Fragile Context in Mozambique				COUNTRY/REGION: Mozambique		
PROJECT DEVELOPMENT OBJECTIVE seeks to build entrepreneurship skills and enhance private sector engagement with a focus on capacity building, skills development and financial access.						
ALIGNMENT INDICATOR (S): Number of refugees/IDPs with increase income						
B	RESULTS MATRIX					
RESULTS CHAIN AND INDICATOR DESCRIPTION		RMF/ ADOA INDICATOR	UNIT OF MEASUREMENT	BASELINE (2022)	TARGET AT COMPLETION (2024)	MEANS OF VERIFICATION
OUTCOME STATEMENT 1: Increased private sector engagement in refugee/IDP locations						
OUTCOME INDICATOR 1.1: % of project IDPs and Refugees and host commenunities who self-reported increase in business transactions.		□	% of People	0	60 (30 women)	Project, M&E reports, MADER, UNHCR
OUTCOME STATEMENT 2: Improved capacity of refugees, IDPs, host communities to meet market demand						
OUTCOME INDICATOR 1.2: # of skilled refugees, IDPs, host communities to meet market demand		□	# People	20,30, 2	200, 300, 4	Study Report, UNHCR reports
OUTPUT STATEMENT 1.1 Geophysical study on water sources in Maratane						
OUTPUT INDICATOR 1.1: # of assessments conducted		□	Number	0	1	Study Report
OUTPUT STATEMENT 1.2: Land allocation consultancy						
OUTPUT INDICATOR 1.2: Land allocation process strengthened		□	Process	N/A	N/A	Project, MTA reports,
OUTPUT STATEMENT 1.3: Baseline Assessments						

OUTPUT INDICATOR 1.3: # of baseline studies, Midterm and impact assessments to be carry input	<input type="checkbox"/>	Number	0	3	Baseline, Midterm Review and completion Reports,
OUTPUT STATEMENT 2.1: Training on skills and entrepreneurship development					
OUTPUT INDICATOR 2.1.1: # of Training on skills and entrepreneurship development	<input type="checkbox"/>	Number	40	250 (60% women)	UNHCR reports, training manuals and M&E reports
OUTPUT STATEMENT 2.2: Set up associations and cooperatives					
OUTPUT STATEMENT 2.2.1: Formalization of associations, cooperatives					
OUTPUT INDICATOR 2.2.2: # of associations/cooperatives formally registered	<input type="checkbox"/>	Number	0	5 (2 led by women)	Official Registration, UNHCR reports and M&E reports,
OUTPUT STATEMENT 2.3: Business development support and coaching					
OUTPUT INDICATOR 2.3.1: # of project beneficiaries provided with training and guidance on business market opportunities and management	<input type="checkbox"/>	Number	20	500 (60% women)	UNHCR reports and M&E reports
OUTPUT STATEMENT 2.4: Market linkage support					
OUTPUT INDICATOR 2.4.1: # of commercial arrangements established with market actors	<input type="checkbox"/>	Number	0	20 (5 led by women)	Project Reports
OUTPUT STATEMENT 3.1: # Trainings and Workshop for financial service providers and stakeholders on basic financial services management and literacy					
OUTPUT INDICATOR 3.1.1: # of people trained and attending workshops provided	<input type="checkbox"/>	Number	0, 0	500 (200 women) and 250 (100 women)	Workshop reports
OUTPUT STATEMENT 3.3: Research to assess business case for financial inclusion					
OUTPUT INDICATOR 3.3.1: # of research presented	<input type="checkbox"/>	Number	0	1	Research Report
OUTPUT STATEMENT 4.1: Project Management Efficiently and effectively management project					
OUTPUT INDICATOR 4.1.1: # Annual audit reports prepared and submitted within 3 months after end of each year	<input type="checkbox"/>	Number	0	3	Audit Reports approved
OUTPUT INDICATOR 4.1.2: # quarter reports prepared and submitted within 3 months after end of each year	<input type="checkbox"/>	Number	0	12	Project Reports

Project Implementation Schedule [3 years]

Years				2021	2022				2023				2024				2025	Action By
Quarters				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
Project Processing and Management																		
Grant approval																		
Signing Protocol of Grant Agreement																		
Project Effectiveness and Launching																		
Supervision and Monitoring																		
Conduct Project Audit																		
Mid-term Review																		
Project Completion Report																		
Component I: Assessments																		
A. Procurement of consulting firms for conducting the assessments																		
Component II: Capacity building, Market linkages and Financial Inclusion																		
A. Organization in associations and cooperatives																		
B. Training and capacity building																		
C. Technical Assistance																		
Component III: Financial Inclusion																		
A. Training and capacity building																		
Component IV: Project Management																		

REPORT AND RECOMMENDATION OF MANAGEMENT ON THE PROPOSED TSF PILLAR III GRANT FOR THE ENHANCING PRIVATE SECTOR ENGAGEMENT IN FRAGILE CONTEXTS.

Management submits the following Report and Recommendations for a proposed Grant of 1 million UA from the Transition Support Facility (TSF) Pillar III resources to UNHCR to finance the Enhancing Private sector engagement and Capacity Building for Refugees and IPDs in fragile contexts in Mozambique project in Mozambique.

I. STRATEGIC THRUST AND RATIONALE

1.1 Project Linkages with Countries' and Bank Group Strategies

As the Mozambican economy diversifies, agriculture remains a key economic sector, the Government of Mozambique (GoM), in its national strategies acknowledge the need to diversify away from low productivity, subsistence-oriented farming into higher productivity activities with strong focus on agro-processing. This is in a bid to tap into its big agriculture potential and to address its major development challenges; inefficient pace of structural transformation, the pervasive poverty and inequality, high unemployment, weak infrastructure to support a transformation, large number of internal displaced people and low crop yields. The agriculture sector includes cropping, forestry, fisheries, and livestock-keeping activities. Altogether, these constitute a quarter of Gross Domestic Product (GDP) (with some fluctuation across the years) and an income for over 70 percent of the population (World Bank, 2018). This makes agriculture one of the major contributors to the economy, to income and poverty reduction in Mozambique. Most of the sector, however, is characterized as small-scale, rainfed agriculture, practiced mainly for food and nutrition security, resulting in a large portion of the population being highly vulnerable to natural hazards, which are commonplace in Mozambique.

The Government's Five-Year Plan (Programa Quinquenal do Governo PQG), 2020-2024, focuses on improving the quality of life in Mozambique and in reducing social inequalities and poverty. The new national development plan presents three priorities: (1) developing human capital and social justice; (2) boosting economic growth, productivity, and job creation; and (3) ensuring the sustainable management of natural resources and the environment. The 2020-2024 National Agriculture Development Plan and Trade Policy and Strategy have been developed. The Strategic Plan for the Development of the Agriculture Sector and the National Agriculture Investment Plan in Mozambique have also been developed and operationalized, guided by the Comprehensive Africa Agriculture Development Programme (CAADP). Strategic Plan for Development of Agrarian Sector (PEDSA 2010-2019) and associate investment plan (PNISA 2010-2019) currently under review and update as part of the GoM five-year development plan (PQG 2020-2025) is contributing to food security and profitability of agriculture competitively and sustainably, to guarantee social and gender equity", based on 3 priorities (i) food and nutritional security, (ii) competitiveness of domestic production and higher income levels for producers, and (iii) sustainable use of natural resources and environmental conservation. The current revision of PEDSA (2021-2030) anchored on the CAADP target is to achieve (a) an annual growth rate in agriculture of at least 7% through increased agricultural productivity, and (b) expansion of the cultivated area, an increase of 25% by 2030 of the area cultivated for food crops. It addresses the following Sustainable Development Goals (SDG): SDG 1 No Poverty (end poverty in all its forms everywhere); SDG 2 Zero Hunger (end hunger, achieve food security and improved nutrition and promote sustainable agriculture; and SDG 5 Gender Equality (achieve gender equality and empower all women and girls).

The GoM has adopted a new approach by seeking to transform agriculture into an integrated, prosperous, competitive, and sustainable sector through the National Agriculture Development Program (SUSTENTA). The operational plan of the SUSTENTA seeks to contribute to food security, income and profitability of

agricultural producers and to a rapid, competitive and sustainable increase in market-oriented agricultural production; accelerate production of staple and nutritious food products, guarantee income for producers, improve access and secure tenure of natural resources, and provide specialized services geared towards the development of the value chains. The Mozambican Government has defined 15 strategic and six priority value chains with a concentration of investments in six development corridors: Maputo, Limpopo, Beira, Zambezi, Nacala and Pemba-Lichinga. The project is also aligned with the objectives of the Agency for the Integrated Development of the North (ADIN), which is expected to address the socio-economic challenges faced by Mozambique's northern provinces and will contribute to ADIN's main objective of accelerating recovery of the war affected areas to allow for adequate development in the northern region.

Importantly, the project is closely aligned to the Country Strategy Paper (2018-2022) and the operational priorities of the Bank's Ten-Year Strategy (TYS), 2013- 2022 and responds to three of the Bank's High-5 institutional priorities (Improve Quality of Life and Industrialize Africa and Feed Africa). All the three identified priorities emphasize building societal resilience through i) improved food security, ii) income generation, iii) private sector development, iv) job creation, v) building of critical skills, vi) improvement of access to financial inclusion, vii) and promotion of inclusive growth through the creation of opportunities for women, youth and children, both in urban and rural areas. As such, the project is also aligned to the Bank's Gender Strategy. Finally, the project fits firmly with the Strategy for Addressing Fragility and Building Resilience in Africa which focuses on the need to strengthen state capacity and establish effective institutions, promote resilient societies through inclusive and equitable access to employment, basic services, and shared benefits from natural resource endowments and enhance the Bank's leadership role in policy dialogue, partnerships, and advocacy around issues of fragility. UNHCR plays a critical role in addressing the needs of vulnerable communities that are at the bottom of the pyramid by enhancing their capacity to sustainably provide for their needs.

1.2 Rationale for the Bank's Involvement

The combination of Mozambique's susceptibility to climate change, the impact of the COVID-19 pandemic, and conflict in the north have increased the vulnerability of most of the population to economic shocks and poverty. The country's Gini index reduced from 54 in 2014 to 39.9 in 2018 -2015, placing Mozambique among the countries with the most unequal income distribution in Sub-Saharan Africa. Furthermore, the population living on less than \$1.90 a day increased from 62.5 per cent in 2019 to 64.0 per cent in 2020, mainly due to the COVID-19 pandemic, according to the World Bank Group. Mozambique scored 0.456 in the 2019 Human Development Index, being ranked 181st of 189 countries. Mozambique is host to 28,000 refugees and asylum-seekers and 812,200 people displaced by the conflict in Cabo Delgado. The majority of the displaced are within Cabo Delgado, while an estimated 74,000 moved to Nampula and the remaining moved to the provinces of Niassa, Sofala, and Zambezia. Local communities host the majority of refugees and IDPs, with the remainder residing in formal and informal settlements. Thanks to a largely generous asylum policy, the refugees and asylum-seekers in Mozambique enjoy the freedom of movement and access to employment and land. Therefore, it is recommended that the government define mechanisms to secure land acquired by IDPs and extend DUAT Programme. Furthermore, there is a need to assess the land provided to ensure appropriate use and enhanced production capacity, hand in hand with sustaining the land base that entails the rehabilitation of degraded agricultural land and mitigates the effects of future climatic shocks and land degradation. The Maratane Settlement, in Nampula Province, was established in 2001, and hosts about 9,500 refugees and asylum-seekers, mainly from the DRC and Burundi. Most displaced people are dependent on humanitarian assistance to some degree; however, the support is grossly insufficient to support the increasing number of those in need. Cabo Delgado, Nampula, and Niassa provinces in Northern Mozambique – all of which host refugees and IDPs - fare poorly on the main developmental indicators, despite being rich in resources. The poverty rate in the

northern provinces is 55 per cent, nine percentage points higher than the national average of 46 per cent. Food insecurity in this region is endemic, and malnutrition is rife. Stunting has a prevalence of 53 per cent in Cabo Delgado, 55 per cent in Nampula, and 47 per cent in Niassa, compared with the national prevalence of 43 per cent. These levels of poverty are consistent with regional and provincial imbalances in terms of access and resource allocation as it pertains to basic services across the provinces. The economy in the North of Mozambique has also underperformed due to limited diversification, low productivity, and weak coverage of (and access to) financial services for individuals and small businesses. Approximately 70% of the income generation of the population in the North comes from agricultural and forestry activity. By province that is 88% in Nampula, and 61% in Cabo Delgado.

Subsequently, the main support to refugees, IDPs, and their host communities, to strengthen their livelihoods, self-reliance and ultimately improve their quality of life is centered around improving their skills development, access to markets, and investing in human capital to increase the productivity of the labour force and the economy's overall competitiveness, ensuring that the population can also participate in the growth process, since many of them, especially in the rural areas depend on rain-fed, subsistence agriculture. Unfortunately, this kind of labour activities is characterized by low agricultural skills, as well as exposure to climate-change related shocks. Private sector, in particular SME's (through small food shop owners) engagement in such fragile contexts is important in stimulating economic growth, creating jobs, building stability, and promoting self-reliance.

The Bank is forging strong partnerships with public, private sector, other development partners, and civil society actors, particularly in fragile environments. Although the Bank continues to finance and support large-scale programs and projects, some communities have remained unreached. To reach out to the Bottom of the Pyramid (BOP) in transition states - the communities that are not fully benefiting from ongoing development efforts and at the risk of being left behind- require working differently. This is the group at risk of not getting their share in the benefits of progress in the national economy although the The Bank is investing in creating the conditions for private investment and job creation in fragile contexts. The Bank's analysis suggests that the private sector is an important factor in pathways out of fragility. Fragility risks, including limited access/participation (despite government efforts) in the formal economy and socio-political areas, environmental/climate change shocks, and violent conflict accentuate their isolation. This project is designed to deliver small-scale and quick-impact solutions with measurable outcomes at the community level driven by financial inclusion, private sector engagement, and value chain development in the agriculture sector.

The Bank's focus on the High 5s provides the platform for scaling up of interventions, for greater impact, in fragile situations. Under the new Development Business Delivery Model (DBDM) the Bank is adopting a more flexible framework with targeted support for operations in fragile situations. In addition, stronger partnerships provide the foundation for more effective delivery in insecure environments through leveraging the various partners' comparative advantages, including co-financing opportunities. Engaging in such fragile situations means adopting a scaling-up approach in delivering the High 5s. The Strategy recognizes that effectively addressing fragility and building resilience goes far beyond a project cycle. Therefore, the Bank will scale up and plan for sequenced engagement in fragile situations to ensure greater impact of its activities in a particular country or region. For this purpose, the use of resources under the Transition Support Facility (TSF) provides a good starting point to meet the huge financing needs in fragile situations.

The Bank's partnership with the UNHCR recognizes the complex nature of addressing fragility and building a resilient Africa within the context of the humanitarian-development nexus. Bridging the humanitarian-development divide has become a topic of increasing importance given the upward trend in humanitarian needs and its implications on development. Specifically, humanitarian situations are lasting

longer to the extent that certain communities are spending more than 20 years in refugee camps. Furthermore, such humanitarian conditions are being further pressured by the ongoing COVID-19 pandemic and limited capacity of the affected to adequately adapt and respond to the changing environment.

1.3 Donor Coordination

An active thematic donors' group for the Agriculture sector named the Agriculture and Rural Economic Development Group (AgRed) is chaired by the AfDB and co-chaired by USAID. Other members of the group include the World Bank, IFAD, AGRA, USAID, Canada, Sweden, Switzerland/SDC, JICA, Ireland, Austria, Italy, Denmark, Finland, France, Germany, Netherlands, UK/FCDO, Norway, European Commission, FAO, WFP and, Belgian. The AgRed is supporting the Government through various projects aligned with the main Agriculture Plan (SUSTENTA site) and, in preparing a new generation of the Agriculture Strategy (PEDSA) for 2021-2030 and the National Investment Plan for the Agriculture Sector (The Bank has become a partner of choice for the Government, as well as Development Partners and the private sector. Through pro-active engagement on and innovative leadership, the Bank has positioned itself as a key partner in developing a Recovery and Peace Building Assessment for the Northern Mozambique (RPBA) that is informing the ongoing development of the Strategy of the North (provinces of C. Delgado, Nampula and Niassa). The project will also collaborate with the Mozambique Agricultural Jobs and Investment Programme under development by the former DFID that enables commercial agriculture for smallholder farmers in Northern Mozambique and link them to sustainable and viable value-chain markets (local, regional or global), and promote products and farms productions to support climate mitigation and adaptation. As of Mid-June 2021, the Bank portfolio in Mozambique consisted of 22 projects under 28 operations including five regional Mozambican-based projects, with a commitment of USD 1.4 billion, from which agriculture and social projects represent 11% of the total commitment.

Table: 1.1 Donor Support to Agriculture Sector

Sector	Size		
	GDP	Export	Labour
[Agriculture/CC]	26%	20%	70%
Players - Public Annual Expenditure (average)**			
Organization	% contribution out of a total of Total 115.4 million UA/ Year		
	2017-2018	2015-2016	
WB	52%	45%	
USAID	9%	9%	
EC	14%	13.0%	
AfDB	12%	18%	
JICA	6%	7.0%	
Others	7%	8%	
Existence of Thematic Working Groups		[Y]	
Existence of SWAPs or Integrated Sector Approaches		[N]	
ADB's Involvement in donors coordination***		[M]	

* as most appropriate ** Years [yy1 to yy2] *** for this sector or sub-sector

**** L: leader, M: member but not leader, none: no involvement

II. PROJECT DESCRIPTION

2.1 Project Objective and Components

Project Objective: The project aims to enhance private sector engagement in fragile contexts in Mozambique, such as those in refugee and IDP settlements and their surrounding host communities in Nampula and Cabo Delgado Provinces and contribute to improving the economic inclusion and self-reliance of the displaced and the communities that host them. The project will provide capacity building and strengthen market linkages in the refugee and IDP locations making them inclusive – system/ entrepreneurship actors including the local private and public sectors, service providers as well as refugees, IDPs and their host communities who are often excluded all benefit from economic opportunities therein; Following the push/pull interventions, the project will strengthen capacities and skills of the target group to enable them to exploit sustainable opportunities while enhancing market linkages and private sector engagement.

2.2 Framework and theory of change

The project will adopt some components of the ILO-UNHCR inclusive market systems approach (AIMS) which is based on the logic that refugees, IDPs and their host communities rely on markets for livelihoods, as such, developing market linkages where they are in particular, while focusing on building the relevant skills to their socio-economic profile, thus increasing income opportunities accessible to them and helps their transition out of poverty. A market system is an ecosystem of multiple players – private sector, public entities, institutions, households, and individuals, etc.- and interconnected functions around the exchange of goods and services. Catalysing the development of an inclusive market systems requires intervening in several areas and involving multiple actors. While no single project may achieve a system wide change all at once, an intervention addressing a specific constraint may trigger a wider change. A thorough understanding of the market - who are the main actors, how do they interact, what are the supporting functions, where are the constraints - forms the basis of defining the relevant intervention area. To effect a holistic change, interventions use the push/pull framework that assumes that two conditions need to be fulfilled to build an inclusive market system:

- People need the necessary skills and competencies to exploit such opportunities: Push interventions support the target group's ability to seize economic opportunities.
- There need to be sustainable economic/income opportunities in the market. Pull interventions help enhance and create such opportunities. This may directly target the private and public sector who are the main providers of goods, jobs, services, but may also focus on addressing other barriers such as on regulatory systems and market linkages etc, to stimulate economic activities.

Using the above approach, the project will combine push and pull interventions to address constraints preventing private sector engagement in the refugee and IDP locations, and on the other hand, tackle the barriers mainly skills and knowledge that restricting the target population to meet market needs and take advantage of the opportunities therein. These interventions will focus on capacity building of the target communities to meet market requirements include direct linkages with the private sector thereby attracting economic interest from them.

Informed by the market assessments conducted in Nampula and Cabo Delgado, the project will focus the interventions on training of IDPS and Refugees on technical, skills that have the potential for growth and employment creation and relevant to them and host communities. Financial inclusion will be a key component being a cornerstone in the project. As a modality to implement, cooperation with the different market actors will be established. Figure 1 below summarizes the project's theory of change.

2.3 Project Components: The proposed project comprises two components, including project management. These components and the sub-components are described in detail in Table 2.

Component 1: Conduct Assessment Studies

Aiming to further support the development of the project interventions, the project proposal includes:

- (i) Conduct a geophysical study on climate resilience and low carbon water investment opportunities in Maratane to understand the status and level of water provision and access in Maratane, a technical study is needed on the water supply system in the settlement including the identification of water investment needs. This will support planning for the expansion of livelihood interventions related to agriculture production.
- (ii) Land allocation analysis or study. The primary purpose of the activity is to undertake an in-depth assessment of the existing and future land allocation process established by The National Institute for Refugee Support (INAR) to support the government in further developing the strategy and procedures related to land for agriculture purposes, define mechanisms to secure land allocated to refugees and effectively mitigate the impact of the conflict on land relates issues. This will also include analysing the potential impact of climate risks on land-use change and allocation and developing a mechanism that will facilitate and monitor community consultations which are vital in land allocation to the business sector that is gender sensitive.
- (iii) Baseline, midterm and impact evaluation. This activity will support an assessment on the impact of the proposed project interventions, including a baseline assessment at the beginning, a midterm review to redirect project interventions an impact evaluation after project closure.

Component 2: Capacity Building , Market linkages and Financial Inclusion

Institutional Capacity Building (CB) of IDPs and Refugees: The activities will start by organizing the beneficiaries into associations and cooperatives for collectively countervailing their livelihood constraints. Some entrepreneurial activities by refugees, IDPs and host communities exist, however, most, if not all, are informal and small scale, and do not generate adequate income to support the needs of a household. They are also fragile to shocks. If developed and strengthened, entrepreneurial activities offer significant potential to enable households to become economically self-reliant, while also creating possible employment/income opportunities as they grow, to other community members. The project will support (i) the coming together of displaced persons and host community members to form cooperatives/associations; (ii) formalization of these businesses; and (iii) business development support to promote sustainable growth, in addition to the incubation or/and expansion of promising business ideas/ ongoing businesses. This will be done through direct assistance (push) to the micro/small-enterprises, as well as through indirect assistance such as support to business development providers and financial service providers to allow them extend services to the micro/small-enterprises (pull).

The project will also promote capacity building activities to the IDP's and refugees by providing them with technical and entrepreneurship skills to households. The project will conduct trainings based on the Farmer's field school (FFS) approach, which is not a physical structure rather, a group-based learning process. During FFS, farmers carry out experiential learning activities that help them understand the ecology of their fields. These activities involve regular field observations and group analysis. The knowledge gained from these activities enables participants to make their own locally specific decisions about crop management practices. Under the FFS, the beneficiaries (60% constituted by women) will also be benefitting from coaching, transfer of technical skills and technology and other supporting services, e.g., formalization, outsourced facilities, business development and for the agro-enterprise, risk sharing modalities. This will require the project to also establish cooperation with service providers, government

authorities, financing institutions, etc. to facilitate access to relevant support services. The model also involves partnerships with local social enterprises who will work with identified refugee/IDP/host community artisans to develop new product lines that will be marketed locally and globally. The model equally supports the growth of the social enterprise, through marketing support to tap into markets and technical support to build ethical business that adheres to fair trade and protection principles. This component will also benefit persons of concern developing petty trade, commerce and business activities. The Project will equally support the improvement of access to market information, for better household decision making purposes, by contributing to the setting up of the products market information system (MIS).

Institutional Capacity Building of Government and support to Land Allocation: Under this component the project will provide technical assistance and capacity building for Public institutions, mainly extension, research and support land regulatory reforms. This will include training extension agents, staff of provincial directorates, and non-government agencies located in the Nampula Province that are also working with Refugees. Under this component the project will provide Technical Assistance and capacity building for staff of Public institutions and land regulatory reforms with a view to improve the business environment and guarantee security land rights to the project beneficiaries. This will include staff of the Extension agents (MADER), staff of Ministry of Land and environment (MTA), and non-government agencies that are working on land issues, i.e. ORAM and Local Land Commissions. Existing policies may be reviewed, and additional regulatory reforms may be introduced in line with the National Land Law Revision Initiative. Guided by the basic tenets of the National Land Revision strategy, Technical Assistance will be provided to support Policy Studies, Regulatory reforms, IT Based Business Registration and Licensing systems, review schemes of incentives, and business oriented standard operating procedures with a view to improving and providing an efficient business environment for linking Refugees with private sector investments. An **enabling environment** underlie the successful implementation of the planned activities and achievement of the project objectives. Building on UNHCR's advocacy efforts and cooperation with the government, the project will work with relevant government agencies to facilitate access to needed support services, specifically, issuance and recognition of identity documents, registration of community-based associations/cooperatives/groups, issuance of business/work permits, access to arable land for the vulnerable including women and youth, permission to engage in economic activities outside the refugee settlement, etc.

Development Financial Inclusion: Access to finance is a major constraint in the economic inclusion of the target population. Often, financial service providers (FSPs) lack knowledge on the target population as a viable market segment. The project will conduct awareness raising workshops/activities targeting FSPs. To support the engagement, a research/analysis may be conducted, where needed, to establish the business case on the potential of the displaced and host communities as financial service clients. FSPs interested to serve the target population will be supported to link with financial development organizations that provide financial/technical assistance to enable the FSP develop new products and/or extend existing products/services relevant to the population.

The project will leverage on the Bank ADRIFI project in Mozambique to assess opportunities for FSP to contribute to climate and disaster risks financing especially for the most vulnerable group such as refugees and IDP. The project will also leverage on UNHCR's global financial inclusion work and partnerships, e.g., with UNCDF, FSD Africa, etc.

The project will be guided by UNHCR's protection and solutions principles and strategic directions for forcibly displaced populations. Cross-cutting principles - age, gender and diversity, community-based approaches, etc. - will be integrated at all stages of the project.

Component 3: Project Management

To support the overall implementation and monitoring of the proposed interventions and activities, UNHCR recommends the recruitment of a Project Manager, supported by a Monitoring and Evaluation staff. In addition to that, a Business Model Expert (consultant) will be hired during a specific timeframe to support the development of interventions.

Table 2.1 Project Components

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Item	Component	Costs (UA million and %)	Description
I	Baseline and Assessment Studies	UA 85,17(8.5%)	<p>This component will support:</p> <ul style="list-style-type: none"> • Geophysical study on climate resilience and low carbon water investment opportunities in Maratane • Land use and allocation consultancy • Conduction of baseline, mid-term and impact evaluation of the interventions
II	Capacity building, Market linkages and Financial Inclusion	UA751.08 (75.11%)	<p>Sub-component 2.1. Institutional Capacity Building of IDP and Refugees</p> <ul style="list-style-type: none"> • Farmer's field school (training purposes) • Set up and formalization of associations and cooperatives. • Business development Technical/Skills training and coaching • Information sharing • Marketing, private sector engagement and linkages (market channels) <p>Sub-component 2.2. Institutional Capacity Building of Government and support to Land Allocation</p> <ul style="list-style-type: none"> • Support to government to increase and improve land allocation • Capacity building to government entities on improving extension services to refugees and host communities <p>Sub-Component 2.3: Developing Financial Services:</p> <ul style="list-style-type: none"> • Financial literacy training focused on MSMEs • Engage financial service providers and stakeholders to raise awareness of the needs of the target group, their potential as a market segment and understand the specifics constraints. • Facilitate access financial services to the target population including climate risk financing services <p>Sub-Component 2.4: Conduct Studies on Financial Inclusion of Refugees</p> <ul style="list-style-type: none"> • Research to build the business case on refugees/IDPs/host communities as viable market segments for financial service provision
III	Project Management	UA163,74 (16.3%)	<p>This component will support:</p> <ul style="list-style-type: none"> • Project Manager • Business Model Expert • Monitoring and Evaluation – Impact Evaluation • UNHCR overhead cost (6.5%)
	Total	1.0	

2.4 Project Type

The project seeks to enhance private sector engagement with a focus on the institutional capacity building, and financial sectors. The project will benefit from the Transition Support Facility (TSF) grant operation Pillar III for an amount of UA 1 million (about USD1,456,000). The TSF Pillar III is the Targeted Support Window that complements the Bank's engagement at the country and regional level and provides grant

resources to support capacity building and technical support activities that address drivers of fragility and aim to build resilience, with the potential for high impact.

2.5. Project costs and financing arrangements

The estimated cost of the Project is UA 1 Million (USD1,456,000). The project will be fully financed from the TSF Pillar III. Summary of Project costs by components, sources of financing, categories of expenditure and expenditure schedule by component are presented in Tables 2.3 to 2.6, while the detailed cost tables are in the Technical Annex.

Table 1.3 Project costs by Component (Amounts in UA and MZN Equivalents)

Component Name	Cost (MZN '000)			Cost (UA million)			% For'gn Exch
	Local	Foreign	Total	Local	Foreign	Total	
1. Baseline and Assessment Studies	1844.824	5569.28	757.948	20.14	60.8	80.94	84
2. Capacity building, Market linkages and Financial Inclusion	8563.64	59887.16	68450.80	58.52	655.04	713.56	91.7
3. Project Management	2845.554	11587.587	14433.255	31.065	124.45	155.51	20
Total Baseline Costs	13254.02	77044.031	870200	111.73	838.29	950	50
Physical Contingencies	0	0	0	0	0	0	0
Price Contingencies	687.58	4054.95	4742.53	5.94	44.1	50	88.2
Total Project Costs	13951.6	81098.98	916000	117.61	882.41	1000	50

The Bank is wholly using TSF Pillar III resources to finance the project. The project will be managed through the support of a project implementation unit based within UNHCR.

Table 2.4. Sources of Financing (Amounts in UA and USD Equivalents)

Source of Financing	Currency Costs (UA)	Currency Costs (US)	% Total Costs
ADF/TSF Pillar III	1,000,000	1,408,870.00	100%
Grant Total in UA	1,000,000	1,408,870.00	100%

By the category of expenditures and considered that this is a capacity building project it will fund good and services.

Table 2.5: Project cost by category of expenditure [amounts in million UA equivalents]

Expenditure Category	Cost (UA million)			% For'n Exch
	Foreign	Local	Total	
A. Investment Costs				
1. GOODS				

Materials for Capacity building activities	120.4	19.0	139.9	86
Subtotal	120.4	19.0	139.9	86
3. SERVICES				
Training, Technical Support, coaching and Financial Inclusion	533.3	21.6	554.9	96.1
Financial Audit	20.0	0	20.0	100
Research and assessment studies	80.2	0	80.2	100
Subtotal	539.1	21.6	560.7	96.1
Total Investment Costs	753.9	40.6	794.5	94.8
B. Recurrent Costs				
1. OPERATING COST				
Personnel_PCU Staff	84.7	0	84.7	100
Operating Cost	0	70.8	70.8	0
Subtotal	84.7	70.8	155.5	54.4
Total Recurrent Costs	84.7	70.8	155.5	54.4
Total BASELINE COSTS	838.6	111.4	935.3	89,6
Physical Contingencies	0	0	0	0
Price Contingencies	44.1	5.9	50	88.2
Total PROJECT COSTS	882.7	117.3	1000.0	88.27

Expenditure will be carried out according to the schedule below during the implementation period for each component (see Table 2.6). The project will be implemented for three years geared mainly towards support to marketing activities and capacity building of the beneficiary on training and entrepreneurship development and marketing as well as the Government and stakeholders' staff to improve their competence.

Table 2.6. Expenditure schedule by component [amounts in '000 UA equivalents]

COMPONENTS	2022	2023	2024	Total	% of
1. Baseline and Assessment Studies	46.13	17.74	21.29	85.2	8%
2. Capacity building, Market linkages and Financial Inclusion	182.74	270.074	199.80	655.3	66%
3. Project Management	59.20	56.16	51.45	163.70	16%
Total Baseline Costs	334.21	368.82	297.39	1000.0	

2.6 Project's Target Area and Population

The project direct beneficiaries are refugees, asylum seekers, internally displaced persons, their surrounding host community/ies, and the private sector in Nampula and Cabo Delgado Provinces. Many refugees and IDPs remain vulnerable and need urgent support to enhance their socio-economic empowerment and self-reliance. The private sector is a critical driver of economic growth, job creation, stability, and their

engagement will be crucial in the socio-economic empowerment of the displaced persons. Indirect beneficiaries of the project include the refugee community in Maratane and surrounding host communities (especially women, youth, and rural communities) through the promotion of entrepreneurship, increased market linkages and facilitated access to financial services. The project will be implemented in Maratane Refugee Settlement and surrounding host communities, although we may also cover urban areas in Nampula District, Nampula Province. The IDPs in Pemba District, Cabo Delgado province will also benefit from project activities.

2.7 Participatory Process for Project Identification, Design, and Implementation

This project draws its relevance from a participatory process that involved consultations with its expected key beneficiaries, community leaders, government, private sector, and other relevant stakeholders. Consultation meetings were organized between UNHCR and AfDB with government, and other stakeholders to outline root problems facing displaced persons and ways of addressing them. UNHCR's expertise in coordination and community-based protection in the intervention of displaced persons will enhance the self-reliance initiatives that are being proposed in this project for the refugees and host community. In addition, as per UNHCR's policy on Age, Gender and Diversity (AGD) mainstream, the project will ensure constant consultations throughout project implementation

2.8 Bank Group Experience, Lessons Reflected in Project Design

The Bank has significant experience in working with the UN and its member organizations to address drivers of fragility and build resilience particularly with vulnerable communities throughout the continent. Specifically, the Bank has extensive experience working with the UNHCR in relief, disaster, and emergency programs. The proposed project has also benefitted from the experience and lessons from Bank operations in the areas of institutional support projects in other countries. These lessons learned have informed the design of the proposed new operation and the experience will be extensively tapped in during project implementation.

Table 2.7. Lessons Learned from Previous Operations and Analysis

Lessons Learned	Actions taken to Integrate Lessons into the PAR
(i) There is a need to follow and adhere to the governance structure and reporting requirements as stipulated in the project appraisal report and protocol of agreement.	The project will adhere to the Fiduciary Principles Agreement (FPA) for financial, disbursement, monitoring, and reporting systems
(ii) There is a need to ensure that systems and processes especially rules and procedures governing the management of finances, procurement, and human resources are being adopted by the institution and are being followed	To facilitate the proper execution of project activities, UNHCR will designate dedicated staff as the PIU to implement the program including coordination, procurement, and financial management. Additional human resources needed to facilitate project execution will be procured as per the appraisal agreement. The financial reporting requirements will be in line with the FPA. Bank supervisions will complement to ensure adherence. Additional human resources needed to facilitate project execution.
(iii) Operating in fragile situations requires a combination of flexibility and responsiveness in the procurement system selected. It is important that implementation delays are minimised to accelerate delivery	The utilization of the UNHCR procurement systems, with an option of the Bank to undertake supervision missions, will facilitate speedy project activity implementation
(iv) There is a need to integrate and enhance stakeholder's participation in the design to	Key implementing and operating partners that have experience in supporting refugees and host communities have been identified and were consulted during the project design. The Government of

ensure ownership of project design and implementation by beneficiaries	Mozambique, especially key ministries and beneficiaries were involved during the design phase and will be involved during project implementation
(vii) It is important to strengthen complementarity and coherence with previous programmes/projects and also target reform measures. Such an approach increases the Bank's value added in programme implementation for strengthening resilience in Transition States	The project is finding synergies with the ongoing implementation of the Value Chain and Market Development for the Pemba-Lichinga Corridor to ensure fortification of project successes with a view to scaling up. The project will comprehensively be mapping of partners operating in the North by UNHCR and the Bank to determine who does what in the region with an aim to avoid duplication of efforts and improve additionality.

III PROJECT FEASIBILITY

3.1. Economic and financial performance

Table C.1: key economic and financial figures

FIRR, NPV (base case)	18.25%, US\$6.5 million
EIRR (base case)	21.70%, US\$4.7 million

NB: detailed calculations are available in Annex B7

The project is designed to generate direct social and economic benefits through capacity building, coaching, transfer of knowledge, skills and access to finance to refugees, IDPs and host communities as well as incentives for private sector engagement.

- Overall, the project has overwhelming social benefits to beneficiary communities, some of which cannot be quantified, and therefore could not be the object of a financial and economic Cost-Benefit Analysis (CBA).
- Only direct costs and benefits were estimated and quantified. Social and indirect benefits arising from the Project have not been considered.
- The period of analysis is 20 years.
- With regards to the FIRR, a 10 percent drop in the output prices reduces the FIRR to 18.1% while the delay in benefits for one year and two years reduces the rate of return to 17% and 14% respectively.
- With an EIRR well above the opportunity cost of capital, the Project can be justified on economic grounds. It should be noted that the analysis underestimates the Project's economic impact by far because not all economic benefits that can be expected have been quantified.
- The Project is expected to support substantial employment opportunities, for 600 people (including women) both among the direct beneficiaries as well as in the rural communities in general.
- NPV=US 6.5 M (assuming an opportunity cost of capital of 10 percent) and EIRR= 18.25 percent.
- The production benefits are expected either from an expansion of agriculture area (on the average, farm sizes double due to double cropping from 0.5 ha to 1.0 ha or through increases in productivity) after the project be concluded especially after the beneficiaries benefitting from skills.

3.2 Environmental Impacts

The Project has been Categorised as Category 3 and this was validated on 10th November 2021. This is in Compliance with the Bank's ISS and Environmental and Social Assessment Procedures because the project

activities will only comprise of baseline studies, institutional capacity training and strengthening activities for government staff and Internally Displaced Persons on business development and facilitation of market linkages and financial inclusion. These have no negative impacts on the environment, but the project has significant environmental and social benefits because it targets IDPs and women and youth in their activities. Therefore, the project is expected to have a positive environmental impact as it supports the community livelihoods, training on business skills and consequently having positive impacts on increasing income, and job creation for youths and security, especially for women and children thereby contributing to sustainable management of natural resources and its environment. The Project will not prepare ESA Documents and therefore no disclosure of documents is required. The UNHCR as the executing agency will have a Gender specialist to ensure adequate capacity for social inclusion and gender considerations in institutional capacity development, as well as farmers and business training activities.

3.3 Social Impacts

The project is expected to make positive socio-economic impacts to host communities, and refugees through the support of greater self-reliance and improved economic livelihood activities, income generation, job creation, sustainable use of natural resources, and institutional capacity building. Improved skill and knowledge conditions will support the socio-economic empowerment of women, unemployed refugees, and host communities. It will facilitate and strengthen sustainable employment opportunities thereby contributing to the reduction of domestic violence. The project will encourage the participation of refugees and host communities in legitimate economic activities thereby contributing to addressing some of the key causes of conflicts and instability.

3.4 Gender Mainstreaming

Under IDPs and Refugees communities, women are the principal farmers and the ones who spend a great deal of time doing farm work, spending on average 14 hours working on farm related activities, fetching water, collecting firewood and other domestic chores as compared to men who spend 6–8 hours on farming. While women spend long time working, they face many constraints in terms of attending training, access to resources, mainly land, technologies and markets. As refugee and IDPs women, hold primary responsibility for household child protection, food provision, and participate in all stages of the food chain from the field to the plate, though they generally have less decisions than men in that chain. Discriminatory practices and perceptions continue to exist about the rights of women to access and control over productive resources. while close to 50% make up for refugees and asylum seekers population. Main gender inequality concerns include underreporting of Gender Based Violence (GBV) incidents, early & forced marriage, traditional harmful practices. Psico-Social Support (PSS) and emotional abuse, and denial of resources. Analysis of recent crises reveal that in times of displacement, women and girls make up 50 per cent of refugee, internally displaced and stateless populations. In addition,

- One of every five refugee and displaced women in complex humanitarian settings is estimated to have experienced sexual violence.
- Girls living in conflict-affected countries are 2.5 times more likely to be out of school.
- During crises, women and girls take on more care related tasks (such as providing food and water and caring for the sick).
- During conflict, men and boys are often expected to engage in fighting and risky behaviour due to social expectations and ideas about masculinity.
- In crisis settings, women often become new heads of their households due to loss of male family members and family separation.
- Gender and age-related factors have been shown to impact not only the kinds of injuries suffered in armed conflict but also the ability to access treatment.
- The exclusion of women from preparedness efforts exacerbates their vulnerability and ability to deal with future crises.

SGBV (Sexually, Gender Based Violence) is a critical protection concern in emergencies, and it is a key element of UNHCR's protection mandate. UNHCR recognizes that gender inequalities and power imbalances, which often privilege masculine systems and attitudes, are at the root of SGBV. While SGBV disproportionately affects women and girls, it also affects men and boys, as well as other categories of forcibly displaced persons, including children, young adults, persons with disabilities, and members of minority groups. UNHCR has a responsibility to ensure protection of all persons of concern.

The project activities will build targeted action to address and reduce gender inequality by providing livelihood activities for survivors and those identified with specific protection needs, by increasing the targeting of women ensuring that women-headed households have increased income thus reducing barriers to their empowerment and self-reliance.

The UNHCR and the African Development Bank are committed to the promotion of gender equality and ensuring that both men and women equally contribute to the socioeconomic development of the country. Mozambique has formulated progressive laws, policies and strategies which aim at advancing gender equality. The Mozambican Constitution stipulates that men and women are equal before the Law in all spheres. However, due to strong customary and religious norms which are entrenched and embraced by Mozambican communities, gender inequality remains pronounced. Reports indicate that the state of gender inequalities are higher in the Northern Province - the project's area of influence compared to other parts of the of the country. In 2019, Mozambique ranked 181 out of 188 with the females' HDI at 0.435 in contrast with 0.476 for males, resulting in a GDI value of 0.912¹. *see detailed gender analysis in Annex III.*

UNHCR will apply the Age, Gender and Diversity mainstreaming approach to ensure inclusion and participation and benefit of all in the project. The approach allows for increased accountability and gender equality. The proposed project will promote institutions and implementation of programs that support women's economic empowerment, gender equality, economic inclusion, mitigation of sexual abuse and gender-based violence, and support women's security related issues. Particularly the project will boost livelihoods of men and women- youth inclusive within the refugee camps and 40% of the host communities through promotion of business skills training, coaching, transfer of knowledge and improve access to finance to promote financial inclusion. This will also result into increased resilience for both men and women refugees who will benefit and participate at a ratio of 50:50. The project will ensure engendered institutional training and systems designs to promote active participation of women in project activities.

The project is Category 2 according to the Bank's Gender Marker System. It will contribute to narrowing of the gender disparities by enabling access to socioeconomic services, skills training and financial access =. As reflected in the project's results matrix, the outcome statement addresses gender gaps with related indicators and set targets. A gender Action Plan with 48% of the project's total budget has been prepared.

3.5 Climate Change and Green Growth

The project is classified as climate risk category 2, potentially vulnerable to climate risk, using the Bank's Climate Safeguard System (CSS). The province of Nampula and Cabo Delgado are frequently exposed to erratic and heavy rainfall; drought and tropical cyclones². The average total annual precipitation in Nampula estimated at 1063.3mm is projected to decrease to 915.6mm /year while the average annual precipitation in Cabo Delgado estimated at 994.2mm is projected to decrease to 868.6mm. On the other hand, the mean monthly temperature across the two provinces to increase by at least 1.7° C by 2030-2050. This will likely increase crops' water demand; impact crops suitability; reduce production capacity, affect the development of agricultural value chain, reduce the potential for inclusive markets development and enhance communities including refugee and Internally Displaced Persons (IDP) livelihoods vulnerabilities. Climatic exposures in both provinces enhance additional burden for IDP affected by socio-economic chocs. Out of

¹ UNDP – Human Development index 2019

² Global Facility for Disaster Reduction and Recovery (GFDRR)

Mozambique's 10 main provinces, Nampula and Cabo Delgado are respectively ranked 10th and 7th in terms of climate adaptive capacities given the level of adoption of improved agricultural practices; access to agricultural information; access to alternative income, and education (Hunter, Crespo, et al, 2020). Thus, in building refugee and IDP long-term climate resilience, the operation will take the opportunity to strengthen their entrepreneurship capacity for the development of the climate-smart value chain. It will also promote private sector engagement in climate-smart technologies to empower IDP. To that extend the project through geophysics study in Maratane will assess technically feasible climate resilience and low carbon emission water and land use and allocation investment opportunities to empower the refugees and IDP. In addition, the project through training will strengthen refugees and IDP knowledge and technical capacities in climate-smart farming practices such as integrated drought and flood management and post-harvest loss prevention. It will also through linking refugees and IDP to the financial institution will promote inclusive access to finance and climate risk financing to enable market engagement. The project is aligned to aligned with the Bank Climate Change Policy and strategy 2021-2030 and Mozambique Nationally Determined Contribution (NDC) which promote building climate resilience and the development of a climate-smart agricultural value chain. Overall, 83.7% of the budget account for climate finance.

3.6 Aspects of Fragility and Resilience Building

The Bank's Fragility Strategy is geared towards fragility-sensitive programming in fragile situations, as well as identifying levers of resilience in transition and post conflict situations. The combination of Mozambique's exposure to the impact of the COVID-19 pandemic, climate change and the dynamics of the conflict in the Northern region has generally increased the vulnerability of most of its population to security, socio-economic shocks and poverty and food insecurity. These shocks do test the country's policy architecture to handle them with speed and efficacy, not just in Mozambique, but across the globe.

COVID-19 is expected to affect 32% from the country's vulnerable population, including the internally displaced people, and people on the move, who rely on relief aid for survival, and refugees who depend on informal work and self-employment. The Government of Mozambique has made tremendous effort to address the challenges posed by the COVID-19 pandemic by expanding its social protection system, prioritizing the population who are most vulnerable to the crisis. This effort is also complemented by the support of development partners, the AfDB being one of the first responders to government's call for support³ under the COVID-19 Response Facility (CRF) ensuring a rapid and coordinated response strategy.

Furthermore, the conflict in the North of the country has been a focus of serious humanitarian concerns for Cabo Delgado and the surrounding provinces of Nampula and Niassa. Various reports link the conflict to varying jihadism and underlying political and socio-economic governance issues that led to exclusion and inequalities. Young people, particularly young men, are susceptible to recruitment into violent extremism when they are unemployed and seeking income streams. Hence, some religious leaders from the Muslim faith are suspected of drawing on people's discontent with their socioeconomic conditions and luring the youth with support for their small businesses and livelihood activities, and is common to all the provinces of Cabo Delgado, Nampula and Niassa. Underlying exclusions and inequalities reinforce other fragility drivers and create disaster traps among venerable communities in the country.

Building Resilience - Social Cohesion

As the government of Mozambique has been making effort to respond to the multifold crisis, including the impact from climate change and resilience, it is necessary to combine preparedness and responsiveness with preventiveness. The Bank's Fragility Strategy does give impetus on building resilience from a holistic

³ <https://www.afdb.org/en/news-and-events/press-releases/mozambique-african-development-bank-grants-16-million-support-national-covid-19-response-44032>

approach that begins from the grassroots. Thus, access to basic services and employment or income opportunities becomes a key ingredient for social cohesion and reduced vulnerabilities.

Mozambique has a large rural population, and the northern region boasts of natural resources, including land for agriculture, livestock, and fish farming, yet many its inhabitant's lack in opportunities. The private sector is regarded as an engine for growth and development, paving the way out of joblessness, poverty and vulnerabilities. The current project has an important role to increase market linkages and opportunities to the persons of concern to achieve sustainable solutions.

Ensuring representation of all groups from the targeted communities of intervention will be an important aspect of doing no harm and avoiding unintended conflict, given the existing situation in the north. By involving both the refugees or IDPs and the communities that host them, the project can influence social cohesion. It is also vital to consider indirect beneficiaries as key stakeholders to be consulted and involved during project preparation and implementation, including traditional and religious leaders, and civil society organizations, including those of women and youth, recognizing or supporting their ongoing initiatives relevant to the project. This will be important to peace and project success.

Mainstreaming fragility requires paid attention to policy advocacy agendas, building stakeholder awareness of factors of fragility and commitment by the Bank to support transition into stability in the North.

IV IMPLEMENTATION

4.1 Implementation Arrangements

The project will be implemented over thirty-six (36) months between January 2022 and December 2024 by UNHCR. UN agencies have a long history of implementing Bank-funded projects in the Bank Group's regional member countries. There is a signed Fiduciary Principles Agreement between the Bank Group and UNHCR which provides a basis for assurances of sound fiduciary framework, accountability, and oversight framework. In addition, UNHCR has a strong field presence in the region and the capacity to move its staff around which makes it uniquely qualified to implement this project. A dedicated Project Implementation Unit, drawn from UNHCR will be appointed to manage the day-to-day management and operations of the project including a project coordinator, finance officer, disbursement officer, and field officers. Additional staff that will be hired on a consultancy and needs-base include, a gender expert, an M&E expert and an agribusiness and market specialist. UNHCR will report to AFDB and liaise with ADIN, Province and District authorities the planning, implementation, reporting and monitoring and evaluation of the project. UNHCR will also engage with relevant development partners, private sector and stakeholders, as deemed appropriate. The AfDB Mozambique Country Office will supervise the project.

4.2 Financial Management, Disbursement and Auditing Arrangements

UNHCR will be responsible for the overall implementation of the Project and the day-to-day management of the project. The UNHCR Country Office in Mozambique, with support from the UNHCR Regional Bureau and Headquarters where required, will offer overall procurement, financial management, and monitoring and evaluation support services to the PCU. The Grant proceeds will be received, administered, managed, expended, reported on, and audited, in accordance with regulations, rules, procedures, and administrative practices of UNHCR. The project will comply with the existing internal control procedures prescribed in UNHCR Financial Internal Control Framework and financial management policies and procedures.

In line with the FPA, UNHCR will submit interim unaudited financial reports on a half-yearly basis reflecting the receipts and expenditure related to the grant. The interim financial reports will be due for

submission within sixty (60) days after the end of the reporting period. In addition, UNHCR will also be required to submit to the Fund an annual financial statement as of 31 December each year for the grant. The financial statements, due no later than 30 June of the following year, will be certified by a financial officer authorized by the UNHCR. After the completion of the activities under the grant, the UNHCR will provide the Bank with final financial statements certified by an authorized financial officer, no later than eighteen months following the expiration of this agreement.

The UNHCR will also submit a copy of its audited financial statements and the report issued by the UN Board of Auditors for each year during which UNHCR makes use of the grant. The report will be due for submission within thirty (30) days of the publication of the audit report by the UN Board of Auditors.

Disbursement

The disbursements shall be in line with the Bank's Disbursement Rules and Procedures. All disbursement requests shall be denominated in United States Dollars. The Project will provide details of the designated bank account in advance through which grant proceeds will be received and details of such account shall be included in the Grant Agreement. The first disbursement will be due following entry into force of the Grant Agreement and receipt of a request for disbursement by UNHCR. Disbursements will be done in line with the provisions of the disbursement Letter which will be issued by the Bank in three tranches.

4.3 Procurement Arrangements

Procurement of goods (including non-consultancy services), and the acquisition of consulting services, financed by the Bank for the project, will be carried out in accordance with the "Procurement Policy and Methodology for Bank Group Funded Operations" (BPM), dated 2015 and following the provisions stated in the Financing Agreement. Specifically, Procurement of would be carried out following:

•Third Party Procurement Methods and Procedures (PMPs): Third Party PMPs, using the relevant Third Party Standard or Model Solicitation Documents."

The Borrower and the Bank have agreed that all project activities will be carried out under Third Party PMPs, using procurement policies, procedures as established and governed by the Fiduciary Principles Agreements (FPA) dated 12 December 2017 signed between the Bank and the United Nations High Commissioner for Refugees (UNHCR).

Oversight under Third Party Procurement Methods and Procedures (PMPs): Procurement oversight will be carried out in accordance with the provisions of the United Nations High Commissioner for Refugees (UNHCR)'s procurement policies and procedures as established and governed by the Fiduciary Principles Agreements (FPA) dated 12 December 2017 signed between the Bank and the United Nations High Commissioner for Refugees (UNHCR). The Third Party shall submit annual procurement audit reports to the Bank for information and record purposes.

4.4 Sustainability

4.4.1 Technical sustainability of this project depends on the ongoing technical support and backstopping provided to the beneficiaries on a going concern by the various UNHCR staff, and on the beneficiaries adopting skills, improved technologies on a permanent basis and making profit on their investments. Groups provide a viable framework within which sustainability can be nurtured and accelerated. The groups will be made capable of planning and implementing development initiatives with or without external assistance. Sustainability also depends on availability of national skills/resources and newly acquired skills. Adequate arrangements will be made for training of the beneficiaries and the supporting staff through capacity

building of the beneficiaries using workshops, trainings, and demonstrations, leading to skill acquisition on improved technologies. This would require institutional linkages, particularly with the agricultural research institutes having mandates to promote technology dissemination through province and district extension services. The project would be implemented through participatory approach to ensure the involvement and commitment of all stakeholders, particularly farmers, province, and districts governments. Sustainability would similarly be ensured by linkages between farmers and the private sector in providing more services such as marketing and agro-processing.

4.5 Monitoring and Evaluation

Several milestones have been established during the entire implementation period to ensure that activities are effectively implemented as planned. UNHCR will be responsible for project monitoring, using the Project result-based logical framework including the periodic performance assessment and result reporting. Half-yearly project implementation reports and annual narrative programmatic reports will also be prepared and submitted to the Bank within one month and 60 days of the reporting period respectively and in line with the Bank's standard format for an implementation progress report. The Bank through its Regional Centre (RDGS) will carry out a rigorous monitoring and supervision mission at least twice a year. A project completion report will be prepared to evaluate progress against outputs and outcomes and draw lessons for possible follow-up.

Table 2. Implementation Schedule

Timeframe	Task/Milestone	Monitoring process feedback loop
Q4 2021	Grant Approval	Management Approval
Q1 2022	Grant Effectiveness	Signed Protocol of Agreement
Q1 2022	Project Launching	AfDB/UNHCR
Q4 2022, 2023, 2024	Annual Audit Report	UNHCR
2022 - 2024	Supervision Mission	Percentage of targets being met, Impact of the project on beneficiaries
2023	Mid-term Review	Annual review for desired project objectives being met
2025	Project Completion Report	General effect of project on refugees, IDPs and host communities. Impact assessment of project meeting its designed objectives
Q2 2022 -Q4 2024	Procurements	
Q2 2022 -Q4 2024	Works: implementation of various components	M &E Reports, Mid-Term Review, Annual Review
Q2 2022 -Q4 2024	Goods: procurement of various goods	Progress report on delivery and quality of goods and progress on the training in the use of goods, operations and maintenance
Q2 2022 -Q4 2024	Training and Capacity Building	Review of Project requirements and Due Process and Due Diligence
Q2 2022 -Q4 2024	Technical Assistance	Review of Project requirements and Due Process and Due Diligence

4.5 Governance

The main governance and sustainability risks relate to a potential lack of commitment from key stakeholders, implementing partners, beneficiaries, and government to support the self-reliance of refugees and host communities. To avert this challenge, the design of the intervention has been informed through a consultative process of all key stakeholders. This process will continue during project implementation. UNHCR will also ensure that all aspects of financial management, procurement procedures, and reporting procedures are transparent and competitive and that the project adheres to them.

The Bank will follow up through regular field supervision missions and reporting from UNHCR in line with the FPA. The Bank is effectively on the ground with the Country Office in Maputo and RDGS Sector Experts in South Africa will provide half yearly schedules of project implementation progress to Management.

4.6 Risk Assessment and Management

Description of Risk	Probability /Impact	Mitigation
Risk 1: Lack of absorptive capacity and weak implementation capacity by staff and implementation partners	Moderate	UNHCR being a premier institution will manage and coordinate project implementation and will be staffed with project coordination, procurement, financial management, and M & E and institutional capacity experts. The Bank will provide hands-on project implementation support.
Risk 2- Fiduciary risk due to weak financial, procurement, and project management systems.	Low	The Fiduciary Principles Agreement between UNHCR and the Bank provides assurance on the sound fiduciary framework and accountability and oversight framework. Furthermore, the project will enhance transparency, accountability, and responsibility in the management of project resources through regular reporting.
Risk 3- Sustainability risk resulting from weak knowledge transfer, dissemination, skills, and use of developed management tools	Moderate	The Project has provided resources to strengthen the capacity of project beneficiaries and UNHCR.

4.7 Knowledge Building

The proposed project will build on the knowledge acquired the lessons learned to develop skills in specific areas related to capacity building, private sector engagement, financial inclusion, and entrepreneurship development in fragile settings. In addition, the project is expected to address such cross-cutting issues as gender, environmental management, and civil society engagement as key aspects of socio-economic development in transition states. Project implementation and results will be closely monitored and captured through the monitoring and evaluation mechanism that has been agreed, including half yearly progress reporting, six-monthly supervision missions, mid-term review, project completion, and audit reports, and these will contribute towards knowledge management and lessons learned to inform future interventions. These areas of work under the project will constitute important sources of lessons or a body of knowledge on strategic developmental issues for the Bank.

V. LEGAL INSTRUMENTS AND AUTHORITY

5.1. Legal instrument

The legal instrument for the financing will be, pursuant to the Fiduciary Principles Agreement (the “FPA”) between the Bank, the Fund and the Office of the United Nations High Commissioner for Refugees (UNHCR) signed on 12 December 2017, a Tripartite Funding and Implementation Agreement amongst the Republic of Mozambique as the grant Recipient, UNHR as the Executing Agency and the African Development Bank (the “Bank”), and the African Development Fund (the “Fund”) (the Bank and the Fund

are hereby collectively referred to as the “Fund”) as Administrators of the Transition Support Facility (the “TSF”).

5.2. Conditions associated with Bank’s intervention

5.2.1 Conditions for effectiveness

The Tripartite Funding and Implementation Agreement enter into force upon its signature by the Recipient, UNHCR and the Bank.

5.2.2. Conditions Precedent to disbursement of the three tranches:

(a) The first tranche of UA 334,2100 shall be disbursed upon entry into force of the Agreement and submission by the Executing Agency to the Fund of a disbursement request with the relevant account details in which the resources of the grant shall be deposited.

(b) The second tranche of UA 368,000 shall be disbursed upon submission by the Executing Agency in form and substance satisfactory to the Fund, of the following (i) an Interim Unaudited Financial Statements reflecting the receipts and expenditures on the use of the first tranche of the Grant, certified by a financial officer authorized by UNHCR, (ii) evidence of physical execution of project activities, and (iii) a project implementation progress report.

(c) The third tranche of UA 297,3900 shall be disbursed upon submission by the Executing Agency in form and substance satisfactory to the Fund, of the following (i) an Interim Unaudited Financial Statements reflecting the receipts and expenditures on the use of the second tranche of the Grant, certified by a financial officer authorized by UNHCR, (ii) evidence of physical execution of project activities, and (iii) a project implementation progress report.

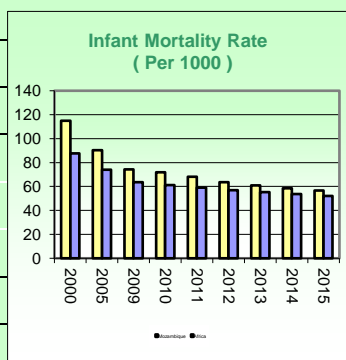
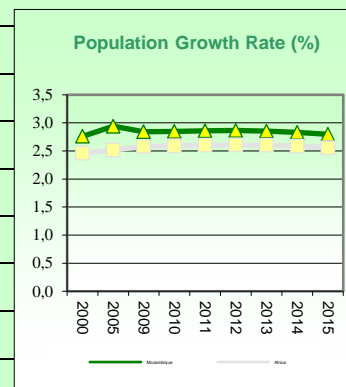
The grant will be transferred to the UNHCR in United States Dollars.

VI RECOMMENDATION

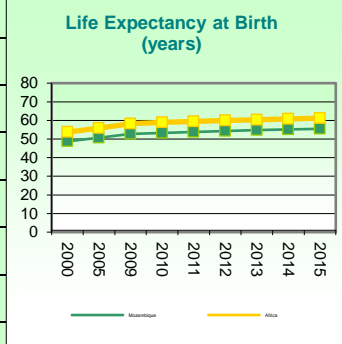
Management is hereby invited to consider and approve a Grant of One Million Units of Account (UA 1,000,000) requested by the Republic of Mozambique, from TSF Pillar III allocation of the ADF 15 cycle, on the terms and conditions stipulated in this report. In accordance with the Approval Procedure and Authority contained in the *Operational Guidelines for the Implementation of the Strategy for Addressing Fragility and Building Resilience in Africa and for the Transition Support Facility*, in Section 3.55 of the guidelines, the approval of grants for TSF Pillar III operations of UA 1 Million falls within the mandate of the Vice-Presidency Regional Development, Integration and Business Delivery (RDVP). Based on the aforementioned justifications and approval requirement, we, therefore, request your approval of UA 1.0 million from TSF Pillar III resources for the implementation of this project.

Appendix I. Country's comparative socio-economic indicators

	Year	Mozambique	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km²)	2016	799	30,067	97,418	36,907
Total Population (millions)	2016	28.8	1,214.4	6,159.6	1,187.1
Urban Population (% of Total)	2016	31.4	40.1	48.7	81.1
Population Density (per Km²)	2016	36.6	41.3	65.1	33.8
GNI per Capita (US \$)	2015	580	2 153	4 509	41 932
Labor Force Participation *- Total (%)	2016	79.1	65.7	63.5	60.0
Labor Force Participation **- Female (%)	2016	82.3	55.7	48.9	52.1
Sex Ratio (per 100 female)	2016	95.7	100.1	106.0	105.0
Human Develop. Index (Rank among 187 countries)	2015	181
Popul. Living Below \$ 1.90 a Day (% of Population)	2008	68.7	...	21.1	...
Demographic Indicators					
Population Growth Rate - Total (%)	2016	2.8	2.5	1.3	0.6
Population Growth Rate - Urban (%)	2016	3.4	3.6	2.4	0.8
Population < 15 years (%)	2016	45.1	40.9	27.9	16.8
Population 15-24 years (%)	2016	20.1	19.3	16.9	12.1
Population >= 65 years (%)	2016	3.4	3.5	6.6	17.2
Dependency Ratio (%)	2016	94.2	79.9	54.3	52.0
Female Population 15-49 years (% of total population)	2016	23.1	24.0	25.7	22.8
Life Expectancy at Birth - Total (years)	2016	55.8	61.5	69.9	80.8
Life Expectancy at Birth - Female (years)	2016	57.0	63.0	72.0	83.5
Crude Birth Rate (per 1,000)	2016	38.4	34.4	20.7	10.9
Crude Death Rate (per 1,000)	2016	11.0	9.1	7.6	8.6
Infant Mortality Rate (per 1,000)	2015	56.7	52.2	34.6	4.6
Child Mortality Rate (per 1,000)	2015	78.5	75.5	46.4	5.5
Total Fertility Rate (per woman)	2016	5.2	4.5	2.6	1.7
Maternal Mortality Rate (per 100,000)	2015	489.0	476.0	237.0	10.0
Women Using Contraception (%)	2016	18.7	31.0	62.2	...
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2005-2015	5.5	41.6	125.7	292.2
Nurses and midwives (per 100,000 people)	2005-2015	40.1	120.9	220.0	859.4
Births attended by Trained Health Personnel (%)	2010-2015	54.3	53.2	69.1	...
Access to Safe Water (% of Population)	2015	51.1	71.6	89.4	99.5
Access to Sanitation (% of Population)	2015	20.5	39.4	61.5	99.4
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2015	10.5	3.4
Incidence of Tuberculosis (per 100,000)	2015	551.0	240.6	166.0	12.0



Child Immunization Against Tuberculosis (%)	2015	95.0	81.8
Child Immunization Against Measles (%)	2015	85.0	75.7	83.9	93.9
Underweight Children (% of children under 5 years)	2010-2015	15.6	18.1	15.3	0.9
Prevalence of stunting	2010-2014	43.1	33.3	25.0	2.5
Prevalence of undernourishment (% of pop.)	2015-2016	25.3	16.2	12.7	...
Public Expenditure on Health (as % of GDP)	2014	3.9	2.6	3.0	7.7
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2010-2016	105.8	101.2	104.9	102.4
Primary School - Female	2010-2016	101.2	98.4	104.4	102.2
Secondary School - Total	2010-2016	32.4	52.6	71.1	106.3
Secondary School - Female	2010-2016	31.1	50.2	70.5	106.1
Primary School Female Teaching Staff (% of Total)	2010-2016	43.1	47.1	59.8	81.0
Adult literacy Rate - Total (%)	2010-2015	58.8	66.8	82.3	...
Adult literacy Rate - Male (%)	2010-2015	73.4	74.3	87.1	...
Adult literacy Rate - Female (%)	2010-2015	45.5	59.4	77.6	...
Percentage of GDP Spent on Education	2010-2015	6.5	5.0	4.0	5.0
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2014	7.2	8.7	11.2	10.3
Agricultural Land (as % of land area)	2014	63.5	41.7	37.9	36.4
Forest (As % of Land Area)	2014	48.5	23.2	31.4	28.8
Per Capita CO2 Emissions (metric tons	2014	0.2	1.1	3.5	11.0
<p>Sources : AfDB Statistics Department Databases; WB: World Development Indicators; UNAIDS; UNSD; WHO, UNICEF, UNDP; Country Reports.: Last updated June 2017 ;</p> <p>Data Not Available. * Labor force participation rate, total (% of total population ages 15+) Note n.a.: Not Applicable,** Labor force participation rate, female (% of female population ages15+</p>					



Appendix II. Table of ADB's portfolio in the country

#	Sector	Project code	Loan number	Project name	Sou	Fin. Inst.	Division	Sector	App. Date	Sig. Date	Entry Into Force Date	Eff. for 1st Disb. Date	Last Disb. Date	Final Disb. Date	Disb. (MUA)	Disb. Ratio	Com Ratio	Age(yrs)	Status
1	Agriculture	P-MZ-AA0-031	2100150039194	Ppf-Value Chain And Market Development Program Along Pemba_L	ADF	Loan	RDGS2	Agriculture	06/12/2017	25/05/2018	25/05/2018	25/05/2018	21/10/2020	30/06/2021	1	71.3%	87%	3.4	OnGo
2	Agriculture	P-MZ-AA0-033	2100155036468	Drought Recovery And Agriculture Resilience Project	ADF	Grant	RDGS2	Agriculture	18/01/2018	21/02/2018	21/04/2018	05/06/2018	27/04/2021	30/06/2023	9	91.6%	88%	3.3	OnGo
3	Agriculture	P-MZ-AA0-034	2100155037718	Agricultural Value Chain And Youth Empowerment Project	ADF	Grant	RDGS2	Agriculture	20/07/2018	01/10/2018	01/10/2018	01/10/2018	19/04/2021	31/12/2023	2	19.6%	51%	2.8	OnGo
4	Agriculture	P-MZ-AZ0-003	2100150027693	Baixo Limpopo Irrigation & Climate Resilience Project	ADF	Loan	RDGS2	Agriculture	26/09/2012	08/11/2012	03/04/2013	20/06/2013	14/04/2021	30/06/2022	16	94.1%	83%	8.6	OnGo
5	Agriculture	P-MZ-AZ0-003	5565155000051	Baixo Limpopo Irrigation & Climate Resilience Project	SCF	Grant	RDGS2	Agriculture	26/09/2012	08/11/2012	08/12/2012	20/06/2013	26/04/2021	30/06/2022	1	75.6%	98%	8.6	OnGo
6	Agriculture	P-MZ-AZ0-003	5565130000001	Baixo Limpopo Irrigation & Climate Resilience Project	SCF	Loan	RDGS2	Agriculture	26/09/2012	08/11/2012	03/04/2013	20/06/2013	29/09/2020	30/06/2022	7	75.0%	88%	8.6	OnGo
7	Transport	P-MZ-D00-007	2100155033673	Mueda - Negomano Road Project Phase I	ADF	Grant	RDGS1	Transport	09/12/2016	02/02/2017	02/02/2017	11/11/2017	03/05/2019	31/12/2022	0	0.3%	22%	4.4	OnGo
8	Transport	P-MZ-D00-007	2100150036499	Mueda - Negomano Road Project Phase I	ADF	Loan	RDGS1	Transport	09/12/2016	02/02/2017	30/08/2017	11/11/2017	23/04/2021	31/12/2022	11	20.6%	54%	4.4	OnGo
9	Transport	P-MZ-DB0-012	2100150028343	Nacala Transport Corridor Phase-Iii	ADF	Loan	RDGS1	Transport	05/12/2012	15/03/2013	29/11/2013	10/04/2014	08/04/2021	31/12/2022	29	74.7%	79%	8.4	OnGo
10	Transport	P-MZ-DB0-012	2100155024216	Nacala Transport Corridor Phase-Iii	ADF	Grant	RDGS1	Transport	05/12/2012	15/03/2013	15/03/2013	10/04/2014	28/11/2016	31/12/2022	0	100.0 %	100 %	8.4	OnGo
11	Water Sup/Sanit	P-MZ-EAZ-003	5600155004651	Urban Sanitation, Drainage And Solid Waste Management In Chi	AWF	Grant	RDGS4	Water Sup/Sanit	14/07/2016	27/01/2017	27/01/2017	01/02/2018	13/01/2021	31/12/2021	1	61.9%	73%	4.8	OnGo

1 2	Power	P-MZ-FD0-003	2000130021093	Mozambique Lng Area 1	ADB	Loan	PITD4	Power	21/11/2019	11/06/2020	11/06/2020	23/03/2021	---	15/03/2025	0	0.0%	0%	1.4	APVD
1 3	Finance	P-MZ-HAB-001	2000130013582	Africa Sme Program Loc - Mozabanco S.A Mozambique	ADB	Loan	PIFD	Finance	11/04/2014	14/11/2014	14/11/2014	10/04/2015	31/05/2016	30/05/2016	6	100.0 %	0%	7	OnGo
1 4	Finance	P-MZ-HAB-004	2000130020680	Line Of Credit Banco Comercial E De Investimentos S.A. Mozam	ADB	Loan	PIFD1	Finance	15/07/2019	---	---	---	---	---	0	0.0%	0%	1.8	APVD
1 5	Finance	P-MZ-HAB-004	5060140000551	Line Of Credit Banco Comercial E De Investimentos S.A. Mozam	PSF	Loan	PIFD1	Finance	13/11/2019	---	---	---	---	---	0	0.0%	0%	1.4	APVD
1 6	Social	P-MZ-I00-002	2100155036425	Unilurio~Support To Skills Development For Agriculture And I	ADF	Grant	RDGS2	Social	16/01/2018	21/02/2018	21/02/2018	21/02/2018	26/04/2021	31/08/2023	2	17.9%	36%	3.3	OnGo
1 7	Social	P-MZ-IZ0-002	2100150030643	Consolidation Women's Entrepreneurship	ADF	Loan	RDGS2	Social	18/12/2013	25/03/2014	05/12/2014	30/09/2015	27/11/2018	30/12/2021	1	86.2%	100 %	7.4	OnGo
1 8	Social	P-MZ-IZ0-002	2100155026666	Consolidation Women's Entrepreneurship	ADF	Grant	RDGS2	Social	18/12/2013	25/03/2014	22/04/2014	08/08/2014	30/03/2021	31/12/2021	2	80.6%	70%	7.4	OnGo
1 9	Social	P-MZ-IZ0-003	2100155032268	Job Creation And Livelihood Improvement Project	ADF	Grant	RDGS2	Social	18/05/2016	17/06/2016	17/06/2016	17/06/2016	12/04/2021	30/06/2023	2	32.7%	44%	4.9	OnGo
2 0	Multi-Sector	P-MZ-K00-012	2100155040738	Multi-Country Covid-19 Response Support Program For Mozambiq	ADF	Grant	ECGF	Multi-Sector	22/07/2020	28/07/2020	28/07/2020	06/08/2020	21/08/2020	30/04/2021	15	100.0 %	0%	0.8	APVD
2 1	Multi-Sector	P-MZ-K00-012	5900155016266	Multi-Country Covid-19 Response Support Program For Mozambiq	TSF	Grant	ECGF	Multi-Sector	22/07/2020	28/07/2020	28/07/2020	06/08/2020	03/09/2020	30/06/2021	15	100.0 %	0%	0.8	APVD
2 2	Multi-Sector	P-MZ-KB0-001	5700155002751	Nacala Corridor Business Linkages Ta Project	FAP A	Grant	RDGS2	Multi-Sector	14/06/2017	14/09/2017	27/11/2017	08/02/2018	23/02/2021	30/12/2021	1	73.3%	67%	3.9	OnGo
2 3	Transport	P-Z1-DB0-039	2100150020398	Multi-Nacala Corridor Project (Mozambique)	ADF	Loan	RDGS1	Transport	24/06/2009	23/10/2009	24/02/2010	20/07/2011	22/04/2021	30/10/2021	83	81.0%	76%	11.8	OnGo
2 4	Power	P-Z1-FA0-073	2100150030595	Enabling Large Scale Gas & Pwr Investmnt	ADF	Loan	RDGS1	Power	18/12/2013	25/03/2014	03/02/2015	03/02/2015	23/04/2021	30/06/2022	5	54.1%	63%	7.4	OnGo

25	Agriculture	P-Z1-AZ0-014	5900155015802	Post Cyclone Idai Emergency Recovery And Resilience Programm	TSF	Grant	RDGS4	Agriculture	05/06/2019	20/08/2019	20/08/2019	20/08/2019	25/03/2021	30/12/2023	1	10.4%	21%	1.9	OnGo
26	Agriculture	P-Z1-AZ0-014	2100155040216	Post Cyclone Idai Emergency Recovery And Resilience Programm	ADF	Grant	RDGS4	Agriculture	05/06/2019	20/08/2019	20/08/2019	20/08/2019	23/02/2021	31/12/2023	5	26.6%	33%	1.9	OnGo
27	Agriculture	P-Z1-AZ0-014	5900155015801	Post Cyclone Idai Emergency Recovery And Resilience Programm	TSF	Grant	RDGS4	Agriculture	05/06/2019	20/08/2019	20/08/2019	20/08/2019	26/11/2020	31/12/2023	0	0.9%	21%	1.9	OnGo
28	Transport	P-Z1-DB0-039	5110155000758	Multi-Nacala Corridor Project (Mozambique)		Grant	RDGS1	Transport	28/11/2019	---	---	---	---	---	0	0.0%	0%	1.4	OnGo
29	Transport	P-Z1-DB0-039	6550655000451	Multi-Nacala Corridor Project (Mozambique)		Loan	RDGS1	Transport	10/03/2010	10/03/2010	06/07/2010	20/07/2011	---	06/07/2016	0	0.0%	100%	11.1	OnGo
30	Transport	P-Z1-DB0-222	5900155016172	Mueda-Negomano Phase Ii (Lot A)	TSF	Grant	RDGS1	Transport	25/11/2019	24/02/2020	24/02/2020	30/10/2020	---	31/12/2023	0	0.0%	0%	1.4	OnGo
31	Transport	P-Z1-DB0-222	2100155040649	Mueda-Negomano Phase Ii (Lot A)	ADF	Grant	RDGS1	Transport	25/11/2019	24/02/2020	24/02/2020	30/10/2020	27/04/2021	31/12/2023	0	0.4%	0%	1.4	OnGo
32	Power	P-Z1-FA0-164	2100155040366	Temane Transmission Project (Ttp)	ADF	Grant	RDGS1	Power	19/07/2019	29/08/2019	29/08/2019	17/08/2020	06/11/2020	31/12/2023	0	0.2%	0%	1.8	APVD

Appendix III. Key related projects financed by the Bank and other development partners in the country

Donor	Name of the Project	Implementing Agency		Currency	Amount in Country Currency	Amount in US Dollars	Funding Modality	Duration	Local	Comments
						€ 1 = \$1,308				
CLIMATE CHANGE ADAPTATION AND DISASTER RISK REDUCTION										
ON-GOING PROJECTS										
NATIONAL LEVEL										
World Bank	Sustenta	MITADER (DNGA), Nampula and Zambeze province		\$ USD		40,000,000.00 (26000000,00 grant /14000000 loan)	Loan/Grant	20016-2021	Nampula and Zambeze	
Danida/EU Commission (Irish Aid)	Support Program to the Environment Sector (PASA II)	MITADER		\$		60,980,000.00	Grant	2011-2015	National, provincial and local	
World Bank	PROIR	MASA				Loan	Grant	2011 - 2018	National, provincial and local	Gaza, Tete, Cabo Delgado
World Bank	APSA	MASA/IIAM		\$		30000000.00	Loan	2015 - 2020	National	Research
UNDP (LDCF/GEF)	Adaptation in the coastal zones of Mozambique	MITADER		\$	Total	9,667,000.00	Grant	1/10 2011 - 1/9 2015	National, local (Pemba, Inharrime, Pebane)	Total (\$14,110,000) includes a GEF contribution of \$4.433.000; GoM contribution of US\$ 827,000 (in kind and money); UNDP funds; parallel funding
					Grant	4,433,000.00				
Joint Program "UN Delivery as One"	Support to Risk Reduction Against Disasters	UNDP/UN-HABITAT UNICEF/FAO/WFP IOM/WHO/UNFPA		\$		10,000,000.00	Grant	2008-2010	National, provincial and local	

Donor	Name of the Project	Implementing Agency		Currency	Amount in Country Currency	Amount in US Dollars	Funding Modality	Duration	Local	Comments
Joint Program from the Spanish Fund for ODM	Climate Change Adptation and Environmental Integration	FAO/UNEP/ UNDP		\$		7,000,000.00	Grant	2008-2012	Limpopo Basin and Chicualacuala district - Gaza	Mostly in the district of Chicualacuala. Financed by the Spanish Government through the MDG-F. Project will close in mid-2012
German Cooperation	Institutional Advisor for consolidation and increasing risk management for calamities in Mozambique	INGD		\$		7,600,000.00	Grants	2007- fim 2012	National, Provincial, Local	Caia, Beira, Buzi, Save, Mabote, Funhalouro, Vilankulos, Maputo
UNDP	Climate Change Project at INGD Fase II – Response às CC em Moç	INGD		\$	3,600,000.00	3.600.000, Danida: 1057000, PNUD: 1250000, Afd: 243000	Grant	2009-2011	National	Draft final reports made available mid-March 2012
França (AFD)										
Danida										
Irish Aid				Euro	250,000.00	327,000.00		2011 - 2012	Mabote	
JICA	Climate Changes Water Supply Emergence Program	MITADER/INGD/DNA		\$		11,000,000.00	Grant	2009-2010	Províncias de Maputo e Gaza	Previsto para envolver 75.000 pessoas, mas devido a limitação de recursos apenas 20.000 pessoas
Holanda Canada CAD 5.000.000.00 USAID In-Country Missions (U.S.A.)	Promotion and Protection of Means of Subsistence (LPP) under emergency Situation	WFP em parceria com INGD e MASA		\$		40,000,000.00	directo multilateral	2008-2010	30 Distritos vulneráveis do Plano Director do INGD	
AFD (GEF francês)	Adaptação às mudanças climáticas no Parque Nacional das Quirimbas	MITUR		€	1,000,000.00	1,308,000.00	Grant	2011-2014	Cabo Delgado - PNQ	Parte dum projecte mais global de apoio do PNQ
AFD (GEF francês)	REDD+ - Reserva Nacional do Gile e sua periferia	MITUR		€	2,000,000.00	2,616,000.00	Grant	2011-2014	Zambezia	Statuto : início

UNDP	Capacity Development for RRD and AMC	INGD/MITADER		\$		4,568,000		2012-2015		Note that the total refers to UNDP core funding already allocated; the project plans to mobilize an additional \$10,771,000.
Donor	Name of the Project	Implementing Agency		Currency	Amount in Country Currency	Amount in US Dollars	Funding Modality	Duration	Local	Comments
MITIGAÇÃO										
FINANCIAMENTO EM CURSO										
Noruega	Sul-Sul REDD	IIED with differet institutions		NOK	3.800.000 2,000,000	+ 645,934.00	Grant	2009-Marco 2012		
Japan, Government of	Provision of survey equipment, satellite images, PC, and softwares for RS for monitoring REDD+	MASA (DNTF)		Yen	7,000,000.00	7,000,000.00	Grant	2010	National	A part of the Japan Grant Aid for Forest Preservation Programme: US\$200million for 22 countries
Japan International Cooperation Agency (JICA)	Technical Cooperation Project (Establishment of Sustainable Forest Resource Information Platform for Monitoring REDD+)	MASA (DNTF)		\$	3,500,000		Technial Cooperation	2012-2017	National	
German and Dutch	Energizing Development: Access to modern Energy Services (AMES), grid densification and off grid solar and hydro	FUNAE		\$	3,800,000	5,244,000	Grant	2010-2012	Maputo/Matola /National /Manica province	

APENDIX IV: Mandatory annex on M&E arrangements to be included in the PAR/PCN

A. Alignment indicators							
Indicator name	Definition/ description	Source	Baseline and targets (where possible)				
Number of IDP with increase income	The project will provide capacity building to the IDPs and link them to the market using a private sector. This will provide them with a security market.	Government Reports, UNHCR, Poverty Surveys, MADER reports	Baseline (date): 150,000 Target (date): 300,000				
B. Outcome (<i>performance indicators</i>)							
Indicator name	Definition/ Description	Methodology for collection	Responsibility for collection	Frequency of reporting	Results planning		
					DATE 1	DATE 2	DATE X
% of project participants who self-reported increase in business transactions.	It refers to the people that will benefit from the capacity building activities	Data collection from M&E and MTR review of project	UNHCR, INE	3 -Years	06/2023	06/2024	N/A
# of skilled refugees, IDPs, host Communities to meet market demand	Change on income as result of project activities, i.e. Agriculture & marketing activities	Survey and Questionnaires	UNHCR, INE	Annually	12/2022	12/2023	12/2022+1
Output Indicators (<i>performance indicators</i>)							
OUTPUT INDICATOR 1.1: # of assessments conducted	Water harvesting infrastructures that the project will allocate to increase the accessibility for drinking water for human, animal and plant consumption	Data collection from M&E, Quarter Reports and MTR review of project	Project Staff, Extension Workers at district level	Quarterly (4-times a Year)	03/2022	06/2022	09/2022
Land allocation process strengthened	To improve accessibility, see protection and erosion control	Data collection from M&E, Quarter Reports and MTR review of project	Project Staff, Extension Workers at district level	Quarterly (4-times a Year)	03/2022	06/2022	09/2022
Land allocation process strengthened	Area occupied with drip irrigation	Data collection from M&E, Quarter Reports and MTR review of project	Project Staff, Extension Workers at district level	Quarterly (4-times a Year)	03/2022	06/2022	09/2022
# of Training on skills and entrepreneurship development.	Transfer of knowledge to community members that will capacity other community members	Data collection from M&E, Quarter Reports and MTR review of project	Project Staff, Extension Workers at district level	Quarterly (4-times a Year)	03/2022	06/2022	09/2022
Training sessions of farmers on land management, develop local land use plans and facilitate the distribution of tenure security to	Transfer of knowledge to community members that will	Data collection from M&E, Quarter Reports and MTR review of project	Project Staff, Extension Workers at district level	Quarterly (4-times a Year)	03/2022	06/2022	09/2022

small farmers in the project implementation areas.	capacity other community members						
# of project beneficiaries trained in small business management	Increase the capacity of the livestock to resist to drought	Data collection from M&E, Quarter Reports and MTR review of project	Project Staff, Extension Workers at district level	Quarterly (4-times a Year)	03/2022	06/2022	09/2022
# of project beneficiaries provided with guidance on business market opportunities	Construction of training centres for youth related activities	Data collection from M&E, Quarter Reports and MTR review of project	Project Staff, Extension Workers at district level	Quarterly (4-times a Year)	03/2022	06/2023	09/2024
# of project beneficiaries trained in small business management	This is equipment for processing wild fruits and contracting a consultant that will help farmers getting into the market	Data collection from M&E, Quarter Reports and MTR review of project	Project Staff, Extension Workers at district level	Quarterly (4-times a Year)	03/2022	06/2023	09/2024
# of trainings on Financial Literacy provided	Description of the risks and vulnerability faced by the population	Data collection from M&E, Quarter Reports and MTR review of project	Project Staff, Extension Workers at district level	Quarterly (4-times a Year)	03/2022	06/2023	09/2024
# of beneficiaries trained in financial literacy skills	Technical Assistance to support the Disaster Management Fund	Data collection from M&E, Quarter Reports and MTR review of project	Project Staff, Extension Workers at district level	Quarterly (4-times a Year)	03/2022	06/2023	09/2024
# of trainings on Financial Literacy provided	Support policy and strategic environment	Data collection from M&E, Quarter Reports and MTR review of project	Project Staff, Extension Workers at district level	Quarterly (4-times a Year)	03/2022	06/2023	09/2024
# of beneficiaries trained in financial literacy skills	Capacity building to INGD	Data collection from M&E, Quarter Reports and MTR review of project	Project Staff, Extension Workers at district level	Quarterly (4-times a Year)	03/2022	06/2023	09/2024
# Annual audit reports prepared and submitted within 3 months after end of each year	Studies and M&E system in place	Data collection from M&E, Quarter Reports and MTR review of project	Project Staff, Extension Workers at district level	Quarterly (4-times a Year)	03/2022	06/2023	09/2024
# quarter reports prepared and submitted within 3 months after end of each year	Reports and M&E systems	Data collection from M&E, Quarter Reports and MTR review of project	Project Staff, Extension Workers at district level	Quarterly (4-times a Year)	03/2022	06/2023	09/2024

User note for table 1:

1. *Indicator name:* This refers to the exact same indicator name referred to in the results framework.
2. *Definition / Description:* This provides an easy-to-understand and detailed enough definition of each indicator.
3. *Methodology for data collection:* This refers to the specific computation used to provide updated data.
4. *Responsibility for data collection:* This indicates the unit or office responsible for collecting the data at regular intervals.
5. *Results planning.* This indicates the planned/expected targets for each indicator at different stages of the project (at minimum the target data at mid-term and at completion should be specified).
6. Note that baseline and targets for alignment indicators are not mandatory. If not available, operations staff should insert “not available” in the corresponding cell.
7. *Frequency of reporting* should document the periodicity at which data on the indicator is updated. It is recommended to avoid as much as possible to use “end of project” in this column as operations staff s should know in advance of the completion of the project if the project results are on track or if improvement actions are needed

APENDIX V: Mandatory annex on risks to results to be included in the PAR

RISK CATEGORY	RISK DESCRIPTION	RATING	MITIGATION MEASURE	RISK OWNER
COUNTRY'S POLITICAL AND GOVERNANCE CONTEXT	The current situation of insecurity in the central and northern Mozambique may pose a huge risk for the project since it will increase the number of displaced people to move to the project areas	High	Land concessions will help settling the displaced people into productive land	Government
MACROECONOMIC	The increase level o disinvestment in the country, currency fluctuation, prices increase in the international market because of the COVID pandemic may undermine the capacity to implement all designed activities	High	Increase participation and support from UNHCR will help for materials and products to be acquires in the local market	UNHCR
TECHNICAL DESIGN OF THE OPERATION	Farmers with no interest to adopt new technologies as they are not part of their long-term practices	Medium	Promoting stakeholder's participation, engagement, and integration	Beneficiaries
ENVIRONMENTAL AND SOCIAL	Internal migration from one community to another due to security.	Medium	Best choice location of the centers	Beneficiaries

Annex 3: PROJECT FRAGILITY & RESILIENCE ASSESSMENT

Overview of Fragility Context amid Conflict and COVID-19

The combination of Mozambique's exposure to the impact of the COVID-19 pandemic, climate change and the dynamics of the conflict in the Northern region has generally increased the vulnerability of most of its population to security, socio-economic shocks and poverty and food insecurity. These shocks do test the country's policy architecture to handle them with speed and efficacy, not just in Mozambique, but across the globe. The government of Mozambique has made tremendous effort to address the challenges posed by the COVID-19 pandemic by expanding its social protection system, prioritizing the population who are most vulnerable to the crisis⁴. This effort is also complemented by the support of development partners, the AfDB being one of the first responders to government's call for support⁵ under the COVID-19 Response Facility (CRF) ensuring a rapid, innovative and coordinated response strategy.

Furthermore, the conflict in the North of the country has been a focus of serious humanitarian concerns for Cabo Delgado and the surrounding provinces of Nampula and Niassa. Various reports link the conflict to varying jihadism and underlying political and socio-economic governance issues.

Country Fragility and Resilience Assessment (CRFA)

The 2020 Country Resilience and Fragility Assessment for Mozambique showed mixed results in terms of capacities and pressures. In terms of **inclusive politics**, although the country has weak political participation, representation in the political system is high, with 40% parliament seats held by women. Concerns of corruption and bribery linger, although the country has some degree of political instability, government has managed it fairly well, apart from the insecurities in the North of the country, which have both religious and political dynamics to it. The **security** situation in the country is generally kept in check by the strong presents of strong policing institutions, although attacks by armed groups in Cabo Delgado have overwhelmed defence institutions, extending into internationalisation of the conflict. The country has been enjoying **judicial** reforms following truce between ruling FRELIMO and RENAMO forces. However, there is still room to improve the justice system in the country, ensuring access by all citizens and accountability by senior officials. Mozambique has high levels of inequality, exhibiting capacity gaps in implementing effective policies that ensure **socio-economic inclusiveness**. In the northern region, poverty is very high, with limited access to public services by the majority. Social cohesion is not strong, but the role of the civil society has been strengthening over time as government and Partners have increasingly recognised them. Although freedom of expression is promoted, government censorship is also an important feature within political spheres. Marginalisation of youth and women is something the country still battles with, but these groups have huge potential to contribute to the economy and enhance **social cohesion**. The Global Climate Risk Index 2017 ranked Mozambique as the country most affected by **climate change** in 2015 due to heavy rainfalls, flooding and an intensified monsoon season devastating infrastructure, agriculture and food security, affecting around one third of a million people.

⁴ https://www.ilo.org/africa/countries-covered/mozambique/WCMS_769723/lang--en/index.htm

⁵ <https://www.afdb.org/en/news-and-events/press-releases/mozambique-african-development-bank-grants-16-million-support-national-covid-19-response-44032>

A. Trending Drivers of Fragility in Mozambique

The socio-economic effects of COVID-19 pandemic

Health-related effects of COVID-19 have been real among families, households and societies. As the world is still reeling from the effects and impact of the corona virus disease (COVID-19), the number of vulnerable populations has spiked worldwide. According to the WHO, Mozambique's health system displays large inequalities across the regions, primarily due to uneven resource allocations, despite government's focus on building health infrastructure in rural areas to reduce the inequities. The pandemic has tested the readiness of public health institutions to shocks, bringing to surface some structural weaknesses in the country's health care sector, given financing, human and equipment resources that are inputs to service provision.

In 2020, the government developed a COVID-19 Preparedness and Response Plan for the Health Sector, with a budget of about \$28 million, but the socio-economic needs totaled US\$ 700 million for the overall COVID-19 response (UN situation report 2020)⁶. The needs-budget gap had an impact the ability to conduct widespread testing and tracing; secure easy access to health centers by those in remote places; ensure continuous supply or retain and stimulate local production of consumable good and services in the health sector; and curb disruption to livelihoods in the small scale and informal economies, among others.

Mozambique has a significant population which is vulnerable to health, social and economic impacts of the COVID-19 pandemic, especially populations at the bottom of the pyramid who ***lack access to public services and experience income poverty***. A large share of its 28.8 million people still lives close to the poverty line, estimated at 46.10%⁷ in 2021, who are vulnerable even to small variations in income. COVID-19 is expected to affect 32% of vulnerable population, including the internally displaced people, and people on the move, who rely on relief aid for survival, including refugees who depend on informal work and self-employment⁸. Livelihoods, food security and nutrition are likely worsened among members of such vulnerable groups, as some analysts estimating that household consumption decreased by between 7.1 (direct income/wage and 14.4 (employment losses) per cent, while poverty increased by 4.3 and 9.9 percentage points in 2020⁹ along the two channels (in parentheses).

The education sector has not been spared of the brunt effects of the pandemic. Although children have been relatively less affected directly by COVID-19 infections globally, the indirect consequences of measures to fight the pandemic take root in the social and economic realities of this group¹⁰. School attendance has been disrupted, eroding the benefits of regular learning processes and UNICEF does recognize that the short-, medium- and long-term impacts on children and adolescents can no longer be ignored. The results of disrupted learning does impact directly on children's mental capabilities to cope with learning and the future literacy levels. Furthermore, the measures to deal with the pandemic regress the school enrollment rates given the impact on livelihoods of parents and guardians whose incomes have been altered, especially within the informal and self-employed groups in Mozambique – refugees and IDPs are mostly likely to be found in.

⁶ The requested funds include both short and long-term health and non-health related needs such as test kits, personal protective equipment and gear for frontline health workers, medical equipment for intensive care, building provincial hospitals, decentralizing laboratory capacity as well as financial measures to support the private sector and the development of a safety net social program to support the most vulnerable.

⁷ <https://worldpopulationreview.com/country-rankings/poverty-rate-by-country>

⁸ <https://reliefweb.int/report/mozambique/mozambique-covid-19-impact-assessment-central-region-mozambique-manica-sofala-1>

⁹ <https://www.wider.unu.edu/publication/impact-covid-19-consumption-poverty-mozambique>

¹⁰ <https://www.unicef.org/esa/documents/impacts-covid-19-children-mozambique>

Socio-Economic Factors and Exclusion

Poverty: Some 60% of Mozambique's population lives in rural areas where they find it harder than city-dwellers to access public services such as water and sanitation. Considering access to public services as a basic need, Mozambique shows mixed progress on decentralisation and regional development, despite it being fundamental as a mechanism for greater social and economic inclusion and reduced inequalities.

Inequality: With a relatively high gini index, UNDP reported¹¹ that Mozambique's HDI for 2019 is 0.456, but that the value falls to 0.316 when discounted for inequality (on the IHDI, there is a loss of 30.7 percent).

Exclusion: The north of the country has a history of lingering sense of exclusion from the centre and hardened a sense of regional identity¹². Weak mechanisms for transparency and accountability have underscored the challenge of corruption – both grand and petty. This has implications for most public services and for public trust, enabled illicit trafficking, and contributed to poor human capital outcomes. Some 60% of Mozambique's population lives in rural areas where they find it harder than city-dwellers to access public services such as water and sanitation. Income inequality has increased sharply, and poverty remains high as Mozambique emerges slowly from an economic downturn.

Disruption to economic/livelihoods activities: In some cases, state interventions on economic and development matters, although legal, created damage and disfunction that fed the insurgency. For example, the state cracked down on artisanal ruby miners and traders in Montepuez (Cabo Delgado), in order to secure the interest of foreign investments associated with the Cabo Delgado elite in the sector. This disrupted the livelihoods of a considerable number of Mwani people, and disrupted businesses and trade networks with regional coverage, spanning Tanzania, Kenya and even beyond (International Crisis Group, 2021). The COVID-19 pandemic measures to curb the virus spread is increasing the economic burden on the people affected.

Risks from the Conflict and Social Exclusion

In Northern Mozambique, there are patterns of religious intolerance that have been reportedly linked to the ongoing conflict. Da Silva (2020) did find that violence in Cabo Delgado directly affecting both Christian and Muslim populations who do not support the Mozambican Al Shabaab activities.

Some religious leaders from the Muslim faith are suspected of drawing young people into violent insurgency, drawing on people's discontent with their socioeconomic conditions and luring them with support for their small businesses and livelihood activities, is common to all the provinces of Cabo Delgado, Nampula and Niassa. There are unverified reports of absence of a sense of belonging to the Mozambican community by some groups from the North, with a common belief that raises the propensity to oppose the national system. Thus, insurgent recruiters capitalize on such sentiments, using religion as a mobilising element to build a common purpose¹³.

Climate change-related drivers

Mozambique is highly susceptible to weather-related variations and change in patterns of rains due to climate change, including cyclones, droughts, and floods, amongst others. which are becoming

¹¹ <http://hdr.undp.org/sites/default/files/Country-Profiles/MOZ.pdf>

¹² Jason Sumich Nationalism, Urban Poverty and Identity in Maputo, Mozambique: <https://www.files.ethz.ch/isn/12678/WP68.2.pdf>

¹³ <https://reliefweb.int/sites/reliefweb.int/files/resources/Policy-Brief-The-rise-and-root-causes-of-Islamic-insurgency-in-Mozambique-1.pdf>

increasingly stronger and more frequent¹⁴. The Global Climate Risk Index 2017 ranked Mozambique as the country most affected by climate change in 2015 due to heavy rainfalls, flooding and an intensified monsoon season devastating infrastructure, agriculture and food security, affecting around one third of a million people. In 2019, the country was one of the most affected by climate related disasters in the world¹⁵, affecting nearly two million people. Beyond the loss of human lives, these events resulted in the loss of crops, livestock and wildlife; the destruction of social and economic infrastructure; increased dependency on international support; inflation of food costs; harm to human health and the environment; and the destruction of habitats. Resettlement is an important resolution to displace that is done the government to reduce the number of people living in high-risk areas (Jacobs and Almeida, 2020)¹⁶. However, there are sensitivities involved in resettlement programme, including land redistribution away from those own ancestral land, inequalities in the allocation, inadequate compensation for the loss of property and livelihoods, as well as land conflict as some people lose land to resettlements that benefit the displaced.

Socio-political drivers

With 40% of seats in parliament held by women, female representation in Mozambique's political system is high. The level of overall citizen participation in political discourse and electoral processes, however, is low. Despite a civil war of 1975 and political deadlock between the ruling party and the opposition, political stability has largely been observed in the country. The plurality of the political system has allowed for democratic participation, especially in recent elections, but concerns about corruption remain high.

However, the northern region still exhibits murky political settlements in view of the relationship between elites in the North and Maputo and the citizens, which is not good for peace and state-building but favours patronage and ethnic identity (Sumich, 2010). On the other end, the current pandemic is seen by some analysts as a threat to democratic processes, reversing the democratic dividends of the recent past. Given the conflict and lack of development of the north, it is important that the project carefully targets those beneficiaries who not only exhibit best potential, but also need the support. Lastly, the potential for conflict among beneficiaries, given reported or alleged underlying exclusionary practices by duty bearers.

Youthful people, who would otherwise lay in waithood or resort to delinquency to eke a living, are an important group that still lacks opportunities and still lack in their capacity to start businesses. The youth in Mozambique make up the larger fraction of the 27% unemployed in the country, caused by job access, education and skills amongst other causes.

Regional dimensions

Fragility in the region, especially when looking into the conflict in Cabo Delgado, is also seen as a result of *youth radicalization by foreign and national preachers of extremist Islamic* religion (Faria, 2021)¹. Predominantly dependent on agriculture, Mozambique's economy is relatively undiversified, making it vulnerable to shocks from global fluctuations in the price of its core tradable commodities. Regional integration within SADC helps to promote resilience. Although neighbouring countries are not in general a source of significant insecurity, transnational crime requires monitoring and the health risks emanating from outside Mozambique's borders and trade channels are substantial.

¹⁴ Joint European Centre- Disaster Risk Management Knowledge Centre (DRMKC -JRC). INFORM Risk index, (2021)

¹⁵ German Watch (2021). Global Climate Risk Index

¹⁶ <https://www.universiteitleiden.nl/binaries/content/assets/rechtsgeleerdheid/instituut-voor-metajuridica/land-and-climate-change-rights-and-environmental-displacement-in-mozambique.pdf>

B. Suggested Sources of Resilience

Mainstreaming Fragility to ensure that key aspects of fragility and vulnerability are incorporated into organisations' participation and policy advocacy agendas, building stakeholder awareness of these challenges and commitment to support change. The project is targeting those exposed most to the various dimensions of fragility

Private Sector to Drive Community Resilience

Private sector is seen as an engine for growth through mobilising

Civil Society Organisations

Strengthened capacity of homegrown organisations and platforms of civil society to support civic participation in the governance, planning, monitoring and evaluation of development projects, encourage networking and synergies and avoid reproducing patterns of dominance by organisations based outside the region.

Strengthening Community Resilience and Cohesion

Promote awareness of rights in relation to development and to the improvement of living conditions among the population of the region, to encourage proactive citizen engagement and social accountability. A campaign could be built using mapping to understand the extent to which laws protecting women's rights are known and applied. Promote a culture of networking and synergies, recognising the space, expectations and interests of local actors, as well as existing structures. Promote the establishment of an inclusive regional forum for dialogue on vulnerability and resilience. This should draw on a diverse range of information and evidence from state and independent bodies to help officials in the region and in central government to deepen their knowledge of the dynamics of the region, and the ways in which these influence vulnerability and shape potential paths to stability and social cohesion.

Traditional and religious leadership to decrease exposure to conflict

Engaging with local communities and traditional authorities to build a collective understanding of the drivers of exclusion and poverty, building social cohesion processes that can overcome the divisive pressure of divergent forces and identities in the northern region. Traditional mechanisms of conflict resolution remain an essential aspect of most rural communities, where modern judicial systems may be less available. Traditional and religious leaders are an important group for effective family structures that nurture young people into socially well-rounded individuals that see the benefit of peace and state-building.

Opportunities for Women and Youth

Explore and develop opportunities for greater youth participation under the new decentralisation framework increased participation and of women and youth in developmental decision making, to contribute to harmonised programmes and interventions that benefit all. Furthermore, paying attention to alternative and solution-driven initiatives that acknowledge and seek to minimise the impact of gender, youth and rural development divides is crucial to resilience building. Women, as an important pillar of the family, are crucial in teaching young people how to become community stewards who are building blocks of civic resilience. Given opportunities to develop life and livelihoods skills, youth have the biggest potential to transform the northern region.

Annex II Appraisal Mission Consultation List (UNHCR complete with Province and Local consultations)

Name	Institution
Amilcar Frederico	MADER
Nemane Momade	MADER
Americo da Conceicao	MADER
Celmira da Silva	MADER
Sofia Manussa	MADER
Pedro Dzucula	MADER
Delfim Vilissa	MADER
Florencia Cipriano	MADER
Alfredo Siteo	MIC
Assane Ibraimo	MIC
Cerina Mussa	MIC
Jose Atiboloiwa	MIC
Jose Libombo	MIC
Lourenco Sambo	MIC
Mateus Matusse	MIC
Momed Vala	MIC
Oswalda Wilson	MIC
Zulmira Macamo	MIC
Jose Meque	MIC
Tanya Mabjaia	MIC
Edgar Augusto	MIC
Vanessa Cossa	MIC
Leonel Biosse	MIC
Lara Dias	MIC
Ditox Nhantumbo	MIC
Tomas Sartinha	MIC
Sidonio dos Santos	MIC
Joaquina Gumeta	MIC

Isabel Sumar	MEF
Fatima Rungo	MEF
Ester Jose	MEF
Julio Mapote	CTA
Bento Uachisso	CTA
Francisco Sambo	MITA
Eugenio Sibinde	MOPHRH
Adelino Novais	SEJE
Anastacio Chembeze	SEJE
Augusto Isabel	FARE
Jaime Chissico	SPAE Nampula
Grace Woodrow	Novos Horizontes
Jamene Sangalakula	Partners Worldwide
Timóteo Bila	Academia Wunnuwa
Alberto Chicana	Ebenezer
Ricardo Alem	Horti-Sempre
Manuel Rodrigues Alberto	Nampula Provincial Government
Silvino Moreno	Nampula Provincial Government
Celso Aleixo	Nampula Provincial Government
Graciano Francisco	Nampula State Secretariat
Cremildo Abreu	INAR
João Roque Amado	INAR
Ivo Boaventura	INAR
Cezerilo Fernando	INAR
Saraiva Chicumule	INEP/IFPELAC Nampula
Joao Massingue	IFPELAC Cabo Delgado
Ernesto Joao Pacul	Nampula Provincial Government
Jose Rosa	Banco Futuro
Eduardo Luchessi	Banco Futuro
Vicente Paulo	UCODIN
Yolanda Dambi	UCODIN
Armando Govi	UCODIN
Persons of concern in Maratane – Focus-group Discussions	Maratane Refugee Settlement
Armino Ngunga Eugenio Nicols Idalina Manjute Antonio Cabral	Agência de Desenvolvimento Integrado do Norte (ADIN)
António Supeia	Secretary of State
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