

**PILOT PROGRAM FOR CLIMATE RESILIENCE  
BUSINESS DEVELOPMENT FOR RESILIENCE PROGRAM  
COVER PAGE FOR PROJECT FUNDING APPROVAL REQUEST**

<b>1. Country/Region:</b>	<b>Mozambique</b>	<b>2. CIF Project ID#:</b>	<i>XPCRRP026A</i>
<b>3. Type of CIF Investment:</b>	<b>Public</b> ✓	<b>Private</b> o	
<b>4. Project/Program Title (same as in CCH):</b>	Project Preparation for the Climate Resilient Water Services for Cuamba and Lichinga Cities Project		
<b>5. Indicate Track*:</b>	<b>Track 1 C</b>		
<b>6. Sector/Theme:</b>	<b>Water Development and Sanitation</b>		
<b>7. Project Lifetime:</b>	<b>2 Years</b>		
<b>8. Is this a private sector program composed of sub-projects?</b>			<b>No</b>
<b>9. Funding Request from PPCR (in USD) including PPG:</b>	Grant:	USD 700,000	
	Non-Grant:	0	
	Total:	USD 700,000	
	Amount allocated for PPG:		
<b>Financial Product</b>		<b>USD</b>	<b>EUR<sup>[b]</sup></b>
Grant		700,000	
Fee on grant			
MPIS		35,000	
		<b>USD 735,000</b>	
Public sector loan – Senior loan			
First loss guarantees			
Second loss guarantees			
Equity			
Senior loan			
Senior loans in local currency hedged			
Subordinated debt / mezzanine instruments with income participation			
Subordinated debt/mezzanine instruments with convertible features			
Convertible grants and contingent recovery grants/loans			
Other (please specify)			
<b>Total</b>		<b>USD 735,000</b>	
<b>10. Implementing MDB(s):</b>	African Development Bank		
<b>11. Other MDB Involvement:</b>	<i>MDB:</i>	<i>Type of Involvement:</i>	
<b>12. National/[Regional] PPCR Focal Point, if applicable:</b>	Xavier A. Chavana. Email: <a href="mailto:xchavana@gmail.com">xchavana@gmail.com</a> . Deputy National Director for Planning, Ministry of Economy and Finance, Mozambique.		

<b>13. National/[Regional] Executing Agency<sup>1</sup> for project:</b>	Administration of Water and Sanitation Infrastructure Unit (AIAS), with the Water Supply Infrastructure and Asset Investment Agency (FIPAG) as beneficiary	
<b>14. MDB PPCR Focal Point and Task Team Leader (TTL):</b>	<i>Headquarters-PPCR Focal Point:</i> Gizaw, Kidanua Abera Climate Finance Officer, Climate and Green Growth Department, African Development Bank, <a href="mailto:k.gizaw@afdb.org">k.gizaw@afdb.org</a>	TTL : <i>Eskendir Demissie</i> <a href="mailto:e.demissie@afdb.org">e.demissie@afdb.org</a> Co-TTL: <i>Emmanuel Olet</i> <a href="mailto:e.olet@afdb.org">e.olet@afdb.org</a>
<b>15. Project Description and Justification for Funding:</b>		
<p><b>1. Provide project description</b></p> <p>The proposed Technical Assistance (TA) seeks to increase the resilience of utilities, and communities – particularly women and youth - in the cities of Cuamba and Lichinga to frequent and extreme climatic events, to pervasive land degradation and to frequent siltation of dams through promoting resilient catchment-based integrated management. Mozambique completed its Strategic Program for Climate Resilience (SPCR) in 2011. However, significant TA is required to ensure that the investment areas endorsed for climate resilience vision achieve an adequate level of sectoral readiness. The Bank is prepared to support these activities in order to advance the priorities of Mozambique’s SPCR in the water sector.</p> <p>Mozambique is a tropical wet-dry to sub-tropical country with some semi-arid climate and is located in the eastern coastal zone of Southern Africa. The global index for risk management (INFORM) of 2023, rates the Mozambique very highly (7.4) as the 9<sup>th</sup> most exposed country to natural and human hazards. The Index further rates the country as very highly vulnerable (8.1); very highly lack coping capacities (6.3); floods (high at 6.3); tsunamis (high at rank 6.0); tropical cyclone (high at 5.2); drought (high at 6.1) and epidemic (very high) <sup>2</sup>.</p> <p>Climate change may decrease precipitation slightly, increase the likelihood of drought, and increase evaporation rates. Mozambique faces recurrent threats from cyclones, which may decrease in frequency but increase in intensity. Cyclones exacerbate flood risks, especially during peak river flows during the wet season. Poverty, weak institutional development and frequent extreme weather events make Mozambique especially vulnerable. The country is exposed to a number of extreme weather events including droughts, floods and tropical cyclones. An estimated 58% of Mozambique’s population is at risk of water-related hazards<sup>3</sup>. In 2017 the country was hit by tropical cyclone Dineo, which destroyed lives, property and infrastructure. Mozambique has a long coastline of about 2700 km, with more than 60% of its population of 22 million living in coastal areas, exposing large numbers of people to sea-level rise and climate extremes. In terms of vulnerability and readiness, Mozambique is ranked as highly vulnerable with low readiness, which calls for investments to improve readiness and urgency for action.</p> <p>Mozambique’s NAP (2022) identifies weak infrastructure for the capture, storage and channeling of water as the main limitation in the sector, that affects sectors such as agriculture, health and environmental sanitation. Large areas of the country are exposed to tropical cyclones, droughts (every 4 to four years) and flooding.</p>		

<sup>1</sup> This can be a government agency or a private sector firm.

<sup>2</sup> <https://drmkc.jrc.ec.europa.eu/inform-index>

<sup>3</sup> Source: Global Facility for Disaster Reduction and Recovery <https://www.gfdr.org/updates-field-responding-floods-mozambique>

Mozambique is vulnerable to the flooding of water sources, as it is situated downstream of nine major river systems which are already affected by climate variability; climate change is likely to exacerbate this vulnerability. Every year it is estimated that the country loses 1.1% of its GDP due to the impacts of droughts and floods on economic resources and activity. Climate change may lead to more severe drought and flooding. Evaporation rates and drought are projected to increase by later this century.

Government, through the Water Supply Infrastructure and Asset Investment Agency (FIPAG), is intensifying efforts to mobilize investment finance to address this limitation. Feasibility and detailed design studies are planned for the two project cities of Cuamba and Lichinga. The cities are served by the heavily silted Mpopole Dam and Locumué Dam, respectively. The siltation and recurrent droughts are impacting the cities' ability to supply water throughout the year. The proposed project seeks to support Mozambique's increased efforts to construct climate-resilient water infrastructure. It will enhance a climate-informed design by enhancing climate-resilience capacities for the planning, development and management for improved water security in the two cities. It will engender adaptation technologies that focus on making the most efficient use of existing water resources and on sustainability of the storage options.

**2. Elaborate how the proposed project is consistent with the strategic objectives of BDRP and eligible activities under a particular track (Track1A, 1B, or 1C) as described under the Options paper.**

Mozambique's 2011 Strategic Program for Climate Resilience (SPCR), among others, aimed to develop models and experience for building climate resilience in selected infrastructure, agriculture and natural resource management systems, based on investments in the key productive regions of the Limpopo and Zambezi valleys; as well as strengthen capacity for climate resilient planning at national, sector and local levels. By incorporating and piloting tangible integrated community-based catchment management approaches during the preparation of the design studies for the water supply projects for Cuamba and Lichinga, the proposal directly supports Track 1C of the BDRP funding window. The proposed strengthening of the capacities of utilities and other stakeholders in the two cities to ensure climate-resilient planning and development of the water systems will contribute to the objectives of Track 1C.

**3. Justify the rationale for PPCR funding to ensure it is not utilized as a substitute to regular MDB financing or other bilateral funds that are already intended to support technical assistance and capacity building components in MDB projects to ensure success.**

The proposed project will contribute to the preparation of climate resilient water supply projects for Cuamba and Lichinga cities, under Track 1C through undertaking climate risk assessments, mainstreaming climate adaptation into the baseline program and mobilising climate finance for climate adaptation measures. It is proposed that while relevant adaptation measures will be incorporated in the design documentation for inclusion in the downstream investments, strategic climate-smart catchment-based adaptation measures will be piloted— alongside the awareness creation and capacity building - to enhance community livelihoods. Given that water resource is vulnerable to climate change, assessment of the sustainability of water sources (including catchment protection) and considerations for diversified/backup water sources would be carried out in response to threats that climate change poses to the water supply.

**16. Objective:**

The project objective is to increase the resilience of utilities, and communities – particularly women and youth - in the cities of Cuamba and Lichinga to frequent and extreme climatic events, to pervasive land degradation and to frequent siltation of dams through promoting resilient catchment-based integrated management. The project will therefore:

<ul style="list-style-type: none"> <li>• Undertake a climate risk assessment with respect to water management and development in the two cities. This will include identifying current climate risks, establishing the baseline climatology, and reviewing climate change projections under different emission scenarios.</li> <li>• Undertake vulnerability assessment for the planned water supply infrastructure (focusing on exposure, sensitivity to hazards and the adaptive capacity to implement adaptation measures that help avert potential impacts to the water supply systems) in the two cities</li> <li>• Develop a menu of adaptation measures including both a qualitative assessment, with economic analysis of baseline conditions before the project and with the project, in the two cities</li> <li>• Design catchment-based technologies to address the causes and effects of reduced supply, flooding and inundation, and degraded water quality on the sustenance of WSS infrastructure</li> <li>• Strengthen the capacity of technical staff in planning for climate resilient technologies</li> <li>• Formulate and include climate-resilient pathways and adaptation measures in the detailed design. The pathways will highlight refinements or changes that can be made in wetter or drier climate futures to inform project design and implementation for the two cities of Cuamba and Lichinga.</li> </ul>		
<b>17. Is the proposed TA/Project linked to an ongoing MDB project or an MDB project under preparation?</b>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
<b>18. If yes, which project is it linked to and what is the project status (i.e., ongoing or under preparation)?</b>	The project is linked to the preparation of the investment project for climate-resilient water supply for Cuamba and Lichinga cities. Feasibility studies were undertaken a few years ago but will be updated and detailed design studies prepared. The investment project is expected to be in the pipeline for the upcoming Country Strategy Paper (2023-2027). The Technical assistance will contribute to the Bank Water Strategy (2021-2025) and the Sustainable Development Goals (SDGs) by building resilience for water sector infrastructure, systems, and of stakeholders. By doing so it will contribute to clean water and sanitation for all (SDG 6), poverty reduction (SDG 1), hunger reduction (SDG 2), sustainable cities and communities (SDG 11), and action to combat climate change impacts (SDG 13).	
<b>19. Expected Date of MDB Approval:</b>	September 2023	
<b>20. Expected Outcomes</b>		
<ul style="list-style-type: none"> <li>a) Robust and climate-resilient gender-responsive designs of the water supply systems for Cuamba and Lichinga cities informing planned investments</li> <li>b) Reduced climate-related water risks to local communities and to water infrastructure due to improved community awareness and uptake of climate-smart catchment basin management</li> <li>c) Increased institutional/stakeholder capacity for climate risk planning and management for water security</li> </ul>		
<b>21. Key Results and Indicators for Success (consistent with PPCR Core indicators, and including indicators disaggregated for women and men, and if relevant vulnerable and excluded groups including ethnic and racial minorities, persons with disabilities, Indigenous Peoples, etc.)</b>		
<b>Result</b>	<b>Indicator and Targets</b>	

<ul style="list-style-type: none"> <li>Improved water security for the two cities in the face of climate change and climate variability due to integration of gender-responsive climate resilience approaches in water development designs and investments</li> </ul>	<ul style="list-style-type: none"> <li>Number of local strategies, plans and studies that integrate climate change (target 2 No)</li> <li>Number of climate resilient tools, instruments, developed (target 2 No)</li> </ul>
<ul style="list-style-type: none"> <li>Reduced climate-related water risks to local communities and to water infrastructure due to improved community awareness and uptake of climate-smart catchment basin management</li> </ul>	<ul style="list-style-type: none"> <li>Number of people trained on gender-responsive climate resilient catchment management approaches (Indicative target: 1000, 50% women)</li> <li>Proportion of women and/or women's groups participating in user management committees (Indicative target: At least 50% women)</li> </ul>
<ul style="list-style-type: none"> <li>Strengthened utilities'/stakeholders' capacity in climate risk management for water security in the two cities</li> </ul>	<ul style="list-style-type: none"> <li>Number of utility officials/stakeholders trained in climate risk management for water security (Indicative targets: 200, 50% women)</li> </ul>
<b>22. Budget:</b>	
<b>Expenditures<sup>4</sup></b>	<b>Amount (USD) - estimates</b>
Consultants for undertaking a climate risk assessment and mainstreaming climate into the water supply systems of the two cities	600,000
Training sessions/workshops/seminars towards strengthening stakeholders' and utilities' capacities in climate risk management	100,000
Sub total	700,000
Operational Costs. MDB Project Implementation service Fees	35,000
<b>Total Cost</b>	<b>735,000</b>
Co-Financing <sup>5</sup> :	<i>Amount (USD)</i> <i>Type of contribution:</i>
<ul style="list-style-type: none"> <li>MDB</li> </ul>	USD 2.1 million      ADF Grant (TSF)
<b>Co-Financing Total</b>	USD 2.1 million
<b>23. Role of other Partners involved in project<sup>6</sup>:</b>	
<p><b>Government of Mozambique - Grant Recipient.</b> The Administration of Water and Sanitation Infrastructure Unit (AIAS) will be the Executing Agency, with the Water Supply Infrastructure and Asset Investment Agency (FIPAG), as beneficiary. AIAS and FIPAG are both entities under the <b>Ministry of Public Works, Housing and Water Resources (MOPHRH)</b>. AIAS will execute the project in cooperation with FIPAG and the MOPHRH and will be responsible for the timely delivery of outputs and for program coordination, including other relevant agencies and local government authorities. For operational purposes, FIPAG will appoint a Project Coordinator who will manage a Project Coordination Unit (PCU) and report to AIAS.</p>	
<b>24. Implementation Arrangements (incl. procurement of goods and services):</b>	
<p>The recipient of the project preparation grant will be the Minister of Economy and Finance of the Government of Mozambique. AIAS will be the Executing Agency. The Project will have a PCU to coordinate activities with the various agencies of the Government and provide guidance to project implementation.</p>	

<sup>4</sup> Expenditure categories should be provided by the MDBs based on own procedures.

<sup>5</sup> This includes in-kind contributions (monetary value), MDB loan or grant, parallel financing, etc.

<sup>6</sup> Other local, national and international partners to be involved in implementation of the project.

**Procurement Arrangements.** Procurement will be carried out by the Executing Agency, AIAS, in line with the project procurement arrangements for the Inclusive Urban Sanitation in Chimoio Project, under preparation. For each contract to be financed by the Grant, the different procurement methods or consultant selection methods; estimated costs; prior-review requirements; and time frame will be agreed between the Grantee and the Bank and will be provided in the Procurement Plan for the project.

**Financial Management.** Financial management for the Grant will follow that of the Inclusive Urban Sanitation in Chimoio Project arrangement. The AIAS, as the Project EA, will be responsible for financial management including planning and budgeting, record keeping, accounting and reporting.

**Monitoring and Evaluation.** A joint gender-responsive Monitoring and Evaluation Plan, including results monitoring and reporting to the CIF, will be prepared within the Inclusive Urban Sanitation in Chimoio Project report. The AIAS will prepare progress reports on a quarterly basis, which will highlight the progress towards meeting the project's targets as reflected in the project result-based logical framework. A terminal evaluation will be conducted at project-closure.

## 25. Stakeholder Engagement

The TA will help enhance water sector stakeholders' awareness and capacity in climate-resilient policy making and investment planning. It will support counterparts in line agencies, utilities, local bodies, and planning, through workshops, seminars, and/or training to build capacity, create an enabling environment, and improve absorptive capacity to (a) balance water related investment and infrastructure needs against future risks and consideration of climate investment options; (b) enhance access to climate finance and (c) promote collaboration between stakeholders.

## 26. Gender and Social Inclusion Considerations and Expected Results:

Reducing gender inequality and social exclusion has become a top priority in all the country's development frameworks and interventions. Women form the majority of the population in the two towns: 51.2% of the total population of Lichinga City (241,204 in 2017 Census); and 50.6% of the population of Cuamba (167,928 in 2017). Whether it is time lost in water collection or in looking after the sick, missed education opportunities or vulnerabilities at health centers, impacts of inadequate access to potable water supplies are disproportionately felt by women. Adequate and equitable access to water supply contributes to reducing gender-based violence. By contributing to reducing climate-related risks to water security, the intervention will contribute to reducing women's and girls' vulnerability, and their capacity to recover from climatic events. Women and the youth also form most of the agricultural workforce in Mozambique. About 80% of the women in Mozambique are employed in the agriculture sector<sup>7</sup>. Providing them with the skills for a livelihood-based integrated catchment management will ensure greater inclusion and impact.

The landscape approach adopted for catchment management will ensure the inclusion of socio-economic different communities within the landscape and ensures that income generation opportunities for the population under each land type are compatible and maximized.

Women are key stakeholders in the landscape economy and will be consulted separately during Project preparation. Their participation in project activities, including those that have attracted more male participation in earlier projects such as participation in water user associations, and landscape conservation patrols will be encouraged and monitored under this project. Ensuring women's participation and promoting their decision-making roles will help to better inform the design of the proposed WASH infrastructure to better suit their needs.

<sup>7</sup> <https://data.worldbank.org/indicator/SL.AGR.EMPL.FE.ZS?locations=MZ>

The Technical Assistance includes actions to ensure women actively participate in (i) program-related public consultations and (ii) management decisions of community catchment management services (with at least 50% participation from women). The project will also involve local women Engineers and other technical professionals in coordination activities with the lead design experts in the preparation of the climate proofed detailed engineering designs. This will also enable them to gain additional technical know-how on incorporating climate-proofing measures for water supply and other infrastructures. A gender action plan will be prepared to enhance the inclusion of climate sensitive gender considerations into the updated project designs for the two cities.

**27. Other Information:**

None