African Water Facility
Facilité africaine de l'eau
Mobilising Resources for Water in Africa
Mobiliser des ressources pour l'eau en Afrique

The Republic of Mozambique

Development Plan and Feasibility Study for Urban Sanitation, Drainage and Solid Waste Management in Chimoio and Inhambane

PROJECT APPRAISAL REPORT

June 2016

African Water Facility | Facilité africaine de l'eau
African Development Bank | Banque africaine de développement
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ACRONYMS AND ABBREVIATIONS

ADF	African Development Fund
AfDB, ADB	African Development Bank
AIAS	National Asset Manager for Water and Sanitation
ARA-SUL	Regional Water Authority - South
CSP	Country Strategy Paper
DNA	National Directorate of Water
DNAS	National Directorate of Water, Water Supply and Sanitation
EA	Executing Agency
ENDE	National Development Strategy
ESAP	Environmental and Social Assessment Procedures
ESIA	Environmental and Social Impact Assessment
ESMP	Environment and Social Management Plan
FIPAG	National Water Utility Company
FUNAB	Mozambican Environment Fund
GOM	Government of the Republic of Mozambique
GWP	Global Water Partnership
INAM	National Meteorological Institute
INGC	National Institute for Disaster Management
IUWM	Integrated Urban Water Management
IWRM	Integrated Water Resources Management
MAEFP	Ministry of State Administration and Public services
MDG	Millennium Development Goal
MDP	Ministry of Development and Planning
MITADER	Ministry of Environment, Natural Resources and Land
MIC	Middle Income Country
MOPHRH	Ministry of Public Works and Housing and Water Resources
NAPA	National Adaptation Plan for Climate Change
NCB	National Competitive Bidding
NGO	Non-Governmental Organization
O&M	Operation and Maintenance
PEUMC	Urban Master Plan of Chimoio Municipality
PPCR	Pilot Programme for Climate Resilience
PPP	Public Private Partnership
PQG	Five Year Development Plan
PRSP	Poverty Reduction Strategy Plan
PRSAP	Poverty Reduction Strategy and Action Program
SME	Small and Medium sized enterprise
SPCR	Strategic Program for Climate Resilience
UA	Unit of Account
UFSA	The Procurement Oversight Unit
WACDEP	Water, Climate and Development Programme for Africa

PROJECT INFORMATION

1. Country	The Republic of Mozambique
2. Name	Development Plan and Feasibility Study for Urban Sanitation, Drainage and Solid Waste Management in Chimoio and Inhambane
3. Place	The Municipality of Chimoio and Inhambane, Mozambique
4. Recipient	Government of The Republic of Mozambique
5. Executing agency	Administration of Water and Sanitation Infrastructure (AIAS)
6. Description	**Component 1:** Urban Sanitation, Drainage and Solid Waste Management Study **Component 2:** Environmental and Social Studies and Climate Change Screening **Component 3:** Project Management
7. Total cost	€ 1,782,800
8. AWF Cost	€ 1,600,000
9. Cost (other)	DNA, € 102,800, DNA – partly in kind. GWP, € 80,000
10. Date of approval	
11.Duration (From Grant Approval + duration of studies)	22 months (including a 14 months period for the studies)
12. Other important dates	Grant Signature: Date of approval +3 months
13. Acquisitions	For funding provided by the AWF, acquisitions shall be carried out in accordance with the Bank's Rules and Procedures for Goods and Works Acquisitions and the Bank's Procedures for Use of Consultants GWP and DNA will apply their own rules for the procurement of services under its funding
14. Currency Equivalents (June 2016)	1 UA/UC = 1.25774 € 1 UA/UC = 1.40288 $US 1 UA/UC = 825.02336 XOF
15. Fiscal year	1st April to 31st March

EXCECUTIVE SUMMARY

The request to support the Development Plan and Feasibility Study for Urban Sanitation, Drainage and Solid Waste Management in Chimoio and Inhambane was a response to the AWF Call for Climate Change Proposals from the Ministry of Public Works, Housing and Water Resources in Mozambique.

Adaptation to Climate Change is a high priority for Mozambique. This is reflected in the National Adaptation Plan for Climate Change and the National Strategy on Climate Change where adaptation measures, such as systems for storm water drainage and improvements to sanitation, are highlighted. The National Development Strategy – approved in 2014 – and the Five Year Development Plan emphasise the sustainable and transparent management of economic and social infrastructure and natural resources. This is supported by two complementary pillars of the Bank's strategy: (i) enhancing Private Sector Competitiveness through Infrastructure Development, and (ii) Governance in Support of Inclusive Growth. The project is aligned with the High-Five initiative of the African Development Bank, as it is directly supporting the 5th pillar: "Improved Quality of Life for the People of Africa".

Mozambique is experiencing repeated flood situations. This is caused by a combination of insufficient storm water drainage, river overflowing and sea intrusion during storms. In the project areas the main driver is insufficient drainage. Sanitation coverage is low in Mozambique. In urban areas only 55-60 % of the population has access to sanitation services. In recent years, this is aggravated by a decline in government support to sanitation services. For Chimoio as well as Inhambane the situation regarding sanitation, drainage and solid waste management is less than satisfactory. Both have an old piped drainage system that is now collapsed, and mostly dysfunctional. Some households in central parts of town have connected their waste water system to the drainage system. Most rely on septic tanks, and in the less densely populated areas other on-site systems are used – latrines. Only the most central parts of town have some solid waste collection.

The overall objective of the investments that will be prepared by the studies, is to improve climate resilience and health in the two target municipalities. This will be achieved through improved services in sanitation, drainage and solid waste management, impacting in the form of reduced risk for flooding and improved health. The direct output of the project is a Development plan for Chimoio and Inhambane covering the next 20-25 years. The Development Plan will cover drainage, sewer-sanitation, on-site sanitation and solid waste collection and disposal. It will be prepared with an integrated urban water management approach and will include: (i) an overview of the situation; (ii) Pre-feasibility studies for a number of priority solutions; (iii) Full Feasibility Studies, with ESIA; (iv) Detailed Design for solutions planned for implementation during the first 5 years; and (v) a financing strategy for the priority solutions. The development plans for sanitation will be coordinated with the FIPAG planning for Inhambane and Chimoio for water supply development. The direct beneficiaries of the study are the Ministry of Public Works, Housing and Water Resources and the two municipalities. Ultimately, once the downstream projects are implemented, the beneficiaries will be the population in Chimoio and Inhambane. Improving urban sanitation, drainage and solid waste management will reduce the effects of climate change. Notably the damages caused by flooding and the effect on public health from poor sanitation services.

The project will be implemented over 22 months including 14 months for technical studies and 6 months for the ESIA. The total cost is 1,782,800 € net of duties and taxes and the AWF share is 1,600,000 € net of duties and taxes. A leveraging factor of 20 is expected.

It is recommended to grant 1,600,000 € from AWF resources to the recipient for implementation of this project.

	Mozambique	Development Plan and Feasibility Study for Urban Sanitation, Drainage and Solid Waste Management in Chimoio and Inhambane.				
	Purpose	The overall objective of the Project is Improved Socio-Economic Development in Mozambique and in particular for the population in Chimoio and Inhambane Municipalities.				
	Results chain	Performance indicators			Means of verification	Risks/mitigation measures
		Indicator	Baseline (2016)	Target		
IMPACT	Improved livelihood conditions and climate change resilience of citizens of Chimoio and Inhambane Municipality, by reduced risk of flooding and improved health through better sanitation and solid waste services.	Number of urban people affected by flooding Prevalence of water borne diarrhoeal deceases	Baseline to be established during ESIA	2025: 25% of baseline	CSO Living Conditions Monitoring Survey	Assumption: Mozambique continues to pursue improved sanitation, drainage and solid waste management as a key strategy to support climate change adaptation and economic growth.
OUTCOME	Increased investments in climate change adaptation via sanitation, drainage and solid waste management.	Amount of additional financing pledged	Nil (0)	2020: € 30,000,000	Pledges for financing Annual Progress Reports Project Completion Report	Risks/Assumptions: Financiers respond to request for financing. Mozambique's willingness and capacity to borrow remains high.

	Results chain	Performance indicators			Means of verification	Risks/mitigation measures
		Indicator	Baseline	Targets		
OUTPUTS	Component 1: Urban Sanitation, Drainage and Solid Waste Management Study					
	Development Plan for Sanitation, Drainage and Solid Waste Management Prefeasibility Studies for selected priority solutions to sanitation, drainage and solid waste management Issues	Number of investment opportunities ready for presenting to financing institutions.	Nil (0)	6 (2018)	Minutes of PSC meetings Progress Reports Pre-feasibility study Report	Risk: Completion of the project may be delayed by oppositions from impacted populations and civil society. Mitigation: This risk is mitigated through the consultative approach developed (Consultative Committee).
	Feasibility Studies for priority solutions Long term Implementation Plan - and Financing Strategy	Approval of Feasibility Studies, Detailed Designs and Tender documents	0	6 (2018)	Feasibility Study Report Project Completion Report	
	Component 2: Integrated Safeguards System					
	ESIA for priority solutions	Environmental impact and risk assessment, and appropriate plans developed	No	Yes (2017)	Approved Integrated Safeguards (ISS) Reports by MITADER	Risk: Delays in procurement of consultancy services reduces the efficiency of project implementation. Mitigation: Advanced procurement will mitigate against such risks. Risk: Quality of consultant outputs is low. The required services were packaged to attract international firms with substantial experience in preparing irrigated agriculture projects.
	Environmental Management Plan	Climate Change Adaptation Review and Evaluation Procedures mainstreamed	No	Yes (2017)		

	RESULTS CHAIN	PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/MITIGATION MEASURES
		Indicator	Baseline	Targets		
	Component 3:Project Management					
OUTOUT	Timely delivery of project outcomes and outputs.	Number of procurements conducted on time Number of Quarterly Progress Reports Completion Report submitted to AWF on time	Nil (0) Nil (0) Nil (0)	2 by 2016 4 per year 1	Resources are released on time	Risk: Lack of government counterpart funds restricts effective project management. The Executing Agency is currently implementing a number of projects, and is increasing its capacity for project management.
ACTIVITIES	Component 1: Urban Sanitation, Drainage and Solid Waste Management Study The component will prepare a Development plan on Sanitation, Drainage and Solid Waste Management for the Chimoio and Inhambane municipalities. This will include full feasibility, detailed design and tender documents for priority investments for the first 5 years of the 25 years planning horizon. The plan will cover sewer-sanitation, on-site sanitation, solid waste collection and disposal and drainage. Component 2: Environmental and Social Studies The component will prepare Strategic Social and Environmental Assessment for the municipalities. For the Priority investment an ESIA and Environmental Management Plan will be prepared. Component 3: Project Management Management of the project will be ensured by establishing a Project Management Unit staffed with a Project Coordinator and support staff. A Procurement Specialist from AIAS will carry out the procurement processes for the project				Input Component 1: Component 2: Component 3: Total	Total Budget 1,284,643 234,197 263,960 1,782,800	AWF budget 1,239,643 234,197 126,160 1,600,000

1 PROJECT BACKGROUND

1.1 PROJECT RATIONALE AND ORIGIN

Mozambique has a land area of 784,090 km2, which stretches 2,515 km along the coast of South-Eastern Africa. It has a population of just over 25 million.

Mozambique is still recovering from a long and violent civil war that lead to millions of Mozambicans fleeing to neighbouring countries such as Malawi, Zimbabwe, or South Africa. Mozambique is one of the fastest growing economies in Africa, with Gross Domestic Product (GDP) growing on average above 7 % during the last decade. This high growth rate has been driven by large scale Foreign Direct Investment, coupled with high public expenditure. During that same period many refugees have returned to Mozambique, and have settled in the urban areas. The drainage and sanitation systems of the cities have not been upgraded or maintained to accommodate the new much larger population. Some cities have grown 100 – 200 % over the past 20 years. It is clear that the systems are inadequate to deal effectively with the basic sanitation, drainage and solid waste management needs.

Mozambique is one of the countries most strongly affected by climate change. Poverty and limited institutional development make Mozambique especially vulnerable. Climate-related hazards such as droughts, floods and cyclones are occurring with increasing frequency, which is having a cumulative and devastating impact on a population that is insufficiently prepared. Over the past 25 years, Mozambique has suffered from an uninterrupted succession of droughts and floods, with damaging consequences for social and economic development. The most severe drought periods were recorded in 1981-1984, 1991-1992 and 1994-1995; while floods were observed in 1977-1978, 1985, 1988, 1999-2000 and more recently in 2007-2008 and 2013.

In view of the above the Republic of Mozambique wishes to prioritise investment in drainage and sanitation as part of climate change adaptation measures.

1.2 SECTOR STATUS AND PRIORITIES

1.2.1 NATIONAL DEVELOPMENT AGENDA

A new long-term development strategy – the ENDE – was approved in 2014. Its main objective is the improvement of the livelihoods of the population through the structural transformation of the economy, and the expansion and diversification of national production. A five year development plan (PQG) was approved for the 2015-2019 period. It has as its central focus increasing employment, productivity and competitiveness to improve living conditions of Mozambicans in rural and urban areas. This plan is directed to five priorities: i) consolidation of national unity, peace and sovereignty; ii) Development of human and social capital; iii) promotion of employment, productivity and competitiveness; iv) Development of economic and social infrastructure; and v) sustainable and transparent management of natural resources and the environment. Mozambique has a Green Economy Roadmap, which was launched in 2012. The roadmap acknowledged the importance of transitioning to a new inclusive and green development model. The roadmap and the subsequent Green Economy Action Plan, also directly supported by the ADB, established Mozambique's green growth pillars centred on (i) efficient and sustainable use of natural resources (water, land for agriculture, forests, fisheries, tourism, minerals and other natural resources), (ii) the

strengthening of resilience and adaptive capacity to socio-economic shocks and climate variability, and (iii) the development of sustainable infrastructure (transport, energy, urban).

1.2.2 COUNTRY SECTOR PRIORITIES

The National Adaptation Plan for Climate Change (NAPA) lays an initial foundation to address climate change issues in an integrated manner. The Ministry of Environment (MITADER) has drafted eight important reference documents to guide the country's disaster management and implementation of conventions. The approval of the National Strategy for Climate Change in 2012, was a milestone. These frameworks and others like the Strategic Program for Climate Resilience (SPCR) and the Environmental Strategy for Sustainable Development of Mozambique (2007) demonstrate Mozambique's commitment to the environment and climate change. According to the National Strategy on Climate Change, the Republic of Mozambique has responded to the risks of flooding through resettlement from areas prone to flooding as well as the operation of early warning systems for floods and cyclones to inform communities in a timely manner.

1.2.3 AWF AND BANK SECTOR PRIORITIES

The AWF strategic 2012-2016 focus on preparing bankable projects. The AWF strategy for project preparation covers many sectors such as Urban Development, Basic Services in Sanitation and Hygiene. In terms of Climate Change it is the AWF approach to embed adaptation and mitigation measures into project preparation.

The Bank's Mozambique Country Strategy Paper (CSP) 2011-2015[1] is anchored in the Mozambican Government development strategies namely the PARP 2011-2014[2], the 5 Year Government Plan and Agenda 2025. The Banks strategy has the two complementary pillars of (i) enhancing Private Sector Competitiveness through Infrastructure Development, and (ii) Governance in Support of Inclusive Growth. The interventions under the infrastructure pillar are aligned by the Mozambique's 5 Year Plan's goal of development of economic and social infrastructure. The objective under this pillar is to support the GoM to close the infrastructure gap.

The Project supports the ADB priorities under the "High-Fives" initiative. In particular it supports the priority given to improve the quality of life for the people of Africa. By reducing their vulnerability to deceases due to insufficient sanitation and their vulnerability to flooding due to insufficient drainage and flood protection.

1.3 PROBLEM DEFINITION

The main driver of flooding in urban areas, as mentioned by all stakeholders, is inadequate storm water drainage and unplanned settlements in flood-prone areas. The overflow of runoff from Rivers is generally not an issue in urban areas in Mozambique – with some significant exceptions such as Xai Xai and Chokwe. Flooding from the sea potentially affects the low-lying areas of the cities such as Maputo, Beira, Quelimane and Xai Xai.

[1] The Country Strategy Paper for 2016-2020 is being prepared.
[2] A new Five-year Government Plan (PQG 2015-2019) was approved in April 2015, which also includes the national poverty reduction strategy.

Unplanned human settlements as a result of the immigration and population growth in the cities are proliferating, expanding into lowlands and marshy areas at high risk of flooding. Inadequate drainage, compounded with rising temperatures and a lack of sanitation, results in the widespread risk of diseases in such settlements. Therefore the urban poor are especially impacted, through their vulnerability to flooding as informal settlements are mostly situated in the low-lying areas with the highest risk. Inadequate solid waste management in urban and peri-urban areas results in sewer and drain pipes getting clogged and drain canals getting filled up with garbage. This stops the flow of sewers and drains with flooding and health hazards as a result as the wastewater and solid waste fills the streets.

A recent review by AMCOW concluded that development[3] in Urban and Rural Sanitation has stagnated in Mozambique, and updated approaches to service delivery are urgently needed. The coverage in urban areas is 60% according to government estimates. Overall, it is estimated that the urban part of the MDG sanitation targets is unlikely to be met, given the shortfall of adequate sanitation facilities in peri-urban areas, due in large part to shrinking government support to on-site sanitation over the last decade.

Child mortality stands at 58 per 1000 live birth in Inhambane Province and 114 per 1000 live birth in Manica Province (with Chimoio as its capital) in 2012[4]. The national average is 89.7 per 1000 live birth. The sanitation sector in provinces with higher child mortality are being supported by other projects.

On this background, Chimoio and Inhambane municipalities were selected for this study. The project location is shown in Annex 1.

Chimoio

This municipality is located inland towards the Zimbabwe boarder 1100 km north of Maputo. It covers 214 km2, and has an approximate population of 240.000. The town has very little formal sanitation and drainage infrastructure. The existing piped drainage systems are old, with small diameters and in a bad state of repair, covering limited number of population in the city centre. The city is regularly flooded in some areas due to inadequate drainage. This is mainly caused by lack of maintenance and un-regulated constructions that are destroying the drainage system. Some encroachment on flood plains by housing was observed. No formal piped sewerage system exists, but some houses have connected their sewerage to the old drainage system. In the central part of the town houses have septic tanks that are being emptied at irregular intervals by private operators. In the peri-urban area people rely on septic tanks and latrines. Solid waste collection takes place in the central of the city.

There is a relatively new solid waste master plan, and a plan for sewage treatment by reed beds for selected bairros. None of them are being implemented. There are no updated comprehensive sanitation, drainage and solid waste management plans.

[3] Water Supply and Sanitation in Mozambique. AMCOW: 2015
[4] WHO Health profile for Mozambique,

An analysis of population[5] in Table 1 the bairros shows that 71% of the population occupies 15% of the area, and that the densely populated area is also the area with the most severe drainage and sanitation problems.

Table 1: Population of Chimoio 2013

Density	Population	Pop in %	area (km2)	area in %
<20 cap/ha	68,435	29%	182	85%
20-50 cap/ha	58,965	25%	17	8%
> 50 cap/ha	110,097	46%	16	7%
Total	237,497		214	

Inhambane

This municipality, located on the coast 270 km north from Maputo, covers approximately 192 km2. It is divided into 23 bairros and has about 70,000 inhabitants (2013). The central town has an old storm drainage system that has collapsed and is non-functional at the moment. This can be observed in some streets where the tarmac surface has sunk on top of the collapsed drainage system. The town centre is regularly flooded in situations with heavy rains, due to the non-functional drainage. In the peri-urban area there are depressions in the terrain, with no natural drainage, that get flooded in heavy rains. Such areas are often fully developed with housing etc., and the regular flooding has become a major problem for the people living there. Flooding caused by rivers overflowing their banks or flooding by seawater is not a problem according to stakeholders. There are no piped sewer systems in Inhambane. Most households have septic tanks in the city centre or latrines in peri-urban areas. There is some garbage collection in the city centre. Approximately 9 tons/day are collected regularly and brought to dump sites.

A recent study[6] made recommendations for priority investment in sanitation, drainage and solid waste management.

1.4 INSTITUTIONAL CONTEXT

Several different institutions are presently involved in urban sanitation, drainage, solid waste management and flood management in Mozambique. Institutions are involved with slightly different and sometimes overlapping mandates. Also the different institutions have very different level of capacity.

The lead agency for water and sanitation in Mozambique is the Ministry of Public Works, Housing and Water Resources (MOPHRH) through the National Directorate for Water Supply and Sanitation (DNAS). DNAS is the focal point in charge of the policies, strategies, and law enforcement. There are several other agencies involved such as AIAS (Asset holder for sanitation and small town water supply), FIPAG (asset holder for major city water supply), and the five ARAs (Regional Water

[5] Data from *PEUMC – Plano de Estrutura Urbana do Municipio de Chimoio, 2013*
[6] Strategic Sanitation Plan for Inhambane, DNA, 2014

Resources Agencies) that work together with the DNAS. CRA is the national regulatory authority regarding approval of pricing of water and sanitation services. The Ministry has recently been restructured and the National Directorate of Water has been divided into a Directorate for Water Supply and Sanitation and a Directorate for Water Resources Management.

Annex 8. indicates the roles of some institutions involved in urban water sanitation, but is not exhaustive.

1.5 LESSONS FROM PAST EXPERIENCE AND ON-GOING PROGRAMS

The Bank's engagement in Mozambique involves 16 on-going projects of which 5 are in the Water and Sanitation Sector. The list of water and sanitation projects are presented in Annex 16.

Lessons have been learned from these projects regarding the project implementation, particularly related to weak capacity of government to procurement and contracts management. These have been taken into consideration in the design of the Urban Sanitation, Drainage and Solid Waste Management Study. The AWF is funding a Project Coordinator and ensuring that AIAS appoints an experienced Procurement Specialist (presently supporting procurement for a World Bank funded project) fully committed to the implementation of this project.

1.6 JUSTIFICATION FOR AWF INVOLVEMENT

The project was submitted to AWF under a Call for Proposal for the Preparation of Climate-Smart Investment Projects and Programmes, launched in September 2014. The project proposal was fully aligned with the strategic priorities of the African Water Facility in general, and the objectives of the Call for Proposal in particular. Climate change adaptation is embedded in this project and will increase the resilience of Chimoio and Inhambane through better management of flood and drainage water and increased hygiene through reduced contamination of living environment by flooding with polluted water and generally better sanitation. More specifically, the execution of the feasibility study of the Inhambane / Chimoio project should catalyse further resource mobilization and commitments from other donors for funding the downstream investments.

Other aspects of the project related to the objectives of AWF's strategy are:

- AWF's involvement in funding the feasibility study of the project guarantees the project's "quality at entry" and leaves ample room to better assess the cross-cutting issues, namely i) gender, ii) social equity, iii) environment, iv) climate change and v) transboundary/regional integration.
- On the environmental aspect, by financing the feasibility and environmental and social impact assessments studies, the AWF will keep a constant watch over the proper design and implementation of water resources and environmental protection measures and the reduction of impact in the areas affected by the project.
- The Project aims to prepare a downstream investment project leveraging at least € 30 million from ADB and other resources, thereby contributing directly to AWF's core objective of increase water sector investments across Africa. The resulting leveraging factor of 20 provides a solid justification for preparation of the required investment studies.

2 PROJECT DESCRIPTION

2.1 PURPOSE, IMPACTS, AND OUTCOME

The overall objective of the project is improved socio-economic development in Mozambique and in particular for the population in Chimoio and Inhambane Municipality.

The impact of implementation of the priority investment will be improved livelihood conditions and climate change resilience by reducing risk of flooding and improving health through better sanitation, drainage and solid waste services.

The outcome of the Project will be increased investments in climate change adaptation, specifically in sanitation, drainage and solid waste management infrastructure and services, of some € 30 million by 2020. In addition, the anticipated downstream investment project will protect an estimated 300,000 people in poor urban communities, which are vulnerable to the impacts of climate change.

The direct output of this project is a Development Plan for Sanitation, Drainage and Solid Waste Management in Chimoio and Inhambane for the next 20-25 years. This will include Feasibility Study, Detailed Design and Tender Documents for priority investments in sanitation, drainage and solid waste management and the ESIA for investment prioritised for the first 5 years.

Impact and outcome indicators, including baseline values, targets, and means of verification are detailed in the Results-Based Logical Framework.

2.2 PROJECT COMPONENTS AND ACTIVITIES

The project essentially involves consultancy services, as described below and in Annex 10. The geographical scope of the project is the municipalities of Chimoio and Inhambane.

2.2.1 COMPONENT 1: URBAN SANITATION, DRAINAGE AND SOLID WASTE MANAGEMENT STUDY

The study will prepare a Development Plan on Sanitation, Drainage and Solid Waste Management for the Chimoio and Inhambane Municipalities. This will include full feasibility, detailed design and tender documents for priority investments for the first 5 years of the 25 years planning horizon. The plan will cover sewer-sanitation, on-site sanitation, solid waste collection and disposal and drainage.

- **Phase 1 Development Plan**

- **Situation Assessment**. This Phase involves the development of an inventory and diagnosis of the existing situation on the ground. It includes issues, challenges and constraints related to sanitation, drainage, solid waste management and flooding in the Chimoio and Inhambane municipal area. It will focus on the physical / structural issues and non-structural issues such as legal, institutional and financial aspects with due consideration to public health, environmental and social impacts, economic and institutional factors. It will analyse the existing value chain in the on-site sanitation sub sector, identifying stakeholders, assessing their capacity and determining the environmental efficiency and cost recovery potential of the value chain, from sludge collection to recycling. It will assess practises and regulations regarding reuse of waste water, solid waste collection, recycling and disposal. The study will map flood prone areas and assess the extent of construction in flood prone areas today.

The situation assessment will include a climate resilience assessment aimed at (i) quantifying the probable effect of climate change on rainfall patterns and sea level rise and, (ii) evaluating the impacts on both cities in terms of flooding risks.

It will include the compilation and summary of recent and on-going activities in the sector and assessment of the severity and extent of the impacts related to the existing issues.

For both municipal areas recent studies have assessed the situation in some detail and have identified many issues and this study will be able to draw much information from these. The Phase I report will highlight the key sectoral issues in the project area, forming the basis for consultations with all stakeholders to reach an agreement on the definition and prioritisation of issues for which solutions will be developed during the second Phase of the assignment.

- **Issue Identification.** This phase is aimed at identifying potential solutions to the issues identified in the situation assessment. It will not only focus on structural solutions but will also involve the development of non-structural options including institutional, managerial and financial options. The Situation Assessment will identify solutions with a time horizon of 25 years based on demographic forecasts and available urban planning documents. It will map areas suitable for sewerage systems or on-site sanitation based on environmental constraints (aquifers in particular) and expected urban density.
  Regarding on-site sanitation, the situation assessment will propose scenarios for improving the whole value chain, in particular through structuring the Small and Medium Enterprises (SME) involved and providing the required facilities for recycling.

  Technical, institutional, management and financial options shall be broadly described, mapped when relevant, and compared. Proposals for potential solutions shall include solutions to unplanned construction and settlement in flood prone areas.

  A gender analysis will be undertaken to identify existing issues and constraints.

- **Ranking and Pre-Feasibility Studies.** Pre-feasibility assessments of the potential solutions selected will be developed, in which solutions will be ranked using a multi-criteria analysis taking into account technical, environmental, social, institutional, economic and financial factors (amongst others).

  The ranking exercise will form the basis for determining the period in which investments will be implemented – short term (<5 years), medium term (5-15 years) and long term (15-25 years). This Phase will also involve consultations with stakeholders in order to identify and assess the potential solutions and to reach consensus on the prioritisation of investments planned. The investments and institutional solutions selected for implementation over the short term will be assessed in greater detail through the second phase of this assignment.

  The final development plan will map and describe the selected solutions.

- **Phase 2 – Feasibility Study and Detailed Design and Tender Documents**

- **Feasibility Studies for Priority Solutions.** This Phase involves the preparation of detailed feasibility studies including reliable and accurate cost estimates and recommendations for implementation, mitigation of environmental and social impacts and institutional requirements and tariff setting for sustainability. Feasibility studies will be carried out for

solutions prioritised for implementation in the short term (1-5 years). Gender issues will be analysed to ensure that the proposed solutions improve the gender equality.

In addition to the full Feasibility Study for the solutions identified under Phase I as short term (1 to 5 years), the Consultant will prepare Detailed Design and Tender Documents. The infrastructure will be designed utilising the results of the climate change assessment undertaken during phase 1, in order to climate proof the facilities. The municipalities will be assisted in selecting the more appropriate arrangements for O&M.

- **Detailed Design and Tender documents.** The feasibility studies will identify the best solutions. The consultant will then develop Detailed Design and Tender Documents for the top priority in each of the sectors of sanitation, drainage and solid waste and in each municipality. These documents will be prepared in a form where they can be presented to a potential donor and used for tendering.

- **Phase 3 – Implementation Plan and Financing Strategy.** The Consultant shall prepare an implementation plan for short, medium and long-term solutions – including recommendations for further analysis and technical assistance as may be required. The implementation plan will identify a logical sequence of activities, define milestones and implementing agencies and provide an estimate of resources required for implementation of the investments and non-structural measures identified through this study.

  Along with the implementation plan, the consultant shall prepare a Financing Strategy for the prioritised projects.

2.2.2 COMPONENT 2: ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

This will be carried out in parallel with the technical studies, and will include:

- Establish the baseline for future monitoring of impacts

- Environmental and Social Impact Assessment (ESIA) and Environmental and Social Management Plan (ESMP) to ensure environmental and social sustainability of the investment, including Relocation Action Plan if need be.

This component is to ensure full compliance of the project with the environmental and social safeguards of both the Bank and Government.

2.2.3 COMPONENT 3: PROJECT MANAGEMENT

The management of the project will be assured by a Project Implementing Unit set up within the National Asset Manager for Water and Sanitation (AIAS), under the guidance of a Project Coordinator fully dedicated to the project, and a Procurement Specialist and a Project Accountant. The tasks of the Project Implementing Unit will comprise:

- Management of the project including financial management, procurement and management reporting;
- Coordination of the technical, environmental and social studies;
- Organisation and regular dialog with the Project Steering and Technical- and Consultative Committees;
- Organisation of the stakeholders consultation process;
- Engagement with Donors.

A tabular overview of Outputs and Activities are listed in Annex 9.

2.3 INTEGRATED URBAN WATER MANAGEMENT

The studies will be applying the principles of Integrated Urban Water Management (IUWM), along with other methodologies as described in chapter 2.4.

The IUWM approach is not a prescriptive model but a development process that encourages cities to adjust certain practices of planning and effective management, taking into account their own realities and their local socio-economic contexts.

The IUWM approach contributes to improved water and wastewater security through the adoption of a holistic approach, that implies designing water systems throughout the entire water cycle, from the water catchment area to the water supply, wastewater, and possible reuse, and considering important factors such as urban planning, water demand management, leakage control, and interactions with other key components such storm water, sanitation, solid waste and climate change.

In the IUWM approach, wastewater and faecal sludge are considered as potential resources. Indeed, grey water can be reused for irrigation of green areas, urban agriculture and industrial processes, according to the regulations on the use of wastewater. In addition, nutrients can be used for the production of fertilizers, or for energy production (methane, biogas), fuel production (dried sludge). Sanitation and wastewater management are seen from a perspective of creating business opportunities (and not only as technical options), that can generate income, employment, positive impact on the environment, and improvements on the habitat and quality of life.

In a similar way, storm water is seen as a resource. Protective infrastructure alone is not sufficient, a more comprehensive approach in flood fighting from upstream to downstream is necessary. Flood control concept has two dimensions, structural and non-structural. Structural includes upstream reservoir development, rehabilitation of ponds and reforestation; downstream floodway development, river stabilization, polder development, flood control infrastructure, coastal protection, land subsidence control. Non-structural include spatial and zoning control, community empowerment, early warning system, flood prone mapping, emergency response, housing plan, disaster management, watershed management, flood hazard information system, public information and campaign, socialization and community negotiation.

Technological choices must be made concerning the supply of water, wastewater treatment and sanitation, based on a multi-criteria decision-making system, integrating a wide range of factors: financial (investment and maintenance costs), technical (population size, water quality, possibility of using natural systems, low cost technology, or high technology, centralized or decentralized units), and social (poverty index, gender aspects and price of water).

Finally, the proposed IUWM approach is based on effective participation of key partners from the public, private and social sectors, with each having an interest in good water management. Not everyone has the same role and the same responsibility, but all can contribute to the improvement and sustainability of the system. IUWM promotes good governance and participatory approaches.

As the IUWM is a new approach to urban water management, the Global Water Partnership will support AIAS and the PIU, and indirectly the consultant, with team of experts in IUWM during the project implementation.

2.4 METHODOLOGY AND APPROACH

This project involves a comprehensive review and assessment of complex issues related to provision of sanitation services, improved drainage and flood management and solid waste management in the Chimoio and Inhambane municipal areas. It requires multi-disciplinary inputs and an integrated approach within a framework which includes the following:

- **Stakeholder Consultations**. This assignment involves extensive stakeholder consultation, which will assist in identification of issues and solutions and is necessary in order to form consensus regarding the prioritisation of proposed investments. Effective stakeholder consultation can increase ownership of the plan and enhance the commitment towards implementation. At decision points consultation shall include the Consultative Committee. On a more on-going basis the consultation is mainly with technical staff of AIAS and the two municipalities in the Technical Committee. The on-going consultations shall be sufficient to ensure the counterpart organisations are aware and accept directions taken by the consultant team. This way, the endorsement process of reports can be completed according to the stipulated deadlines and will not delay the progress of the study.

- **Utilisation of Existing Knowledge and Local Expertise**. Over the last decade a number of studies on sanitation and drainage have been carried out towards identifying and addressing the key challenges. It is important that the assessment and planning process build upon and further develop the existing knowledge platform and that local expertise is utilised in the process of identifying and assessing issues and solutions. Of particular relevance to this are previous studies listed in **Erreur ! Source du renvoi introuvable.** For Chimoio the Phase 1 is covered to some extent, for Inhambane the Phase 1 is mostly covered.

- **Sustainability Principles**. In the identification and prioritisation of issues and solutions it is important to consider the long-term sustainability. In particular this will involve careful consideration of choices of technology, arrangements for operations and maintenance (O&M) of proposed physical investments, legal and financial mechanism for influencing peoples decisions regarding settlement and opportunities to generate positive environmental and social impacts. Options for creating private business, SMEs, can contribute to sustainability.

- **Innovative yet Locally Appropriate Solutions.** It is important that the consultant be innovative in their approach towards addressing the key challenges – yet proposing solutions, which are practical and locally appropriate. The consultant will in particular look at green options such as: green spaces area used for buffering floods, ecological sanitation technologies, waste recycling, etc. The principles of Integrated Urban Water Management (IUWM) shall be fully integrated in the project approach. To introduce innovative ways to look at wastewater and sanitation can generate income and employment, as well as contribute to food security (urban agriculture), energy security (energy production) and poverty alleviation (small businesses development).

- **Comprehensive and Integrated Approach**. Local institutional, financial or sociological issues should be addressed with the same priority as physical investments. Elements of the proposed plan shall be integrated such that the combined effects are optimised technically, financially, socially, environmentally and institutionally.
- **Water Supply.** The scope of this project does not include water supply planning. Water supply is the responsibility of FIPAG and the project will coordinate closely with the water supply development plans of FIPAG when developing
- **Knowledge Transfer and Institutional Strengthening**. The development planning process should be carried out in close coordination with AIAS and the Local Governments involved. In doing so, knowledge of the process shall be transferred and the institutional capacity developed, so that future up-dates of the Development Plan can be done by the AIAS and Local Government.
- **Workshops.** A number of workshops are scheduled at times when the consultant has reached a decision point. This includes workshops at the end of each phase – Pre/feasibility, Feasibility and Implementation Plan. During the workshops stakeholders will be given the opportunity to comment on the Consultant's findings and recommendations before the Project Steering Committee endorses the recommendations and the consultant continues to the next phase. These workshops will be organised by the consultant, but the direct workshop costs will be covered by the Executing Agency, with support from Global Water Partnership.
- **GIS.** The data collected and reviewed, shall be analysed and presented through the use of GIS applications to enhance the understanding of the existing situation and provide a clear presentation of the key issues, challenges and constraints.

2.5 BENEFICIARIES AND STAKEHOLDERS

The beneficiaries of this study are the Ministry of Public Works, Housing and Water Resources, the DNA and the AIAS, and the municipalities of Chimoio and Inhambane. The implementation of the downstream project will ultimately benefit the population in the municipalities in Chimoio and Inhambane (approximately 310,000 inhabitants combined) in terms of substantially increased resilience to climate change; improved health; reduced vulnerability to flooding.

2.6 COST AND FINANCING PLAN

The total cost of the project is estimated at € 1,782,800 net of duties and taxes (including a contingency reserve on donors' contributions only). The AWF will fund the Technical and the Environmental and Social Studies, GWP will, as a continuation to their Water and Climate Development Program in Mocambique (WACDEP), fund TA in support of Integrated Urban Water Management(IUWM) and some workshops, Government will fund the PIU and workshops. AWF's share is € 1,600,000 net of duties and taxes (approximately 89.75%), GWP share is € 80,000 (approximately 4.49%), and the monetary contribution from the Republic of Mozambique is € 102.800 (approximately 5.77%).

Table 2 and Table 3 show an overview of the budget. A detailed breakdown can be seen in Annex 3.

Table 2: Cost estimates per component and funding source (€)

Component	Total	AWF	GWP	GoM
Component 1: Technical Studies	**1,165,165**	**1,120,165**	**45,000**	-
Development Plan, Feasibility Studies, Designs		1,120,165		
TA for IUWM			45,000	
Component 2: Environmental & Social studies	**211,625**	**211,625**		
Component 3: Project Management	**251,800**	**114,000**	**35,000**	**102,800**
Project Coordinator and Procurement Specialist		114,000		
Workshops			35,000	10,000
PIU operational costs				92,800
Contingency	**154,210**	**154,210**		
Total Project Cost	**1,782,800**	**1,600,000**	**80,000**	**102,800**

Table 3 Cost estimates per category and funding source (€)

Category	Total	AWF	GWP	GoM
Works	-	-	-	-
Goods	-	-	-	-
Services	1,518,840	1,473,840	45,000	
Operating Costs	263,960	126,160	35,000	102,800
Total Project Costs	**1,782,800**	**1,600,000**	**80,000**	**102,800**

3 IMPLEMENTATION

3.1 RECIPIENT AND EXECUTING AGENCY

The Republic of Mozambique will be the Recipient of the grants, and the Executing Agency will be The Administration of Water and Sanitation Infrastructure (AIAS). During the appraisal, the team visited the AIAS and assessed its technical capacity to implement this project. The AIAS is presently managing a World Bank funded study covering the same themes for Maputo, and has managed similar projects in Beira and Xai-Xai. Finally the AIAS is managing other projects as well. It is the conclusion that AIAS has the technical capacity to implement the project. AIAS has a presence in Inhambane which they can use as a base for the PIU.

3.2 IMPLEMENTATION ARRANGEMENTS

Project Implementation Unit. (PIU) The Executing Agency will establish a Project Implementing Unit (PIU) with a team of officers from the AIAS skilled in Drainage, Sanitation and Solid Waste Management. In addition the team will incorporate specialists in the domains of procurement and financial management. The PIU will be established within AIAS offices in Inhambane.

The Executing Agency will recruit a Project Coordinator (PC) with an engineering background. The funding of the PC will be covered by the AWF grant. A Project Accountant (PA) shall be appointed and funded by the Executing Agency.

The procurement functions of the project will be undertaken by the Procurement Specialist (PS) who is presently supporting AIAS with procurement for a World Bank funded project and other procurement. The PS is presently funded by the World Bank, and as the World Bank support is due to be completed in 2017, AIAS will extend the PS contract, provided that his performance was considered satisfactory, to cover for the period of the grant. The extension of the contract will be paid using the grant resources.

The PC, the PS, and the PA must be acceptable to the ADB.

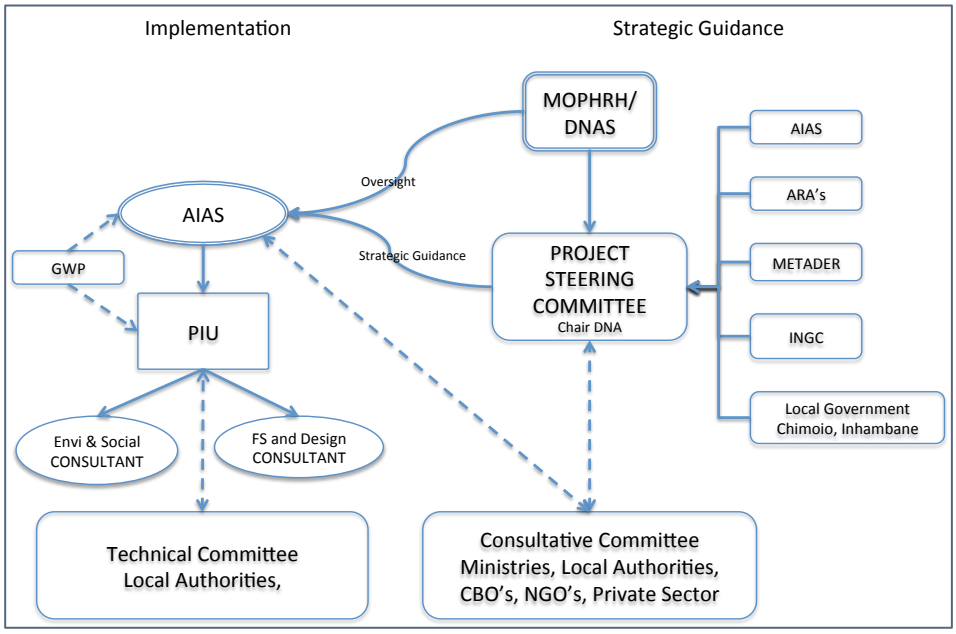
The PC will be responsible for (i) day-to-day administration of the project; (ii) ensuring the timely submission of deliverables by the consultant; (iii) developing work plans and budgets; (iv) coordination; (v) procurement of consultancy services; (vi) engaging with stakeholders and donors; (vii) monitoring and evaluation; and (viii) reporting. The PC, who is the key person in the project organisation/implementation, will assure the dialog and consultative activities with the Country authorities, the Project Steering Committee, the Consultative Committee and with the Consultants performing the studies.

Project Steering Committee (PSC). A Project Steering Committee will be established to provide strategic guidance and support to the Project Implementation Unit. The National Directorate of Water Supply and Sanitation (DNAS) will chair the PSC, other members will include *inter alia*: AIAS, ARA-Sul, ARA-Centro, INGC METADER, Municipalities of Chimoio and Inhambane. The Project Steering Committee, will review and endorse the reports, select the best option, and provide guidance to the Executing Agency. The composition of the steering committee will be submitted to the AWF for no objection. It is envisaged that the PSC will meet in connection with the scheduled workshops.

Project Consultative Committees. A Consultative Committee for each municipality, chaired by the Chairman of the PSC, and gathering representatives from all stakeholders (including the private sector and civil society) will be consulted during the main phase of the studies in order to inform the Steering Committee decisions.

Project Technical Committees. A technical committee will be establish in each of the two municipalities as a fora for formal as well as informal technical discussions. Membership will primarily be technical staff from Municipalities, the PIU, and the Executing Agency. Others can participate on an ad hoc basis. The implementing arrangements are illustrated in Figure 1. The exact composition of the various committees can be revised during implementation, subject to the AWF approval.

Figure 1: Implementing arrangements



3.3 IMPLEMENTATION AND PERFORMANCE SCHEDULE

The chart in Annex 2. provides the detailed schedule for the implementation of the studies. The overall duration of the project is 22 months. Table 4 illustrates the sequence of completion of components financed by the AWF as well as key dates and events. The breakdown comprises 6 months for preliminary activities by the EA (Namely procurement activities for recruiting the Consultants), 14 months for the execution of the feasibility studies including onsite investigations, and 2 months for the EA to finalize the Project Completion Report and closing of the project.

The period of 6 months for conducting the ESIA studies is included within the 14 months period of feasibility studies. The overlap aims at facilitating communication and coordination between the 2 consultants for duly taking socio-environmental constraints into consideration in the design of the project.

Table 4: Timing of Key Milestones

MAIN ACTIVITIES / KEY EVENT	INDICATIVE END TIME OF ACHIEVEMENT
FS and ESIA ToR for EA review	M0-2
Request for Advance Acquisition Actions (AAA) and launch of the procurement process	M0-2
Project/funding Approval	M0
Signature of the grant agreement	M0+3
Fulfilling of the condition precedent to first disbursement	M0+4
Award of Consultant contract for Feasibility Studies	M0+6
Award of Consultant contract for ESIA Studies	M0+10
Completion of ESIA Studies	M0+19
Completion of Feasibility Studies	M0+20
Elaboration of the project completion report by the Executing Agency	M0+22

3.4 PROCUREMENT ARRANGEMENTS

Procurement of goods (including non-consultancy services), works 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 October 2015 and following the provisions stated in the Financing Agreement.

3.4.1 PROCUREMENT RISK ASSESSMENT

Borrower Procurement System (BPS): Assessment of the Borrower Procurement System (BPS): While generally consistent with international standards, the legal framework of the BPS has some weaknesses, including the absence of an independent body within the public procurement system to deal with complaints. Moreover, the lack of capacity of public procurement practitioners and weak internal and external control levels over the use of public resources, as well as the fragility of the private sector in accessing public contracts make the system vulnerable. The Procurement function should be more integrated to the PFM system, including at the stage of budget preparation and execution, in this way, a procurement module to be developed within the e-SISTAFE is considered as necessary, and a first step to the development of an e-Procurement system. Due to the above remaining issues identified within the BPS, the risk for its use in Bank-financed project is globally rated at **Substantial.**

Monitoring and evaluation -Systems and procedures for collecting and monitoring national procurement statistics: There is lack of monitoring mechanism (*deficient access to procurement plans, contract awards and information on complaints decision*) for public procurement expenditures to measure procurement systems compliance/performance and progress toward acceptable international standards.

Based on the above procurement of the main consultancy package under the project will be procured in accordance with the **Bank Procurement Policy and Methodology (BPM),** Bank standard PMPs, using the relevant Bank Standard Solicitation Documents SDDs. .

Recruitment of consultancy firms for Feasibility Studies, Environmental & Social Studies and Studies shall be carried out using Quality and Cost Based Selection (QCBS) method andIndividual consultants (Project Coordinator and Procurement Specialist) will be carried out using Open Competitive Bidding (OCB) under the BPM .

Operation costs financed by the GoM as a contribution to the project, will be procured in line with Borrower System and provisions. A summary of procurements under the project is annex 4.

All contracts estimated to cost more than UA 200,000.00 (firms) and UA 50,000.00 (individuals) will be subject to prior review by the Bank. The following documents must be prior reviewed: General Procurement Notice, Specific Procurement Notices, Bidding Documents and Request for Proposals, Bid Evaluation Reports and Consultants Technical Evaluation Reports, including recommendations for contract award, Draft Contracts (if these have been amended and differ from the drafts included in the Bidding Document), minutes of negotiations and initialled draft contracts. The text of a General Procurement Notice (GPN) will be agreed with the Government and it will be issued for publication in UNDB online and in the Bank's Internet Website, upon approval of the Financing Proposal.

Detailed procurement arrangements are included in Annex 4.

Market Information- Market practices: Regarding market practices, the private sector generally lacks financial and technical capacity which impacts on their capability to effectively respond to the call for bids and follow most of the procurement procedures. While procurement operations provide for dispute resolution procedures, including alternative mechanisms, there is however no evidence that they are effectively used for solving disputes during contract execution.

3.4.2 ASSESSMENT OF THE PROCUREMENT CAPACITY OF THE EXECUTING AGENCY

AIAS (Administration of Water and Sanitation Infrastructure) will be responsible for the procurement of services. An assessment of AIAS procurement capacity was conducted during the appraisal mission and included a review of the human capacities. In terms of human capacity it was found that AIAS has a Procurement Unit (UGEA) which is responsible for handling all procurement issues of the institution and is comprised of four people and another one to be recruited shortly. The UGEA coordinator has been working in Procurement for four years. The unit uses mostly National Procedures and none of the members has significant experience with Multilateral Development Bank procurement procedures, however the unit has been counting on the experience of a consultant recruited in the framework of a World Bank project. Lack of experience of the AIAS UGEA can be mitigated by taking advantage of this consultant expert to support procurement activities under this project. The overall project risk for procurement taking into account the presence of the procurement expert of the World Bank Project to supervise and coordinate the procurement activities is moderate.

Further details of the assessment are outlined in Annex 4.

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Table 5: Summary of procurement procedures

Category	Source	Amount	Method
Services			
Feasibility Studies	AWF	1,239,643	QCBS
Environmental & Social Studies	AWF	234,197	QCBS
Studies	GWP	45,000	QCBS
Workshops	DNA	10,000	GOM procedures
Workshops	GWP	35,000	GWP Procedures
Project Coordinator	AWF	99,600	OCB
Procurement Specialist	AWF	26,560	OCB
PIU	DNA/AIAS	92,800	GOM Procedures / in kind
TOTAL PROCUREMENT		**1,782,800**	

In order to fast-track the implementation process, the Government has applied for Advance Contracting for the recruitment of Consultancy services (studies, individual consultant. The Government has confirmed that they are familiar with Advance Contracting safeguards as stipulated in the Bank's procurement rules and procedures.

3.5 ACCOUNTING AND AUDITS

The detailed report relating to the Financial Management Assessment of the Executing Agency is presented in Annex 5.

3.5.1 EVALUATION OF FINANCIAL CAPACITY AND MANAGEMENT

AIAS will be responsible for procurement, financial management, monitoring and results reporting. The results of the FM Assessment, that included a review of the budgeting, accounting, internal controls, funds flow, financial reporting and auditing arrangements, revealed that the existing AIAS' FM arrangements currently meet the Bank's minimum requirements to ensure that project funds will be used in economic and efficient manner and for the intended purpose. The services of the experienced and capacitated financial management consultant in place in the AIAS for the management of others investment projects could be used and he will have the responsibility for record keeping accounts, preparation of financial reports and disbursements preparation.

The results of the Bank's assessment concluded that Financial Management overall risk rating is Low after mitigating measures have been put in place. The requisite mitigating measures have been identified and will be incorporated in project design. Details of the assessment are included below.

3.5.2 FINANCIAL REPORTING

The overall responsibility for financial reporting (including preparation and submission of withdrawal applications and payment requests to the Bank) will rest with the AIAS. In accordance with the Bank's financial reporting, the project will be required to prepare and submit to the Bank Interim Quarterly Progress Report (IQPR) no later than 15 days after the end of each calendar quarter. The quarterly financial reports should at minimum show a statement of sources and uses of funds, with the uses of funds analysed by activities/components and categories, comparing actual expenditure with budget and notes explaining significant variations in expenditures. Annual financial statements will also be prepared by the project at the end of the recipient fiscal year in comply with International Sector Accounting Standards (IPSASs) and the Bank requirements.

3.5.3 AUDIT

In accordance with the AWF's Operational Procedures, the project will be subject to 2 external audits, a mid-term and a final audit. The project financial and procurement audit will be carried out by an experienced and independent private external auditor to be recruited and retained by AWF. The project financial statements will be audited in accordance with a Bank approved audit Terms of reference (TORs) that will cover financial and procurement audit requirements for this project. The mid-term and final audit of the project and the audit report, including the management letter will be submitted to the Bank within 6 months after the end of the respective period covered by the audit. However the Executing Agency annual financial audit, where the project activities are included, should be made available to the AWF during supervision missions and within 6 months from the end of the relevant financial year.

3.6 DISBURSEMENT

Disbursements under this project will be in accordance with the rules and procedures set out in the Bank's disbursement handbook (2012). The payment methods adopted under this project for expenditure to be financed with grant resources are: the direct payment method, the reimbursement method, the special account method for smaller recurring expenditures and the Reimbursement Guarantee. The special project account will be opened in a bank acceptable to the Bank.

The first disbursement of the grant will be subject to the fulfilment of the prerequisite below:

- Provide evidence of the recruitment of a full-time Project Coordinator acceptable to the Bank.
- Provide evidence of the appointment of a part time Project Accountant acceptable to the Bank.
- Provide evidence of the opening of a special account in a bank acceptable to the Bank in order to receive proceeds of the grant.

3.7 MONITORING, REPORTING AND COMMUNICATION ARRANGEMENTS

The project follow-up/assessment plan will be put in place by the PIU (Project Coordinator within the AIAS), subject to the Bank's approval, based on the Logical Framework Matrix that identifies how the project will be rolled out, the objectives to be met and anticipated outcomes. The Steering Committee and the Consultative Committee are the priority receivers of the follow-up reports, which will be shared with AWF and ministries and agencies stakeholders to the project.

The Executing Agency will issue quarterly progress reports, a copy of which will be transferred to the AWF. The reports will be accompanied with administrative and technical follow-up documents, financial statements for each account in compliance with the AWF's format requirements and procedures (Bank's usual format) respectively.

Continued assessment of performance will be made using indicators defined in the Project Logical Framework. An end-of-project report presenting all activities completed and outcomes achieved and the closing financial situation will be drawn up by the recipient and sent to AWF.

For monitoring and follow-up purposes, the AfDB/AWF will jointly appoint a Project Manager who will supervise the project and carry out follow-up procedures. The Bank, as the host institution for AWF, may, at any moment and in consultation with the Executing Agency, carry out field supervision missions.

Moreover, the Executing Agency will comply with the AWF's guidelines specified in Annex 6. AWF's communication and visibility guidelines regarding how AWF's role in the project to be emphasized.

3.8 RISKS AND MITIGATION MEASURES

The main risks identified that may hinder the performance of the project and their corresponding mitigation measures are as follows:

Risk: Completion of the project may be delayed by opposition from impacted populations and civil society.

Mitigation: This risk is mitigated through the consultative approach developed (Consultative Committee).

Risk: Delays in procurement of consultancy services reduces the efficiency of project implementation.

Mitigation: A Procurement specialist will be provided by the Executing Agency. The specialist is presently working for AIAS on a World Bank funded project as Procurement Specialist. Advanced actions will be taken (preparation of TORs, early issuing of procurement notices) to further mitigate against such risks.

Risk: Quality of consultant outputs is moderate.

Mitigation: The required services were packaged to attract international firms with substantial experience in preparing irrigated agriculture projects.

Risk: Lack of government counterparts restricts effective project management.

Mitigation: The Executing Agency is currently implementing a number of projects, and is increasing its experience and capacity to implement Donor funded projects.

4 EFFECTIVENESS, SUSTAINABILITY AND CLIMATE CHANGE

Effectiveness and efficiency: Investments in improved sanitation, drainage and solid waste management in urban areas is a key priority for the Republic of Mozambique. This project is designed to strengthen efficient and effective investments in the urban sanitation, drainage and solid waste management sector. It considers both technical and non technical aspects including institutional arrangments / management of the future infrastructure. The project effectiveness and efficiency will be guaranteed by: (i) the step-wise approach which will help the Government select the best option before embarking on the fully-fledged feasibility studies; (ii) the consultation process; and (iii) the financing strategy that will support financiers' mobilization.

Sustainability: Sustainability of the Project is ensured by close consultation with key stakeholders, including the early identification of potential financiers of prepared downstream investments. Studies are designed to fully consider environmental and social safeguards, and to provide guidance to the government in terms of long-term Operation and Maintenance of potential downstream investments. The Project design will place specific emphasis on environmental and social safeguarding by means of the Environmental and Social Impact Assessment. Its aim, when the infrastrucutre is implemented on site, is to achieve improvement of populations living standards and economic growth through an inclusive approach.

Gender and inclusivity: The terms of reference for the technical consultant's services require that the latter ensure that the design of the project assimilates gender and inclusivity features. This is a requirement stipulated in the terms of reference to ensure the project's sustainability.

Climate Change: Flood Risk Management, through drainage and sanitation, is a very effective Climate Change adaptation measure. One of the expected negative effects of CC is increasing frequency of intense rainfall leading to flood risk, which has already been observed in Mozambique. The project intends to identify specific interventions in terms of flood protection or mitigation measures that will reduce the damages to life and property caused by floods.

Climate change impacts will be evaluated during the course of the studies, and the appropriate risk management and adaptation measures will be fully integrated into the design of downstream investments. It is anticipated that a potential downstream project would bring significant positive adaptation benefits to the urban communities currently most vulnerable to the impacts of climate change in particular increased risk of flooding.

5 CONCLUSIONS AND RECOMMENDATIONS

The ultimate aim of the down stream investment project, that will be prepared through the studies, is to improve people living conditions through increased health and increased resilience to climate change. The project will improve the sanitation, drainage and solid waste management in the two cities of Chimoio and Inhambane. The project will benefit an urban population of over 150.000 and a peri-urban population of another 160,000 with improved sanitation and flood protection. The

project fits well within the National Strategy for Climate Change and the Bank's Strategy for Mozambique with infrastructure development as one of the main pillars in the CSP. It is also aligned with the priorities of the AWF Strategic Plan 2012-2016, the Bank's Ten Year Strategy 2013-2022, and with the High Five initiative by contributing significantly to improviing the quality of life for the population in the cities of Chimoio and Inhambane.

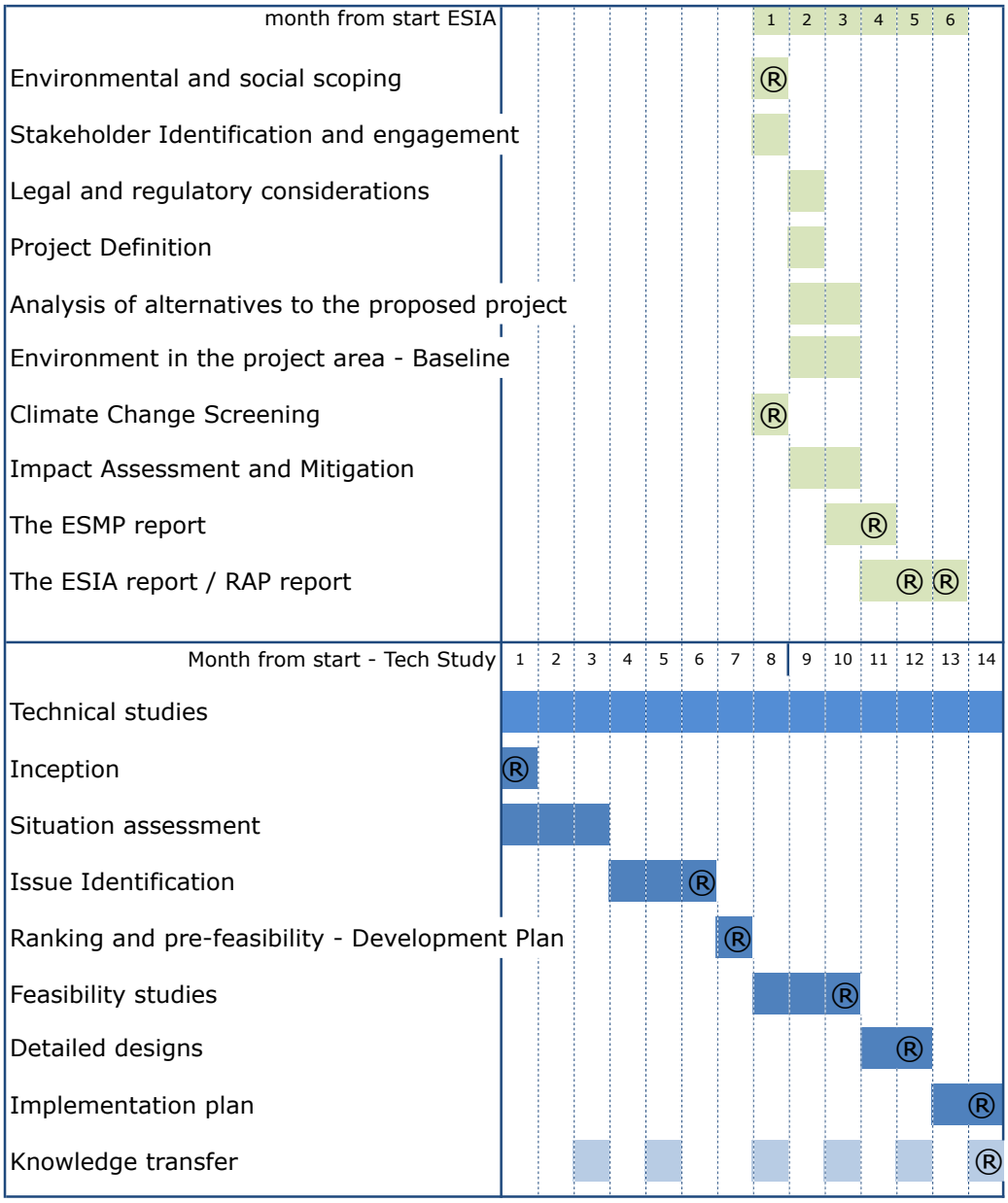
The project is technically justified, given the foreseen increase in flood frequencies and magnitude due to Climate Change. It presents a potential leverage effect of 1 to 20. Furthermore, the project presents a holistic approach; the studies and services consider all the subjects necessary to ensure quality at entry and optimum structuration (institutional and legal, technical, environmental, financial, organizational, operational and management aspects).

It is recommended that the bank approve a grant not exceeding **€ 1,600,000**, from AWF resources to the Republic of Mozambique for the purpose and subject to the following conditions:

- Provide evidence of the recruitment of a full-time Project Coordinator acceptable to the Bank.
- Provide evidence of the appointment of a part time Project Accountant acceptable to the Bank.
- Provide evidence of the opening of a special account in a bank acceptable to the Bank in order to receive proceeds of the grant.

ANNEX 1. MAP SHOWING PROJECT LOCATION

ANNEX 2. SCHEDULE OF STUDIES



Key Report submission as final. Workshop / Consultative Committee Ⓡ

ANNEX 3. DETAILED COSTS OF THE PROJECT

Unit Costs

The budget estimate is based on unit costs as indicated in the table. These are from recent tender prices form projects of similar nature.

Unit costs				
Team Leader	€ per month	20,000		
Expert - international	€ per month	17,000		
Expert National	€ per month	5,000		
Technician National	€ per month	2,000		
Allowance, incl hotel	€ per day	150		
International air ticket	€	1,000	1	per international person month
National air ticket	€	500	1	per national person month
Local Transport	€ per day	40	50%	part of time on site
Translation	€ per page	4	500	

Estimated input of person months on activities

The person months are estimated for each specialist for each task. The tables below present an overview of these estimates

Feasibility Study, Detailed Design and Tender Document	person month				
	TL	International Specialists	National Specialists	Technician	Fees €
Situation Assessment	1.90	3.63	11.10	4.60	164,325
Issue Identification	0.40	0.80	2.20		32,600
Ranking and Pre-Feasibility Study	1.30	3.28	6.40	0.40	114,475
Feasibility Study	3.70	4.88	8.80	5.00	210,875
Detailed Design / Tender Documents	1.60	3.03	4.00	2.00	107,425
Implementation Plan	1.85	0.20	2.20	0.50	52,400
Knowledge Transfer	0.40	1.20	3.40		45,400
Total	**11.15**	**17.00**	**38.10**	**12.50**	**727,500**

Environmental and Social Studies	person month				
	TL	International Specialists	National Specialists	Technician	Fees €
Environmental and social scoping	0.50	0.20	0.5	0.50	16,900
Stakeholder Identification and engagement	0.10	0.30	0.55		9,850
Legal and regulatory considerations	0.20	0.10	0.40		7,700
Project Definition	0.10	0.30	0.60	0.50	11,100
Analysis of alternatives to the proposed project	0.25	0.10	0.40		8,700
Environment in the project area - Baseline	0.10	0.40	0.40	2.00	14,800
Climate Change Screening	0.25	0.20	0.20		9,400
Impact Assessment and Mitigation	0.30	0.80	0.80	0.50	24,600
The ESMP report	0.25	0.40	0.45		14,050
The ESIA report	0.25	0.40	0.45		14,050
TOTAL	**2.30**	**3.20**	**4.75**	**3.50**	**131,150**

COMPONENT BUDGET

Based on the above detailed Unit Costs and Person Months of input the budget for each component is estimated

Feasibility Study, Detailed Design and Tender Document	person month		Fees EURO		
	International	National	International	National	Sub Total
Team Leader	11.15		223,000		223,000
Sanitation	4.23		71,825	-	71,825
Drainage	3.80		64,600	-	64,600
Solid Waste	4.45		75,650	-	75,650
Institutional		5.70	-	28,500	28,500
Finance	3.33		56,525	-	56,525
Planner		6.50	-	32,500	32,500
Environment		6.90	-	34,500	34,500
Social		5.80	-	29,000	29,000
GIS		4.70	-	23,500	23,500
Other professional	1.20	8.50	20,400	42,500	62,900
Tech		12.50		25,000	25,000
Sub-total / Fees	28.15	50.60	512,000	215,500	727,500
Allowances					126,675
Air travel					53,450
Local Transport					20,240
Translation					4,800
Sub-Total / Reimbursable					205,165
Workshops					47,500
Maps					20,000
Topographic Survey					150,000
Lab analysis					15,000
Sub-total / Others					232,500
Gran Total					**1,165,165**

Environmental and Social Studies	person month International	National	Fees EURO International	National	Sub Total
Team Leader	2.30		46,000		46,000
Environmental	1.00	1.50	17,000	7,500	24,500
Sociologist	0.80	1.75	13,600	8,750	22,350
Ecologist	1.40	1.50	23,800	7,500	31,300
Technician		3.50		7,000	7,000
Sub-total / Fees	5.50	8.25	100,400	30,750	131,150
Allowances					24,750
Air travel					9,625
Local Transport					3,300
Translation					4,000
Sub-Total / Reimbursable					41,675
Community Meetings					28,800
Maps					10.000
Sub-total / Others					38,800
Gran Total					**211,625**

Project Management

	Unit	Unit cost	Total	Funding Source
Project coordinator	3,000	30	90,000	AWF
Procurement Specialist	2,000	12	24,000	AWF
Salaries of part time staff	1,200	4	4,800	GOM
Workshops			45,000	GOM/GWP
Office space	1,500	16	24,000	GOM
Office Running Costs	2,500	16	40,000	GOM
Running costs for cars	1,500	16	24,000	GOM
Total			**251,800**	

PROCUREMENT OF GOODS, WORKS AND CONSULTANCY SERVICES

B.5.1 Main Findings of the Assessment of the Mozambique's Procurement System

- ***Procurement Law and Regulatory Framework.*** The procurement law and code has been reviewed and the risk for its use in Bank-financed projects is rated at ***low*** due to the following reasons: (i) scope of application is adequately recorded and organized hierarchically, (ii) the regulations are accessible at no cost, procurement methods are hierarchically established, (iii) public open competition is the default procurement method and (iv) the law promotes competition and transparency.

- ***National Standard Bidding Documents*** The National Standard Bidding document for goods, works, and services, including General Conditions of Contracts (GCC) for public sector contracts, and the dispute resolution mechanism and enforcement procedures of outcome of the dispute resolution process, have been reviewed and the risk for its use in Bank-financed projects is rated at ***Substantial*** due to the following reasons: (i) The national standard bidding documents for goods works and services is not updated in line with the most recent revision of the procurement decree (5/2016 of 8th March- Regulates contracting of Public Works, supply of Goods and provision of of services to the State) (ii) there's no updated procurement procedures manual, and (iii) although the country has adequate framework for contract dispute, enforcement remains a challenge.

- ***Regulatory Function***. The Regulatory body has been assessed to ensure that it is not responsible for direct procurement operations and is free from other possible conflicts of interest in procurement, and the risk for its use in Bank-financed projects is rated at ***low*** due to the fact that no major discrepancy has been identified.

- ***Internal and External Controls***. The Legal framework, organization, policy, and procedures providing for internal and external control and audit of public procurement which enforces the proper application of laws, regulations and procedures, have been assessed and the risk for its use is rated at ***substantial*** for its use in Bank-financed projects due to the fact that although the systems of the Country provides for independent control and audit, the institutions responsible for audits (the General Inspectorate of Finance and the Administrative Tribunal) there's no evidence of follow up and enforcement of recommendations by the Administrative Tribunal and General Inspectorate of Finance. Reasons for absence of follow up and enforcement are related to limited resources that are the impediment for the TA to cover every agency annually.

- ***Complaints Mechanism.*** The existing complaints system has been reviewed to ensure that it set out clear specific conditions that provide for fairness, independent and due process, and the risk for its use in Bank-financed projects is rated at ***high*** due to the fact that there is no independent forum through which decisions by the Procurement Entity may be appealed.

- ***Prohibited Practices.*** The legal provisions, including the institutions in charge of dealing with prohibited practices (corruption, fraud, conflict of interest, and unethical behavior), which also define responsibilities, accountabilities and penalties for prohibited practices, has been reviewed and the risk for its use in Bank-financed projects is rated at **substantial** due to the following reasons: (i) the administrative tribunal and general inspectorate of finance which have the responsibility for audits and internal control lack capacity and thus do not undertake sufficient audits and controls, (ii) There is no mechanism in place that ensures follow up on the decisions by the institutions in charge of dealing with prohibited practices.

Conclusion and Recommendations

Due to the above remaining issues identified within the BPS, the risk for its use in Bank-financed project is globally rated at **substantial**. Therefore, procurement of the consultancy package under the project will be procured in accordance with the Procurement Policy and Methodology for bank Group funded operations (BPM) dated October 2015, using the African Development Bank Solicitation Documents, and the provisions stipulated in the Financing Agreement.

B.5.2 Procurement Arrangements

The various items under the consultancy category and related procurement arrangements are summarized in Table 1 below. Each contract to be financed by the Grant, the different procurement methods or consultant selection methods, estimated costs, prior-review requirements, and time frame are agreed between the Borrower and the Bank project team and are provided in the Procurement Plan (see section B.5.5).

Project Categories	**EURO**			
	Use of NPP or CPS	Use of Bank's procedures	Non Bank funded	Total
1 Consulting Services (Study)	**-**	**1,600,000**	**182,800**	**1,782,800**
1.1 Feasibility Studies	-	1,239,643	45,000	1,284,643
1.2 Environmental & Social Studies	-	234,197		234,197
1.3 Workshops	-		45,000	45,000
1.4 PIU	**-**	126,160	92,800	218,960
Financial audit	**-**	**-**	**-**	**-**
Total incl operating costs	**-**	**1,600,000**	**182,800**	**1,782,800**

B.5.2.1 Civil Works - N/A

B.5.2.2 Goods N/A

B.5.2.3 Consulting Services

Consultancy: The procurement of consulting services i.e. the various studies financed by the Fund will be in accordance with Bank Procurement Framework and Methodology for Bank Group funded operations dated October 2015, using the Bank Solicitation Documents. The procedure for selecting consultants for the component 1 of the Project will be based on the "Quality and Cost Based Selection" method. For the financial audit which is going to be funded under AWF administrative budget the selection procedure will be based on the "Least Cost Selection" method.
The possibility of using Advance Procurement for acquisition of the expertise is under consideration depending on how fast board date will be reached.

When the amount of the contract is less than UA 200,000, the Borrower may limit the publication of a Specific Procurement Notice (SPN) requesting for expressions of interest to national or regional newspapers. However, any eligible consultant, being regional or not, may express his desire to be short-listed. For contracts expected to cost more than UA200.000 advertisement on UNDP and Bank's website is mandatory.

B.5.2. 4 Market Information- Market practices: Regarding market practices, the private sector generally lacks financial and technical capacity which impacts on their capability to effectively respond to the call for bids and follow most of the procurement procedures. While procurement operations provide for dispute resolution procedures, including alternative mechanisms, there is however no evidence that they are effectively used for solving disputes during contract execution.

B.5.3 Assessment of the Executing Agency

AIAS (Administration of Water and Sanitation Infrastructure) will be responsible for the procurement activities of the project. An assessment of the capacity of the Executing Agency to implement procurement actions for the project has been carried out by the Bank and included a review of the human capacities. The assessment reviewed the organizational structure for implementing the project and the interaction between the project's staff responsible for procurement activities and the Executing Agency's relevant central unit for administration and finance In terms of human capacity it was found that AIAS has a Procurement Unit (UGEA) which is responsible for handling all procurement issues of the institution and is comprised of 5 people. The most experienced member of the UGEA (Coordinator) has been working on Procurement for four years and the least experienced has been working on procurement for about one year. The unit has three more members of the team being one of them a lawyer, and one more to be recruited soon. .

The unit operates mostly with National Procedures enforced by the decree 15/2010 of 24th of May, and UGEA's members have little experience working with Multilateral Development Bank procedures, and never attended any trainings on World Bank or African Development Bank Procurement procedures.

The Procurement Unit has been counting on the valuable experience of the procurement expert working for a World Bank funded project which is expected to be closing in 2017. Lack of

experience of the AIAS UGEA can be mitigated by taking advantage of this consultant expert to support procurement activities under this project.

The Procurement Unit reports to the General Director of AIAS which is the entity responsible for approving all procurement stages, such as bidding documents, nomination of evaluation committee, evaluation reports, handling of complains from bidders and draft contracts as shown on the chart below.

The UGEA is also responsible for the drafting of the procurement plan, which is then monitored by the Department of Planning on a weekly basis.

The record keeping capacity of the Agency is poor. Procurement files are kept in the same room office where UGEA works from, none of the files has an index and in general there are documents regarding procurement transactions missing on the files. The UGEA coordinator informed that the lack of most of the documents was due to an audit from the General Inspectorate of Finance that was being carried out at the moment this assessment took place. UGEA does not keep any documents related to payments or contract management. After contract signature a contract manager from the concerned department is assigned to each contract and he/she is responsible for the day to day monitoring of the contract.

The resources, capacity, expertise and experience AIAS, taking into consideration the relatively low procurement activity of the project, are adequate to carry out the procurement. Most of the risks concerning the procurement component for implementation of the project have been identified and include delays in the implementation of the project due to weak knowledge of bank procurement procedures. The corrective measures which have been agreed are to take advantage of the presence of the Procurement Specialist assigned to World Bank Project which the tasks include supporting UGEA in all procurement issues as needed. The Bank will provide training to the UGEA during the project launching on record keeping, monitoring of the Bank's procurement plan, preparation of the administrative and financial internal guidelines, mentoring staff, sensitization on fraud and corruption. Also, training on the use of Bank procedures for recruitment of consultancy services will be provided.

The overall project risk for procurement taking to account the presence of the procurement expert of the World Bank Project to supervise and coordinate the procurement activities is moderate.

The mitigation risk framework proposed below in Annex B.5.7.2 will attenuate the risk.

Internal Controls

The Procurement Supervision Unit (UFSA) is required to oversee all procurement activities at all levels, provide training to procurement officials, gather information country wise regarding procurement activities (data base), host a data base of suppliers, consultants and contractors. UFSA supervision activities are carried out in coordination with other internal control institutions such as Finance General Inspection and Administrative Tribunal. Coverage for supervision in 2013 is expected to be 40% and training is 100%.

One of the main constraints that UFSA is facing is lack of capacity of UGEAS, Procurement Management Units at the budgetary unit responsible for undertaking all procurement activities, despite the trainings provided by UFSA. As result of frequent changes of personnel in the public sector, procurement units remain with untrained personnel unprepared to deal with the demands

imposed by public sector Procurement. There's also the difficulty in gathering information for the data base. A system is not yet created whereby information is automatically collected. Currently UFSA relies on UGEAS from all over the country to regularly send information.

Under government funded projects the Director of AIAS, appoints an evaluation committee that, is comprised of staff from other Departments of the organization. The evaluation committee is responsible for the bid opening and evaluation process. The Evaluation report is reviewed and approved by the Director as enforced by the Procurement Law in Mozambique and the same procedure is applied for the Draft contract. After the signature of the contract, the Procurement process must be submitted to the Administrative tribunal for approval. Contracts above the equivalent of 5 million Meticais must only be executed after the approval.

On the other hand, the National Procurement Regulations stipulates that all contracts have to be sent to the Administrative Tribunal (AT) (by the UGEAs) for clearance and/or approval: therefore the AT will be doing the internal control on the national level. It is noted that the AT cannot clear the documents (*contracts, bidding documents, evaluation report*) submitted in English or French. It means that the internal control will not be effective for Bank' projects: it is proposed for the fiduciary risk compliance and monitoring purpose that all bidding documents for the Project will be translated in Portuguese and transmitted to the AT.

B.5.4 General Procurement Notice

The text of a General Procurement Notice (GPN) will be agreed with the Government and it will be issued for publication in UNDB online and in the Bank's Internet Website, upon approval by the Board of Directors of the Financing Proposal.

B.5.5 Procurement Plan

The Borrower will submit to the Bank a consolidated procurement Plan before the negotiation of the Financing agreement. The Bank shall review the procurement arrangements proposed by the Borrower in the Procurement Plan for its conformity with the Financing agreement and its Rules. The Procurement Plan shall cover an initial period of at least 18 months. The Borrower shall update the Procurement Plan on an annual basis or as needed always covering the next 18 months period of project implementation. Any revisions proposed to the procurement Plan shall be submitted to the Bank for its prior approval. The Borrower shall implement the Procurement Plan in the manner in which it has been agreed with the Bank.

B.5.5.2 Selection of Consultants

Prior Review Threshold: Selection decisions subject to Prior Review by Bank

	Selection Method	Prior-Review Thresholds (UA)	Post-Review Threshold UA	Frequency of Review
1.	Competitive Methods (Firms)	*Above 200,000*		*All*
2.	Competitive Method (Individual)	*Above 50,000*		*All*
3.	Single Source (Firms/Individual)	-	-	*All*
4.	Competitive Methods (Firms)		*Below 200,000*	*All*
5.	Competitive Method (Individual)		*Below 50,000*	*All*

Short list comprising entirely of national consultants: Short list of consultants for services, estimated to cost less than UA 200,000.00 equivalent per contract, may comprise entirely of national consultants..

Any Other Special Selection Arrangements*:* N/A

Consultancy Assignments with Selection Methods and Time Schedule:

B.5.6 Frequency of Procurement Post Review mission

In addition to the prior review supervision to be carried out from Bank offices, the capacity assessment of the Implementing Agency has recommended one (1) procurement supervision missions to visit annually the project and carry out post review of procurement actions.

B.5.7.ANNEX

B.5.7.1- ANNEX /PROJECT: SKILLS DEVELOPMENT AND ENTREPENEURSHIP PROJECT

Procurement Capacity Risk Assessment of the Executing Agency-AIAS

Item Assessed	Assessment				Observations	Risk Assessment		
		POOR	FAIR	SATISFACTORY		LOW	AVERAGE	HIGH
(a) Legal Aspects								
(i) NCB Procedures			*		UGEA have never conducted procurement process under borrower procedures		●	
(b) Proc. Cycle Mgmt.								
(i) General handling			*			●		
(ii) Procurement planning			*		UGEA has never prepared a Procurement Plan on the bank format		●	
(iii) Preparation of documents			*		UGEA has never prepared MDB's standard bidding documents		●	
(iv) Management of process		*			There's a system in place for monitoring the procurement process	●		
(v) Bid evaluation			*		AIAS UGEA not familiar with MDB rules and procedures and not conversant with any of the Banks language		●	
(vi) Contract award		*						
(vii) Preparation and signing of contracts		*						
(viii) Contract management		*			There's systematic contract management process	●		
(c) Organization and Functions								
(i) Organization of unit and functions		*			One of the UGEA staff was appointed less than two years ago and there's a organogram for the UGEA		●	
(ii) Internal manuals and instructions			*		No internal Manuals, however AIAS operates within the sphere of the national Procurement Law	●		
(d) Support and Control Systems								
(i) Auditing		*					●	
(ii) Technical and administrative controls	*				The general director of AIAS endorses the recommendations provided by UGEA without any prior or external control to UGEA.		●	

Item Assessed	Assessment				Observations	Risk Assessment		
		POOR	FAIR	SATISFACTORY		LOW	AVERAGE	HIGH
(iii) Code of ethics	*				code of ethics is not elaborated and the Procurement specialists don't sign any formal ethic commitment			●
(iv) Anticorruption initiatives	*				Participation for training about anticorruption initiatives to be done.			●
(e) Record keeping					-Procedures for record keeping don't exist within the UGEA -No procurement check list for each contract.		●	
(f) Staffing					UGEA has 5 professional staff	●		
(g) General Procurement Environment			*					
Existence of experienced and capable staff			*		Less than one year experience, only with local rules: Staff need training on Bank's new rules 2008	●		
Clear written standards and delegation of authority		*			Decree 15-2010 indicates the responsibility of UGEA	●		

Risk Assessment Legend: High ● Moderate ● Low ●

	14th September 2015			ORPF
Overall Procurement Risk Assessment Executing Agency	***Low***	***Medium (Likelihood)***	***Medium (High Impact)***	***High***
	X			

B.5.7.2 - ACTION PLAN FOR IMPLEMENTING AGENCY

Agency: AIAS

Risk Factor 1

Description: Procurement Planning, processing and contract administration
Rating: l Moderate
Risks: delays on the project implementation and supervision
Mitigation Measures

Description	Assigned Date	Status	Planned Due Date	Actual Completion Date	Responsible Entity	Assignee	Comments
Have the World Bank project procurement specialist assigned to support the implementation of the project as part of his role to support UGEA in all required procurement activities.					AIAS	Director	

Risk Factor 2

Description: Record Keeping & Document Management Systems
Rating: l High
Risks: delays, potential fraud, with impossibility for the Bank to do properly the reviews ex post and the inspection on all the procurement documents
Mitigation Measures

Description	Assigned Date	Status	Planned Due Date	Actual Completion Date	Responsible Entity	Assignee	Comments
A procedure for register the documents and for record keeping must be elaborated. The Procurement files shall systematically include a summary of check list for each contract. The staff must be trained on record keeping by the Bank during the project launching.					AIAS	UGEA	

Risk Factor 3

Description: Procurement Planning

Rating: l Substantial

Risks: delays on the project implementation and supervision

Mitigation Measures

Description	Assigned Date	Status	Planned Due Date	Actual Completion Date	Responsible Entity	Assignee	Comments
AIAS UGEA must be trained on the Bank' procurement plan format, monitoring of the procurement plan, preparation of the RFP and evaluation of technical and financial proposals during the launching of the project	April 2016				AIAS/AfDB	procurement specialist	