REPUBLIC OF MOZAMBIQUE

MINISTRY OF ECONOMY AND FINANCE

MANAGING PUBLIC RESOURCES FOR SERVICE DELIVERY (P173178)
STAKEHOLDER ENGAGEMENT PLAN (SEP)

16 September 2021

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ACRONYMS AND ABBREVIATIONS

AT	Revenue Authority (*Autoridade Tributária*)
BETF	(World) Bank-Executed Trust Fund
CERC	Contingency Emergency Response Component
CEDSIF	Center for the Development of Financial Information Systems (*Centro de Desenvolvimento de Sistemas de Informação de Finanças*)
CGE	Year-End Account (*Conta Geral do Estado*)
CPF	Country Partnership Framework
CUT	Treasury Single Account (*Conta Única do Tesouro*)
DNMA	National Directorate for Monitoring and Evaluation, MEF
DNPO	National Directorate for Planning and Budgeting, MEF
DNTCEF	National Directorate of the Treasury, Economic Cooperation and Finance
e-SISTAFE	Integrated Financial Management Information System (*Sistema de Administração Financeira do Estado*)
ESCP	Environmental and Social Commitment plan
EU	European Union
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GFSM	Government Finance Statistics Manual
GIDE	Interministerial Working Group on Decentralization (*Grupo Interministerial de Descentralização*)
GIZ	German Society for International Cooperation
GOM	Government of Mozambique
GRC	Grievance redress committee
GRM	Grievance Redress Mechanism
I&APs	Interested and Affected Parties
IGEPE	State Participation Management Institute (*Instituto de Gestão das Participações do Estado*)
IMF	International Monetary Fund
IPF	Investment Project Financing
IT	Information Technology
M&E	Monitoring and Evaluation
MDAs	Ministries, Departments and Agencies
MDTF	Multi-Donor Trust Fund
MAEFP	Ministry of State Administration and the Public Service
MEF	Ministry of Economy and Finance
MPE	Electronic procurement system (*Módulo do Património do Estado*)
PCN	Project Concept Note
PDO	Project Development Objective
PEFA	Public Expenditure and Financial Accountability
PEFP	Strategic Plan for Public Finance (*Plano Estratégico das Finanças Públicas*)
PES	National Economic and Social Plan (*Plano Económico e Sociall*)
PFM	Public Financial Management
PGR	Public Prosecutor's Office *(Procuradoria Geral da República)*
PIU	Project Implementation Unit
PPP	Public-Private Partnership
PQG	Government's Five-Year Plan (*Plano Quinquenal do Governo*)
PRA	Prevention and Resilience Allocation
PREFER	Public Revenue, Expenditure, and Fiscal Decentralization Enhancement and Reform Project
SORT	Systematic Operations Risk-Rating Tool
SPO	Subsystem of Planning and Budgeting (*Subsistema de Planificação e Orçamentação*)
SOEs	State-Owned Enterprises

TA	Administrative Court (*Tribunal Administrativo*)
UFSA	Procurement Supervision Functional Unit (*Unidade Funcional de Supervisão das Aquisições)*
UGB	Beneficiary Management Unit
UGEA	Procurement Unit (*Unidade Gestora de Aquisições*)
VAT	Value-Added Tax
WGI	Worldwide Governance Indicators

1. INTRODUCTION AND BACKGROUND

The strong economic growth that Mozambique experienced over the last two decades did not fully result in progress towards achieving shared prosperity and reducing inequality. Poverty fell from 60.3 to 58.7 percent between 2002 and 2009, and to 48.4 percent by 2015[1]. However, this reduction became less inclusive over the last decade with poverty remaining concentrated in central and northern regions.

The COVID pandemic and its impact have jeopardized years of hard-won development gains, with a sizeable number of Mozambicans expected to fall back into poverty. Livelihoods, food security, and nutrition have worsened with reduced incomes. The pandemic has had a particularly severe impact on the poor in urban and peri-urban areas, more affected by containment measures and business closures. Mozambique's urban poverty rate is projected to have increased from 32 to at least 37.4 percent by the end of 2020, widening inequalities and pushing an additional 523,000 people in urban areas into poverty on account of employment and income losses, price increases and a deterioration of public services[2]. The pandemic is also likely to exacerbate pre-existing factors of fragility, aggravate existing gender inequalities, and increase risks of gender-based violence/ sexual exploitation and harassment (GBV/SEAH).

The Government of Mozambique (GoM) responded to the economic slowdown and the hidden debt crisis through a combination of governance and fiscal measures that were incorporated in its 2016 medium-term Investment Project Financing (IPF) Public Financial Management (PFM) reform strategy and action plan[3]. In addition to a clear political commitment to devolution and fiscal decentralization, a well-designed PFM framework at the subnational level is critical for the decentralization process and for increasing accountability in the use of public resources. Internal and external controls of public expenditure are weak at decentralized levels, and mechanisms for public participation and accountability are often superficial. There is no clear and unified format and reporting line for the submission of municipal activity and budget execution reports. The central government does not consolidate and analyze the reports to monitor performance. Moreover, the Administrative Court (TA) does not possess adequate independence, human resource and financial capacity to undertake regular audit visits to provinces, districts, and municipalities[4].

1.1. Project Description

The project seeks to support the implementation of Government's public financial management and decentralization reforms to strengthen the management of public resources for service delivery. Together with the GoM and its development partners, the Bank undertook a consultation process to map existing engagements and to identify critical PFM and decentralization challenges. The conclusion was that the key PFM-related constraints to service delivery were in three focal areas: (i) tax policy and tax

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[1] Mahdi,Shireen; Massingue,Anna Carlotta Allen; Massarongo Chivulele,Fernanda Ailina Pedro; Baez Ramirez,Javier Eduardo; Walker,Ian D.; Mucavele Macule,Adelina Noe; De Lemos Botelho Barreto,Ruben Jorge; Casal,Julian.2018. *Mozambique Economic Update: Shifting to More Inclusive Growth (English).* Mozambique Economic Update Washington, D.C.: World Bank Group.

[2] Giulia Barletta,Finório Castigo,Eva-Maria Egger, Michael Keller, Vincenzo Salvucci, and Finn Tarp. June 2021. The impact of COVID-19 on consumption poverty in Mozambique. WIDER Working Paper 2021/94.

[3] The PEFP (2016-2019) is aligned with the government's Vision of Public Finances (2011-2025) and its medium-term development plan (Five-Year Program of the Government, PQG). The PEFP provides a broad coverage of public finance issues, broken down into seven objectives, and a set of sub-objectives or activities.

[4] For example, districts of Zambezia and Niassa Provinces were last audited in 2013.

administration, (ii) expenditure management and control, and (iii) **Improving Independent External Oversight**. Taken together, existing weaknesses in these areas represent binding constraints to service delivery, for instance by preventing both the allocation of public resources in line with policy objectives, by thwarting timely and predictable resource flows to service delivery frontlines, and by weakening the transparency and accountability with which resources are managed.

1.1.1. Project Development Objectives and outcomes

The Project Development Objective (PDO) is to improve domestic revenue administration, budget execution, transparency and accountability in the management of public resources for service delivery, and to provide an immediate response to any eligible crisis or emergency as needed.

The main outcomes of the project will be: (i) increased domestic revenues; (ii) improved service delivery; and (iii) improved transparency and accountability in public resource management. Successful achievement of the PDO above will be measured with the following indicators, which will be further specified during project preparation: (i) Improved taxpayer compliance; (ii)Improved budget execution rate; (iii) Improved oversight of public accounts; (iv) Enhanced feedback loops for social accountability and citizen engagement.

1.1.2. Project Beneficiaries

The project beneficiaries targeted under the proposed project will ultimately be the citizens of Mozambique who will benefit from the improved service delivery as a result of the activities to support increased efficiency and transparency in the management of public resources. In addition, the direct beneficiaries of capacity building activities of the proposed project are civil servants working in the MEF Directorates and different entities under its responsibility AT, sector ministries, and other relevant PFM institutions, Provinces, Districts and Municipalities. Mozambican taxpayers and citizens will also benefit directly from lower tax compliance costs, improved taxpayer services and business processes as a result of the strengthening of the tax administration arrangements. Businesses and citizens will indirectly benefit through increased domestic revenues available for social and infrastructure expenditures priorities.

1.1.3. Project Components

The proposed Project components are: Component 1 – Strengthening Domestic Revenue Administration; Component 2 – Enhancing Budget Execution; Component 3 – Improving transparency and accountability mechanisms; Component 4 – Project Management; Component 5 – Contingency Emergency Response Component (CERC).

Component 1 – Strengthening Domestic Revenue Administration

Subcomponent 1.1: Reinforcing tax administration - This subcomponent will support the Government's efforts to strengthen the structure and institutional arrangements for tax administration and increase the transparency of tax revenue management. It will thus finance capacity building and technical assistance geared towards: (i) strengthening the effectiveness of digital tax systems including the *e-Tributação*; (ii) boosting the operational efficiency and effectiveness of the tax administration; exploring additional potential application of digital technologies to strengthen tax compliance; promoting voluntary compliance and legitimacy of the tax system; and fostering the exchange of relevant knowledge and good

practices. More specifically, the project will provide support to the AT to help clarity its functional powers; strengthen its capacity to identify and register taxpayers; improve maintenance of records that enable the effective follow up of tax arrears; strengthen its capacity to undertake tax audits; and to assist it in establishing a risk management approach. This sub-component will also provide financing intended to strengthen the tax appeals process.

Subcomponent 1.2: Incentives for strengthening domestic revenue management – To reinforce the technical assistance provided under the subcomponent above, financing will be provided under the PBC modality for the PBCs below.

a.   **PBC 1– Broadening tax base through enhanced integration of taxpayer registry:** This PBC seeks to incentivize increasing tax revenues through sequential and impactful improvements to the taxpayer registry.

b.   **PBC 2- Automating and simplifying tax filing and payment:** This PBC will incentivize the phased introduction of online filing and tax payment functionalities as part of the full implementation of a self-assessment system. The PBC also encourages improved communication with taxpayers and the provision of taxpayer information and services to encourage the adoption by a critical mass of taxpayers of e-filing and e-payment processes.

c.   **PBC 3 – Improved intergovernmental fiscal transfers:** This PBC will promote the achievement of results in the implementation of an effective system of intergovernmental fiscal transfers. The GoM has currently embarked on a comprehensive decentralization reform. To undertake the functions and responsibilities attributed to them, the new local self-governments will require equitable and predictable financial resources. his PBC encourages the design of a sound system of intergovernmental fiscal transfers ensuring the adoption of an allocation formula for subnational governments by Parliament, and the implementation of these transfers in accordance with the formula and in a timely manner.

Component 2 – *Enhancing Public Expenditure Management and Control*

Subcomponent 2.1. Institutional capacity building for the MEF - This subcomponent will support activities to the strengthen expenditure management and control in key areas of sector strategy, Treasury Management, Public Procurement modernization. The TA support will finance training for staff and upgrading their skills and competencies, knowledge management initiatives to expose staff to good international practices, and the purchase of equipment, systems modernization, consulting services and operational expenses to enable the MEF to plays its role both in maintaining and supervising the public financial management arrangements in the country and in the implementation of reforms aimed at strengthening these.

GEPRES will provide support for significant reforms aimed at improving public procurement in the country. This will include rationalization of the legal and regulatory framework, expansion of its coverage and use across the whole public sector; increased the independence and financial autonomy of the Central procurement agency and enhanced operational capacity of 1,500 procurement units (UGEAs) that also cover activities at the subnational level. This subcomponent will also support the conduct of a Business Process Reengineering (BPR) study and the implementation of the eGP system in line with the options identified in the BPR study. The BPR will provide a blueprint for achieving efficient e-GP system in transition from the paper-based procurement system. In addition, the project will provide support for the activities designed to ensure the efficient implementation of the new eGP, including those in respect of change management and capacity building, and measures to ensure security and integrity in its use.

*Subcomponent 2.2. Strengthening internal audit arrangements-*The new SISTAFE Law and Regulations introduced clarity on internal audit roles and responsibilities, principles to be observed in conducting the internal audit function and approaches to be used in evaluating the effectiveness of risk management, control and governance processes. The IGF is responsible for providing regular and adequate feedback to management on the performance of the internal control systems. The IGF's mandate covers all levels of Government, but it still has challenges in fulfilling it. The project will support the Government to address these challenges, including to prepare a strategy to guide the institutional strengthening reforms, and to adopt internal audit methodologies that based international best practices and Internal Auditing Standards. It will also help to enhance mechanisms used to monitor the extent to which these recommendations and findings are implemented. Additional focus for support will be placed on the MEF, particularly its own internal audit department (Gabinete de Auditoria e Controlo Interno - GACI). GEPRES will support specific capacity building activities for GACI, including the elaboration of risk audit methodologies and their implementation.

Subcomponent 2.3. Incentives for improved expenditure management and control - The project will use the PBC modality to promote the achievement of results that are intended through the support of the activities indicated above.

Component 3 – Improving Independent External Oversight

Subcomponent 3.1: Support for the external audit – This subcomponent will provide support strengthening institutional capacity of the Tribunal Administrativo as a transitional measure for the eventual establishment of the CoA. Under the forthcoming DPO, the Bank will support the GoM's intention to adopt a law to establish the CoA as an independent supreme audit institution. By strengthening the institutional structure and capacity within the TA that will be taken over by the CoA, the project will provide the foundation necessary for the effective functioning of the latter.

Capacity building support will cover the core categories of public servants in a Court of Auditors. For auditors, the *Tribunal Administrativo* plans to adopt new audit methodologies in order to broaden its approach from what is mostly compliance audits to embracing aspects such value for money, accountability and efficiency in the management of public resources.

Subcomponent 3.2: Enhancing social accountability and citizen engagement – In line with the objectives of the CPF, the project will support innovations that are aimed at further strengthening the quality of data and access to information on the delivery of public services. It will provide financing for activities that are aimed at establishing partnerships between central and local governments and with CSOs, local innovations and CSO partnerships. The project will deepen support for the use of citizen participation and social accountability mechanisms in sectors. It will also provide technical assistance to line ministries and service delivery units on channeling and responding to these inputs, to create feedback loops for measuring performance and improving quality of public services. The project will thus develop mechanisms to support strategic partnerships between the different levels of government and CSOs that seek to scale up proven social accountability initiatives (e.g., scorecards, public expenditure tracking, social audits).

Subcomponent 3.3: Strengthening SOE oversight – This subcomponent will supplement activities supported under the Inclusive Growth Project and other technical assistance activities that are intended to reduce fiscal risks emanating from SOEs and improve their corporate governance. The project will

provide technical assistance to improve reporting on service standards by SOEs, with the aim of increasing transparency and accountability with which they deliver on their responsibilities.

Component 4 – Project Management

The MEF will be responsible for the implementation of the project, using its staff, implementation systems, processes, and procedures. There are likely to be recurrent institutional and operational costs, as well as the periodic need for consultancy services to ensure that project implementation progresses smoothly. The key objective of this subcomponent is to provide resources to support and defray the costs to the MEF for coordinating the implementation of the project effectively and efficiently, including support to build the capacity of the MEF M&E Unit.

Component 5 – Contingency Emergency Response Component (CERC)

This component will facilitate access to rapid financing by reallocating uncommitted project funds in the event of a natural disaster, either by a formal declaration of a national or regional emergency or upon a formal request from the GoM. This would help reduce damage to infrastructure, ensure business continuity, and enable early rehabilitation. This component will use the IDA Immediate Response Mechanism (IRM).

1.1.4. Project Budget

The Table below presents the estimated project budget per project component.

Table 1. Project cost and financing (US$ millions)

Project Components	IPF US$ m	PCB US$ m	Total US$ m
Component 1: Strengthening Domestic Revenue Administration	3.0	21.0	24.0
Component 2: Enhancing Expenditure Management and Control	39.85	9.0	48.85
Component 3: Enhancing Transparency and Accountability in Service Delivery	15.15	-	15.15
Component 4: Project Management	8.0	-	8.0
Component 5: CERC	0.0	-	0.0
Total Costs	**66.0**	**30.0**	**96.0**

1.2. Purpose and objective of the stakeholder's engagement plan (SEP)

The WB ESS10 "Stakeholder engagement and information disclosure" requires that Borrowers engage with stakeholders throughout the project life cycle, commencing such engagement as early as possible in the project development process and in a timeframe that enables meaningful consultations with stakeholders on project design. The nature, scope and frequency of stakeholder engagement will be proportionate to the nature and scale of the project and its potential risks and impacts.

The objectives of this SEP are:

- Establish a systematic approach to stakeholder engagement that will support the Government of Mozambique to identify I&APs for the project and build and maintain a constructive relationship with them throughout all phases of project implementation.
- To ensure that appropriate project information on environmental and social risks and impacts is disclosed to all stakeholders in a timely, understandable, accessible, inclusive, and appropriate manner and format throughout the project life cycle on issues that could potentially affect them.
- To provide project-affected parties with accessible and inclusive means to raise issues and grievances and allow the GoM to respond to and manage such grievances within established timeframes.
- Define procedures for the project stakeholder engagement such that it meets the Environmental Social Standard 10 and national regulations.
- Identify key stakeholders that are relevant in project implementation, the ones affected, and/or able to influence the project and its activities.
- Describe the communication protocols and channels that will be used by the project to communicate with the different types of stakeholders after identifying their specific needs.
- To assess the level of stakeholder interest and support to the project and to enable stakeholders' views to be considered in project design and environmental and social performance.
- Define roles and responsibilities and resources needed for SEP implementation.

2. LEGISLATIVE AND ENVIRONMENTAL AND SOCIAL STANDARDS REQUIREMENTS

The SEP takes into consideration the existing national legislation and the World Bank Environmental and Social Framework that guarantees the right of speech, reunion, access of information, participation disclosure and consultation.

2.1. National laws and regulations

The following are national legislations relevant to this SEP:
- Constitution of the Republic of Mozambique;
- Regulation on Environmental Impact Assessment – 54/2015 of 31st December;
- General Guidelines for the Public Participation Process in the Environmental Impact Assessment process – Diploma nº 130/2006 Of 19 July;
- The Ministerial Diploma on the Directive for Elaboration of Environmental Impact Studies (129/2006).

The Constitution of the Republic of Mozambique establishes in its Article 48 that all citizens have the right to freedom of expression, freedom of the press, as well as the right to information. While the Article 79 establishes that "All citizens have the right to submit petitions, complaints and grievances to the competent authority to demand the restoration of their violated rights in defense of the general interest. Under the Mozambican Legislation, stakeholders´ engagement is required from early stages of a project conception, either as part of environmental and social impact assessment or land use rights acquisition. According to decree 54/2015 of 31st December – Regulation for Environmental Impact Assessment, public consultation process is a compulsory activity for all Category A+, A and B projects. The Ministerial Diploma on the Directive for Elaboration of Environmental Impact Studies (129/2006) and Public Participation General Directive (Diploma 130/2006) outlines when and how should the public consultation process be conducted as well as disclosure requirements of the documentation under consultation. The EIA Regulations defines the public participation process as an activity, which involves public audience and

consultation.
The public participation process implies delivery of information regarding projects to all directly and indirectly interested and affected parties, and an explanation of the project to enable participants to raise issues of concern for investigation in the ESIA."

2.2. The environmental and social framework of the world bank

The World Bank's Environment and Social Standard 10 sets out that a Borrower has to engage with stakeholders as an integral part of a Project's environmental and social assessment and project design and implementation. The nature, scope and frequency of the engagement should be proportional to the nature and scale of the Project.

Consultations with stakeholders must be meaningful and based on stakeholder identification and analysis, plans on how to engage stakeholders, disclosure of information, actual consultations, as well as responses to stakeholder grievances, and reporting back to stakeholders.

The SEP will be consulted upon after project appraisal and updated to reflect the feedback received during consultations.

3. STAKEHOLDER IDENTIFICATION AND ANALYSIS

By improving tax administration and increase the transparency of tax revenue management, this project makes everyone in the country a beneficiary to this project directly or indirectly. Cooperation and negotiation with the stakeholders throughout the Project development often also require the identification of persons within the groups who act as legitimate representatives of their respective stakeholder group. Community representatives may provide helpful insight into the local settings and act as main conduits for dissemination of Project-related information and as a primary communication/liaison link between the Project and targeted groups or communities and their established networks.

Project stakeholders are defined as individuals, groups or other entities who:
   (i)   Are impacted or likely to be impacted directly or indirectly, positively or adversely, by the Project (also known as 'affected parties'); and
   (ii)   May have an interest in the Project ('interested parties'). They include individuals or groups whose interests may be affected by the Project and who have the potential to influence Project outcomes.

For the purposes of effective and tailored engagement, stakeholders of the proposed project can be divided into the following core categories:

- **Affected Parties** – persons, groups and other entities within the Project Area of Influence (PAI) that are directly influenced (actually or potentially) by the project and/or have been identified as most susceptible to change associated with the project, and who need to be closely engaged in identifying impacts and their significance, as well as in decision-making on mitigation and management measures.
- **Interested Parties** – individuals/groups/entities that may not experience direct impacts from the Project but who consider or perceive their interests as being affected by the project and/or who could affect the project and the process of its implementation in some way; and
- **Disadvantage/ Vulnerable Individuals or Groups** – persons who may be disproportionately impacted or further disadvantaged by the project(s) as compared with any other groups due to their vulnerable

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status[5,] and that may require special engagement efforts to ensure their equal representation in the consultation and decision-making process associated with the project.

3.1. Affected parties

For the purpose of this SEP we will consider Affected Parties individuals, groups, and communities directly affected by project interventions and other parties that may be subject to direct impacts from the Project. Specifically, the following individuals and groups fall within this category:

- Project Implementation Institutions: Ministry of Economy and Finance (MEF) and entities under its responsibility. , Ministry of State Administration and the Public Service (MAEFP), Parliament , Administrative Court,
- Civil servants working in all entities beneficiaries;
- Tax authorities and administration entities;
- Regulators and policy-making entities: Parliament of the Republic of Mozambique, Administrative Court (TA), Public Prosecutor's Office (PGR), Interministerial Working Group on Decentralization (GIDE)
- Administrators and employees responsible for IT systems development, management, administration and maintenance (e-SISTAFE)
- Other relevant PFM institutions in Provinces, Districts and Municipalities
- Mozambican citizens in general
- Taxpayers and taxpaying entities particularly female tax payers
- State Owned Enterprises (SOEs)
- Civil Society Organizations (SCOs) overseeing Government expenditure transparency
- SMEs, Start-ups, Business, firm and/or company owners and licensee holders including women entrepreneurs and women-led firms and/or businesses

3.2. Other interested parties

Project stakeholders also include parties other than directly affected people, including:
- Donors and funding entities: International Development Association (IDA), PREFER Multi-Donor Trust Fund (MDTF), PFM Donor Working Group and other international donors;
- Traditional and digital media: Jornal Notícias, Savana, Canal de Moçambique, Domingo, O País, Diário de Moçambique, Zambeze, Club of Mozambique, Revista Xonguila, Revista Índico, Rádio Moçambique, Cidade FM, Televisão de Moçambique (TVM), Soico Televisão (STV), Televisão Independente de Moçambique (TIM), Televisão Miramar, Media Mais, etc.
- International and National NGOs and Associations: ACIS, CTA, AMECOM, CIP
- Public and private companies from all sectors
- Business organizations and associations from all sectors of activities

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[5] Vulnerable status may stem from an individual's or group's race, national, ethnic or social origin, color, gender, language, religion, political or other opinion, property, age, culture, literacy, illness, physical or mental disability, poverty or economic disadvantage, or dependence on unique natural resources.

3.3. Disadvantaged / vulnerable individuals or groups

It is particularly important to understand whether project impacts may disproportionately fall on disadvantaged or vulnerable individuals or groups, who often do not have a voice to express their concerns or understand the impacts of a project and to ensure that awareness raising and stakeholder engagement with disadvantaged or vulnerable individuals or groups be adapted to take into account the needs of such groups or individuals, their concerns and cultural sensitivities, and to ensure a full understanding of project activities and benefits. The vulnerability may stem from a person's origin, gender, age, health condition, economic status and financial situation, disadvantaged status in the community (e.g., minorities or fringe groups), or dependence on other individuals and/or the state. Engagement with vulnerable groups and individuals often requires the application of specific measures and assistance aimed at the facilitation of their participation in project-related decision-making so that their awareness of and input to the overall process are commensurate to those of other stakeholders.

Within the Project, the disadvantaged/ vulnerable individuals or groups may include, but will not be limited to the following:

- Female-headed businesses – limited access to information about the project and access to technologies for tax payment) may bar them from participating in the project or they may become hesitant to do so due to discrimination or stigma or their level of illiteracy, especially to online systems for tax payment.
- Elderly - these people may be affected by the project due to their limited technology literacy, hence limiting their benefit for automating tax filling and payment.
- Illiterate people - this group of people cannot read or write, which are key aspects for access to technology, including those people, that although can read and write, are not familiar with technology interaction, which may be a limiting factor to benefit from the project.
- People living in remote areas - this will limit access temporarily or for a considerable period, hence these people may not benefit from the project.
- Persons With Disabilities (PWDs) - members of associations that are part of *Fórum das Associações Moçambicanas das Pessoas com Deficiência* (FAMOD), which is comprised of associations such as *Associação dos Cegos e Amblíopes de Moçambique (ACAMO), Associação dos Deficientes em Moçambique (ADEMO),ADEMO: Associação dos Deficientes de Moçambique; Associação dos Jovens Deficientes de Moçambique (AJODEMO), Associação Moçambicana de Mulheres Deficientes AMMD), Associação dos Surdos de Moçambique (ASUMO)-* people in these groups/associations may be marginalized due to their disability that may limit them to access the benefits of the project.
- Taxpayers within the Internally Displaced Persons (IDPs) and people living in areas of conflict – due to escalating conflict in Cabo Delgado these people may not be included during the implementation of the project, as such not benefitting from the project.
- People who receive delayed services due to delays in fiscal transfer
- Internally Displaced Persons (IDPs) taxpayers - affected by war in Cabo Delgado may not benefit from the project due to insecure conditions.

Vulnerable groups affected by the project will be further confirmed and consulted where needed during project implementation. Description of proposed methods of engagement to be undertaken is provided in the following sections.

3.4. Relevant stakeholders by project component

Table 2 shows the project stakeholders by each category (affected, interested and vulnerable) for each project component. This process allows project implementers to know which stakeholders are to be engaged in each component and subcomponent.

Table 2. Project stakeholders by Category in each Component

Project Components & Sub-Components	Interested stakeholders	Affected Stakeholders	Vulnerable groups
Component 1: Strengthening Domestic Revenue Administration			
Sub-Component 1.1. Reinforcing tax administration	- Project Implementation Unit – PIU - Ministry of Economy and Finance (MEF) - Ministry of State Administration and the Public Service (MAEFP) - Revenue Authority (AT) - PREFER Multi-Donor Trust Fund (MDTF) - International Development Association (IDA) - PFM Donor Working Group - International and National NGOs and Associations (CTA, AMECOM, ACIS, CIP) - International Donors	- Mozambican Citizens - Taxpayers and Taxpaying Entities - Ministry of Economy and Finance (MEF) - Ministry of State Administration and the Public Service (MAEFP) - Revenue Authority (AT) - - Civil servants working in the MEF Directorates: - - National Directorate for Monitoring and Planning (DNMA) - - National Directorate for Planning and Budgeting (DNPO) - - National Directorate of the Treasury (DNT) - -The public in general	- Women entrepreneurs and women-led firms and/or businesses - Female taxpayers / citizens - Persons with Disabilities (PWD) - Internally Displaced Persons (IDPs) taxpayers
Sub-Component 1.2. Incentives for strengthening domestic revenue management	- Project Implementation Unit – PIU - Ministry of Economy and Finance (MEF) - Ministry of State Administration and the Public Service (MAEFP) - Revenue Authority (AT) - PREFER Multi-Donor Trust Fund (MDTF) - International Development Association (IDA) - PFM Donor Working Group - Public in General	- State Owned Enterprises (SOEs) - Beneficiary Management Unit (UGB) - Inter-ministerial Working Group on Decentralization (GIDE) - Civil Society Organizations (CSOs) - SMEs, Start-ups, Business, firm and/or company owners and licensee holders - Public and private companies from all sectors - International and National NGOs and Associations - Other relevant PFM institutions in Provinces, Districts and Municipalities	- Women entrepreneurs and women-led firms and/or businesses - Female taxpayers / citizens - People with Disabilities (PWD) - Internally Displaced Persons (IDPs)
Component 2: Enhancing Expenditure Management and Control			

Project Components & Sub-Components	Interested stakeholders	Affected Stakeholders	Vulnerable groups
Subcomponent 2.1 Institutional capacity building for Ministry of Finance	- Project Implementation Unit – PIU - Ministry of Economy and Finance (MEF) - Ministry of State Administration and the Public Service (MAEFP) - Revenue Authority (AT) - PREFER Multi-Donor Trust Fund (MDTF) - International Development Association (IDA) - PFM Donor Working Group -	- Center for the Development of Financial Information Systems (CEDSIF) - Civil servants working in the MEF Directorates: - - National Directorate for Monitoring and Planning (DNMA) - - National Directorate for Planning and Budgeting (DNPO) - - National Directorate of the Treasury (DNT) - State Equity Management Institute (IGEPE	
	-	-	-
Subcomponent 2.2. Strengthening internal controls	- Project Implementation Unit – PIU - Ministry of Economy and Finance (MEF) - Ministry of State Administration and the Public Service (MAEFP) - Revenue Authority (AT) - PREFER Multi-Donor Trust Fund (MDTF) - International Development Association (IDA) - PFM Donor Working Group -	- Ministry of State Administration and the Public Service (MAEFP) - Center for the Development of Financial Information Systems (CEDSIF) - Civil servants working in the MEF Directorates: - - National Directorate for Monitoring and Planning (DNMA) - - National Directorate for Planning and Budgeting (DNPO) - - National Directorate of the Treasury (DNT) - State Equity Management Institute (IGEPE)	- Women entrepreneurs and women-led firms and/or businesses - Female taxpayers / citizens - Persons with Disabilities (PWD) - Internally Displaced Persons (IDPs) taxpayers
Sub-Component 2.3. Incentives for improved expenditure management and control	- Project Implementation Unit – PIU - Ministry of Economy and Finance (MEF) - Ministry of State Administration and the Public Service (MAEFP) - Revenue Authority (AT) - PREFER Multi-Donor Trust Fund (MDTF)	- State Equity Management Institute (IGEPE) - Procurement Supervision Functional Unit (UFSA) - e-SISTAFE Administrators and Employees - Civil Society Organizations (CSOs) -	- Women entrepreneurs and women-led firms and/or businesses - People with Disabilities (PWD) - Internally Displaced Persons (IDPs) taxpayers

Project Components & Sub-Components	Interested stakeholders	Affected Stakeholders	Vulnerable groups
	- International Development Association (IDA) - PFM Donor Working Group	- SMEs, Start-ups, Business, firm and/or company owners and licensee holders - Public and Private Companies from all sectors - International and National NGOs and Associations - Community Organizations and Associations from All Sectors - Other relevant PFM institutions in Provinces, Districts and Municipalities	
Component 3: Enhancing Transparency and Accountability in Service Delivery			
Sub-Component 3.1. Support for the external audit and legislative oversight of public accounts	- Project Implementation Unit – PIU - Ministry of Economy and Finance (MEF) - Ministry of State Administration and the Public Service (MAEFP) - Revenue Authority (AT) - PREFER Multi-Donor Trust Fund (MDTF) - International Development Association (IDA) - PFM Donor Working Group -	- Parliament of the Republic of Mozambique - Administrative Court (TA) - Public Prosecutor's Office (PGR) - Judiciary System -	- Internally Displaced Persons (IDPs) taxpayers -
Sub-Component 3.2. Enhancing social accountability and citizen engagement	- Project Implementation Unit – PIU - Ministry of Economy and Finance (MEF) - Ministry of State Administration and the Public Service (MAEFP) - Revenue Authority (AT) - PREFER Multi-Donor Trust Fund (MDTF) - International Development Association (IDA) - PFM Donor Working Group - Digital Media - Traditional Media	- Mozambican Citizens - Taxpayers and taxpaying entities - Civil servants working in the MEF Directorates - Beneficiary Management Unit (UGB) - Interministerial Working Group on Decentralization (GIDE) - Civil Society Organizations (CSOs) - SMEs, Start-ups, Business, firm and/or company owners and licensee holders	- Women entrepreneurs and women-led firms and/or businesses - Female taxpayers / citizens - People with Disabilities (PWD) - poor people, people living in districts with poor social indicators, people in rural areas

Project Components & Sub-Components	Interested stakeholders	Affected Stakeholders	Vulnerable groups
		- Public and private companies from all sectors - International and National NGOs and Associations - Community organizations and associations from all sectors - Other relevant PFM institutions in Provinces, Districts and Municipalities	
Sub-Component 3.3. Strengthening SOE oversight	- Project Implementation Unit – PIU - Ministry of Economy and Finance (MEF) - Ministry of State Administration and the Public Service (MAEFP) - Revenue Authority (AT) - PREFER Multi-Donor Trust Fund (MDTF) - International Development Association (IDA) - PFM Donor Working Group	- State Owned Enterprises (SOEs)	- Women entrepreneurs and women-led firms and/or businesses - Female taxpayers / citizens - People with Disabilities (PWD) - Internally Displaced Persons (IDPs) taxpayers
Component 4: Project Management			
Component 4	- Project Implementation Unit – PIU - Ministry of Economy and Finance (MEF) - Ministry of State Administration and the Public Service (MAEFP) - Revenue Authority (AT) - PREFER Multi-Donor Trust Fund (MDTF) - International Development Association (IDA) - PFM Donor Working Group -	- Project Implementation Unit – PIU - MEF Monitoring & Evaluation Unit - Ministry of State Administration and the Public Service (MAEFP) - Revenue Authority (AT)	-
- **Component 5: Contingency Emergency Response Component (CERC)**			

Project Components & Sub-Components	Interested stakeholders	Affected Stakeholders	Vulnerable groups
Component 5	- International Development Association (IDA) - Ministry of Economy and Finance	- Project Implementation Unit – PIU - Ministry of Economy and Finance (MEF) - National institute for Disaster Management (INGD)	-

3.5. Summary of project stakeholder needs and methods, tools and techniques for stakeholder engagement

Table 3 outlines methods to be followed for stakeholder engagement activities including consultations and information dissemination. The methods vary according to the characteristics and needs of stakeholders and will be adapted according to circumstances related to the ongoing COVID-19 public health emergency. The table below presents the potential needs of stakeholders and will be updated as the during subproject level discussions. The stakeholders' needs matrix is based in the following concepts/aspects:

- **Target Stakeholders** – refers to a group or category of stakeholders relevant to the project. This grouping may be based on their interest, characteristics, position, specific needs, position in relation to the project, etc.
- **Key characteristics** – refers to features that are special to that stakeholder category and need to be considered during consultation.
- **Language needs** – identification of the language requirements to disclose information and consult different categories of stakeholders to allow for their active participation in the process. In terms of local dialects, is worth noting that more than 30 local languages are spoken in Mozambique. This needs to be taken into consideration, depending on the area where the consultation is taking place. The predominant local language spoken in that area shall be used.
- **Preferred notification means** – Refers to means to notify different category of stakeholders for information disclosure or consultation, allowing them to provide feedback.
- **Level of influence** – this can be defined as: i) high when the stakeholders can change the course of action and influence the outcome; ii) if the stakeholders can change the course of action but cannot influence the change of outcome; iii) if the stakeholder cannot change the course of action and cannot influence the outcome.
- **Appropriate engagement approach** – refers to technique or methodology used to engage the stakeholder.

Table 3: Stakeholders needs Matrix

Target stakeholders	Key Characteristics	Language needs	Preferred notification means (Email, radio, phone, letter, direct communication)	Specific Needs (accessibility, large print, childcare, daytime meetings etc.)	Position with regards to the project (support, neutral, opposition)	Level of Influence (High, medium, low)	Appropriate engagement approach
Project implementation institutions: Ministry of Economy and Finance (MEF), Ministry of State Administration and the Public Service (MAEFP), Revenue Authority (AT)	Influential Stakeholder	Portuguese, English	Coordination meetings, letters, emails, information materials	Not Applicable	Support	High	Coordination and advocacy meetings, focal group discussions, online meetings and reports
Civil servants working in the MEF Directorates: National Directorate for Monitoring and Planning (DNMA), National Directorate for Planning and Budgeting (DNPO), National Directorate of the Treasury (DNT)	Educated	Portuguese, English	Coordination meetings, letters, emails, information materials	Not Applicable	Support	High	Coordination and advocacy meetings, focal group discussions, online meetings and reports
Administrators and employees responsible for IT systems development, management, administration and maintenance (e-SISTAFE)	Educated	Portuguese, English	Coordination meetings, letters, emails, information materials	Not Applicable	Support	High	Coordination and advocacy meetings, focal group discussions
Procurement and public resource management entities: Center for the Development of Financial Information Systems (CEDSIF), State Participation Management Institute (IGEPE), Procurement Supervision Functional Unit (UFSA)	Influential Stakeholder / Regulatory Authority	Portuguese, English	Coordination meetings, letters, emails, information materials	Not Applicable	Support	High	Coordination and advocacy meetings, Public consultations

Target stakeholders	Key Characteristics	Language needs	Preferred notification means (Email, radio, phone, letter, direct communication)	Specific Needs (accessibility, large print, childcare, daytime meetings etc.)	Position with regards to the project (support, neutral, opposition)	Level of Influence (High, medium, low)	Appropriate engagement approach
Regulators and policy-making entities: Parliament of the Republic of Mozambique, Administrative Court (TA), Public Prosecutor's Office (PGR), Interministerial Working Group on Decentralization (GIDE)	Influential Stakeholder / Regulatory Authority	Portuguese, English	Coordination meetings, letters, emails, information materials	Not Applicable	Support	High	Coordination and advocacy meetings, Public consultations
Other relevant PFM institutions in Provinces, Districts and Municipalities	Influential stakeholder	Portuguese, English	Coordination meetings, letters, emails, information materials	Not Applicable	Support	Medium	Coordination meetings/ Workshops/ Surveys/Public consultations
Mozambican Citizens	Partially Educated	Portuguese, English and local dialects	Information materials, radio, television, newspaper, website	Not Applicable	Support	Low	Public consultations/ online interaction through dedicated website, phone number and social media targeted public consultations for citizen engagement under component 3.2
Taxpayers and Taxpaying Entities	Partially Educated	Portuguese, English and local dialects	Information materials, radio, television, newspaper, website	Not Applicable	Support	Low	Public consultations/ online interaction through dedicated website, phone number and social media
Female Taxpayers / Citizens	Partially Educated	Portuguese, English and local dialects	Letters, emails, information materials, television	Daytime meetings, childcare options,	Support	Low	Public consultations, focal group discussions

Target stakeholders	Key Characteristics	Language needs	Preferred notification means (Email, radio, phone, letter, direct communication)	Specific Needs (accessibility, large print, childcare, daytime meetings etc.)	Position with regards to the project (support, neutral, opposition)	Level of Influence (High, medium, low)	Appropriate engagement approach
				focal group discussions			
Women entrepreneurs and women-led firms and/or businesses	Partially Educated	Portuguese, English and local dialects	Letters, emails, information materials, television	Daytime meetings, childcare options, focal group discussions	Support	Medium	Public consultations, focal group discussions
State Owned Enterprises (SOEs)	Educated	Portuguese, English and local dialects	Information materials, radio, television, newspaper, website	Not Applicable	Support	Medium	Public consultations, focal group discussions
Civil Society Organizations (SCOs)	Influential Stakeholder	Portuguese, English and local dialects	Information materials, radio, television, newspaper, website	Not Applicable	Support	Midium	Coordination and advocacy meetings, focal group discussions
SMEs, Start-ups, Business, firm and/or company owners and licensee holders	Educated	Portuguese, English	Coordination meetings, letters, emails, information materials, social media, website, newspaper adverts	Not Applicable	Support	Medium	Coordination and advocacy meetings, focal group discussions, online meetings, social media
International and National NGOs and Associations: CTA, ACIS, AMECOM, CIP	Influential stakeholder	Portuguese, English	Coordination meetings, letters, emails, information materials, website, social media	Not Applicable	Support	Medium	Public consultations; online meetings, Surveys, feedback /contact line/website/whatsup/ facebook
Public and private companies from all sectors	Educated	Portuguese, English	Letters, emails, information materials, Website, Facebook,	Not Applicable	Support	Medium	Public consultations; online meetings, Surveys, feedback /contact

Target stakeholders	Key Characteristics	Language needs	Preferred notification means (Email, radio, phone, letter, direct communication)	Specific Needs (accessibility, large print, childcare, daytime meetings etc.)	Position with regards to the project (support, neutral, opposition)	Level of Influence (High, medium, low)	Appropriate engagement approach
			Newspaper announcements				line/website/whatsup/ facebook
Business organizations and associations from all sectors of activities	Educated	Portuguese, English	Letters, emails, information materials, Website, Facebook, Newspaper announcements	Not Applicable	Support	Medium	Public consultations; online meetings, Surveys, feedback /contact line/website/whatsup/ Facebook
Donors and funding entities: International Development Association (IDA), PREFER Multi-Donor Trust Fund (MDTF), PFM Donor Working Group	Influential stakeholder	Portuguese, English	Letters, emails, information materials, Website, Facebook, Newspaper announcements	Not Applicable	Support	High	Coordination and advocacy meetings, focal group discussions, online meetings
International Donors	Influential stakeholder	Portuguese, English	Letters, emails, information materials, Website, Facebook, Newspaper announcements	Not Applicable	Support	High	Coordination and advocacy meetings, focal group discussions, online meetings and reports
Digital and Traditional media	Influential stakeholder	Portuguese, English	Press conference, letters, emails, information materials	Not Applicable	Support	Medium	Coordination and advocacy meetings, focal group discussions
Women and business owners in rural areas and communities	Vulnerable Groups	Portuguese, English and local dialects	Community meetings, radio, social media	Focal group discussions, daytime meetings, childcare services	Support	Low	Community meetings, Public consultations, focal group discussions

Target stakeholders	Key Characteristics	Language needs	Preferred notification means (Email, radio, phone, letter, direct communication)	Specific Needs (accessibility, large print, childcare, daytime meetings etc.)	Position with regards to the project (support, neutral, opposition)	Level of Influence (High, medium, low)	Appropriate engagement approach
People with disabilities and poor people	Vulnerable Groups	Portuguese, English and local dialects	Community meetings, local radio station, social media	Ensure that there are special accesses, focal group discussions and community meetings	Support	Low	Community meetings, Public consultations, focal group discussions

4. STAKEHOLDER ENGAGEMENT PLAN

4.1. Principles

To meet best practice approaches, the project will apply the following principles for stakeholder engagement:

- *Openness and life cycle approach*: public consultations for the project will be arranged during the whole life cycle, carried out in an open manner, free of external manipulation, interference, coercion or intimidation. Due to the nature of the project which everyone in the country has got interest in this topic, mass means of communication should be considered (TV, Radios, Newspapers, banners, sms, telephone lines, e-mails and public audiences);
- *Informed participation and feedback*: information will be provided to and widely distributed among all stakeholders in an appropriate format; opportunities are provided for communicating stakeholders' feedback, for analyzing and addressing comments and concerns.
- *Inclusiveness and sensitivity*: stakeholder identification is undertaken to support better communications and build effective relationships. The participation process for the projects is inclusive. All stakeholders are encouraged to be involved in the consultation process. Equal access to information is provided to all stakeholders. Sensitivity to stakeholders' needs is the key principle underlying the selection of engagement methods. Special attention is to be given to vulnerable groups – in particular, women, persons with disabilities, youth, the elderly, and those with chronic illnesses.
- *Commitment:* demonstrated when the need to understand, engage and identify the stakeholders is recognized and acted upon early in the process.
- *Integrity:* occurs when engagement is conducted in a manner that fosters mutual respect and trust.
- *Respect:* created when the rights, cultural beliefs, values and interests of stakeholders and affected communities are recognized.
- *Transparency*: demonstrated when community concerns are responded to in a timely, open and effective manner.
- *Trust:* achieved through open and meaningful dialogue that respects and upholds a community's beliefs, values, and opinions.

4.2. Proposed strategy for information disclosure process

Given the current context resulting from recent measures put in place to address the pandemic and the timeline in which the project is being prepared, there are limited opportunities available to engage and consult with stakeholders during project preparation. Restrictions on social gatherings, which limit face-to-face social interactions, will constrain the project's stakeholder engagement processes, and require the implementation of innovative communication and consultation methods. Given the wide range of stakeholders (potentially affected and interested parties) in this project, a robust stakeholder engagement and communication strategy will need to be developed. As indicated above, it may be necessary to:

- Diversify means of communication and rely more on social media and online channels. Where possible and appropriate, create dedicated online platforms and chat groups appropriate for the purpose, based on the type and category of stakeholders.
- Employ traditional channels of communications (TV, newspaper, radio, dedicated phone-lines, public announcements, contact books) when stakeholders do not have access to online channels

or do not use them frequently. Such channels can also be highly effective in conveying relevant information to stakeholders and allow them to provide their feedback and suggestions.

- Employ online communication tools to design virtual workshops in situations where large meetings and workshops are essential, given the preparatory stage of the project. Webex, Skype, Zoom and in low ICT capacity situations, audio meetings, can be effective tools to design virtual workshops. The format of such workshops could include the following steps:
  - o Virtual registration of participants: Participants can register online through a dedicated platform.
  - o Distribution of workshop materials to participants, including agenda, project documents, presentations, questionnaires, and discussion topics: These can be distributed online to participants.
  - o Review of distributed information materials: Participants are given a scheduled duration for this, prior to scheduling a discussion on the information provided.
  - o Discussion, feedback collection and sharing:
    - ▪ Participants can be organized and assigned to different topic groups, teams or virtual "tables" provided they agree to this.
    - ▪ Group, team and table discussions can be organized through social media means, such as Webex, Skype or Zoom, or through written feedback in the form of an electronic questionnaire or feedback forms that can be emailed back.
  - o Conclusion and summary: The chair of the workshop will summarize the virtual workshop discussion; formulate conclusions and share electronically with all participants.

In general information can be disseminated through digital platform (where available) like Facebook, Twitter, WhatsApp groups, Project websites, and traditional means of communications (TV, newspaper, radio, phone calls and mail with clear description of mechanisms for providing feedback via mail and / or dedicated telephone lines. All channels of communication need to clearly specify how stakeholders can provide their feedback and suggestions.

After engagement with stakeholders at least a period of 15 days should be provided to allow stakeholders to raise and send their comments through the channels provided during the engagement.

The specific needs for each stakeholders group will be discussed in every consultation meeting, and the list below will be updated throughout the project.

In situations where online interaction is a challenge and meetings are allowed considering specific guidelines on COVID-19 prevention dictated by the GoM, the following methods for information disclosure can be used:

- Formal meetings – presentation of project information to the Interested and Affected Parties (I&APs); allow the group to comment and provide opinions; build a deep and impersonal relationship.
- Public meetings – Presentation of information to stakeholders, especially directly affected parties, allowing the group to provide views on aspects of the Project that are of concern, building relationships with stakeholders, distributing technical and non-technical information in the clearest possible way, facilitate meetings with presentations in clear language and facilitate understanding with PowerPoint presentations and posters (explanatory for the involvement of illiterate participants), respond to comments and questions as clearly as possible and record the discussions.

- Individual meetings – in order to seek opinions that allow I&APs to speak freely about sensitive issues, such as representativeness of leaders, Gender-Based Violence (GBV)/ Sexual Exploitation and Abuse (SEA)/ Sexual harassment (SH), among other aspects;
- Focus groups discussions– Share information about the Project, about the life cycle of the project and its implications, sharing information on the duration of the works and related aspects, nomination and articulation with focal points of the different stakeholders.
- Project brochures – Brief specific information about the Service Delivery project with regular updates, for example for the dissemination and management of the Mechanism for the Resolution of Complaints and Complaints.

4.2.1. Information disclosure process for disadvantaged/ vulnerable individuals or groups and strategy to incorporate their views.

Engagement of Vulnerable groups is always a challenge due to various limitations they face. In Mozambique Disadvantaged and/or vulnerable groups are registered through the National institute of Social Affairs through which subsidies and assistance are channeled to them. Most of the vulnerable individuals, especially with disabilities, chronic diseases and other vulnerabilities are members of different associations where they seek assistance or voice their concerns. These channels can be used to reach them for the purpose of engagement. Approaches recommended for information engagement of vulnerable groups are:

- Individual meetings – in order to seek opinions that allow I&APs to speak freely about sensitive issues and their views about the project, among other aspects;
- Focus groups discussions - Share information about the Project, about the life cycle of the project and its implications, sharing information on the duration of the works and related aspects, nomination, and articulation with focal points of the different stakeholders. This methodology is suitable to engage vulnerable groups, as it represents low risk of interference of other dominant stakeholders' groups.
- Public meetings - vulnerable groups representatives have capabilities to voice concerns of the groups they represent, even in public meetings, in these cases the moderator must encourage their participation;
- Establishment of anonymous communication channels may help vulnerable groups to express themselves freely through SMS, by establishing dedicated lines.
- Define specific points/locations where project related information can be easily found by those groups, such as in associations where they are part of.

. The PIU will ensure that these groups are consulted, and their views are incorporated in Service Delivery Project, through minutes of the meetings.

4.3. Proposed strategy for consultation

The main objectives of the strategy for the dissemination of information, consultations and public participation within the scope of the SEP are as follows:

- Gain an understanding of the needs of the communities directly and indirectly affected;
- Ensure coordination between all those involved in the implementation, the structures of governmental authority at the provincial district level, local and community regarding the I&APs;
- Allow and guarantee the receipt of feedback and comments from the IAPs, as well as receiving all complaints from the IAPs about the design and implementation of the project;

- Ensure transparent service delivery by all stakeholders in the implementation of the Project, including the management of information received. Responses received should be brought back to the AIPs to allow adjustments to interventions throughout the Project´s life cycle.

The following methods will be used during the project implementation to consult with key stakeholder groups, considering the needs of the final beneficiaries, and in particular disadvantaged/ vulnerable groups. Proposed methods vary according to target audience as shown in Table 4.

Table 4. Proposed Stakeholder Consultation Methods and timeframes

Level	Subject	Method	Timeframes	Target stakeholders	Responsibilities
National	Disclosure of Service Delivery Project	Website, targeted disclosure meetings (by virtual platform)	Oct/Nov 2021	Government Ministries and affiliated Agencies, private sector	PIU, MEF, WB
National	Disclosure of Safeguard documents (SEP, ESCP, GRM, LMP, and GBV Action Plan)	WB and MPF Websites	October 2021	Government Ministries and affiliated Agencies, private sector	PIU, MEF, WB
National	GRM implementation effectiveness	Phone interviews, phone complaints, written request, website, Internet, direct complaints to the PIU, social media	Six monthly once the project kicks off	PIU, Project Workers, Affected stakeholders	PIU
National	E&S Safeguard documents Monitoring reports	Website, targeted disclosure meetings (physical presence or by virtual platform)	Regularly once a year	PIU, Project Workers, Affected stakeholders	PIU, MEF, WB

4.3.1.Consultation of stakeholders in areas affected by insurgency in Cabo Delgado

Consultation of stakeholders in the districts affected by insurgencies in the northern part of Cabo Delgado represents a challenge due to security issues, lack of operational government institutions, including tax collection, and massive destruction of public infrastructure including communication infrastructure, and private sector activities. Despite these challenges, information disclosure and consultation can still take place through provincial associations where most of the taxpayers and groups are represented (e.g., Trading Association of Cabo Delgado, Transport Association, Business Associations) and messages will be conveyed to those members displaced. Internally displaced people in camps will be other points of consultation and information disclosure to ensure involvement of IDPs. Consultation in areas affected by insurgency can only take place after clearance from the GoM, after a security risk assessment has been conducted and a Security Management Plan presented and approved by the Association.

4.4. Learning process and Feedback

Feedback is essential in stakeholder's engagement process. It is the responsibility of the Environmental and Social team in PIU to ensure that comments and contributions are responded to appropriately and to maintain a feedback line to stakeholders. For this, the project will:

- Systematically establish stakeholder information and feedback mechanisms including through regular meetings, media updates, social media monitoring and response; community perceptions, knowledge, attitude surveys and provide appropriate feedback through existing channels and direct dialogues.

- Ensure that stakeholders engagement approaches are based on evidence and needs, and ensure all engagement is culturally appropriate and empathetic.

- Document lessons learned to inform future preparedness and response activities.

- Policymakers and influencers might be reached through regular engagement meetings.

- Individual communities should be reached through alternative ways given social distancing measures to engage with women groups, youth groups, etc. such as social media, ICT & mobile communication tools, television, radio shall be used for this purpose.

- For public at large, identified, and trusted media channels including: Broadcast media (television and radio), print media (newspapers, magazines), trusted organizations' websites, Social media (Facebook, Twitter, etc.), Text messages for mobile phones, Hand-outs and brochures in community, at offices of Local Governments, Community health boards, Social.

- Public services using Service Delivery will be utilized to tailor key information and guidance to stakeholders and disseminate it through their preferred channels and trusted partners.

- Reporting.

Stakeholders will be kept informed as the project develops, with reporting on project environmental and social performance and implementation of the stakeholder engagement plan and grievance mechanism as detailed in section 7 - Monitoring and Reporting. This will be important for the wider public, but especially for underserved populations who currently have limited or no access to services and businesses in sectors of primary interest, including health and education.

Project implementation will be for 5 years. Stakeholder engagement, involving meaningful consultation and appropriate and timely dissemination of information, should occur throughout the life of the project. The grievance redress mechanism (GRM) provided in chapter 6 will be accessible to affected parties and project workers throughout the entire duration of the project.

The implementation of the SEP will also be monitored through monthly and half-yearly reports generated by the PIU, which among others will include the GRM implementation in the project and / or subproject. An annual report on the social performance of the project, SEP implementation and data on GRM will be produced and information shared at the level of IPs by project area.

5.   RESOURCES AND RESPONSIBILITIES FOR IMPLEMENTING STAKEHOLDER ENGAGEMENT ACTIVITIES

5.1. Resources

The MEF will be responsible for implementing stakeholder engagement activities. An environmental and social safeguard specialist will be appointed to implement SEP and other E&S instruments developed for this Project. The budget for the SEP implementation is $581 900, which will come from Component 4: Project management, as detailed in Table 5.

Table 5: Proposed Budget for SEP implementation

	Activties	Quantity	unit	Unit Cost USD	Cost USD Estimate
General Costs	Public consultations/engagement on E&S instruments	8	meetings	2 500.00	20 000,00
	Interactive Website and social media set up and operation to meet SEP and GRM requirements	60	months	200.00	12 000,00
	Newspaper announcements	20	announcements	500.00	10 000,00
	Radio and TV announcements	20	announcements	200.00	4 000,00
	Information leaflets	10	Packs/units	1 500.00	15 000,00
	Internal and External verification of PEPI, GRM, LMP and other instruments implementation	5	Verifications/Audits	10 000.00	50 000,0
	Workshops/training on E&S instruments	5	un	1 500.00	15 0000
	Venues for training and public consultation	10	un	1 000.00	10 000
SUBTOTAL					**136 000.00**
Operational Costs					
	Environmental and Social safeguard specialist	60	months	5000	300 000.00
	Equipment purchasing (phones, computers, cameras,)	1	budget	12 000,00	20 0000,00
	Travelling and hotel accommodation	20	Nights	200,00	10 0000,00
	Vehicle / transport/fuel	48	Months	1 000,00	48 000,00
	Flight tickets	25	Round trips	500,00	15 000,00
Subtotal					**393 000,00**
TOTAL					529 000,00
CONTIGENCIAS (10%)					52 900.00
GRAND TOTAL					**581 900.00**

5.2. Management functions and responsibilities

A Project Implementation Unit (PIU) will be established under the MEF to strengthen the technical capacity of the MEF. The Ministry of Economy and Finance (MEF) is the implementing agency for this project. Overall oversight for the project will be under the Permanent Secretary. Reporting to him will be the Project Coordinator who will be a senior official of the Ministry and who will lead a team of specialists assigned roles and functions that include those for monitoring and evaluation, environmental and social risk management, procurement and financial management. The project coordination team will coordinate, implement, supervise, finalize, and document all the activities related to the project, including related to SEP implementation. Once the Project becomes effective, the Project will also hire short-term consultants to support implementation as needed.

MEF through PIU will be responsible for carrying out stakeholder engagement activities, while working closely with other government entities, as well as local government units, media outlets, public workers, etc. The stakeholder engagement activities will be documented via quarterly progress reports, to be shared with the World Bank

Once the project becomes effective, a technical working group will also be established to help in the coordination of the technical aspects of project implementation. It will be composed of officials in the individual project beneficiary units that are responsible for implementation of the activities financed by project. The project coordination team will support and monitor the implementation of project activities by the implementation agencies, while the technical working group will help to ensure cohesiveness in the technical implementation of the project activities.

The risk related to Institutional capacity for implementation and sustainability is considered substantial given the understaffing in the targeted institutions at central and local level. Therefore, the project may struggle to achieve the critical mass of capacity necessary to strengthen institutional capacity and to implement reforms. This risk will be mitigated through the provision of technical assistance focused on strengthening core government functions. The project will also leverage the existing technical assistance provided by other development partners. Each project component will include activities related to training, allowing technical and administrative staff to gain the necessary skills to implement the activities of the project and the reforms.

6. GRIEVANCE MECHANISM

A grievance redress mechanism (GRM) will be implemented at the project level to address complaints and grievances in a timely, effective, and efficient manner that satisfies all parties involved.

The GRM will provide a transparent, inclusive, and credible process for fair, effective, and lasting outcomes. It is an integral component of stakeholder consultation that facilitates feedback and corrective actions. Specifically, the GRM:
- Provides affected parties with avenues for presenting a complaint, request for information/clarification, or resolving any dispute that may arise during the course of the implementation of the project;
- Ensures that appropriate and mutually acceptable redress actions are identified and implemented to the satisfaction of complainants; and
- Avoids the need to resort to judicial proceedings.

6.1. Description of GRM

There is no ideal model or one-size-fits-all approach to grievance resolution. The best solutions to conflicts are generally achieved through localized mechanisms that take account of the specific issues, cultural context, local customs, and project conditions and scale.

Grievances will be handled at the national level by MEF. The GRM will include the following steps:

i.   **Step 1**: Grievance received by the appointed Grievance Focal Point (GFP) and registered according to the category (community, workers or GBV/SEAH) as the complaints need to be handled by the proper responsible person, appointed by the PIU. . A complaint can be registered directly with Grievance Redress Committee (GRC) through any of the following modes and, if necessary, anonymously or through third parties.
    -    By telephone at [toll free to be established], SMS and WhatsApp – The safeguard team in the PIU should be responsible for this line/answer machine.
    -    By e-mail to [e-mail address to be created and activated) - The safeguard team in the PIU should be responsible for this e-mal.
    -    By letter to the project PIU or subproject implementation agency. Address must be provided once the PIU is established
    -    By letter to contracted companies/consultants involved in implementation of subprojects
    -    By complaint form/book/suggestion box – found in public institutions with subprojects
    -    Walk-ins and registering a complaint on grievance logbook at the specific department/agency where the service is provided
    -    By logging the complaint in a website or electronic system installed at the specific department/agency where the service is being provided
    -    By logging into project website adopted by the PIU

Once a grievance has been received, it should be recorded in the complaints logbook or grievance database. A web-based grievance register will be adopted by MEF for a better follow up and documentation.

ii.   **Step 2**: Acknowledge the receipt of the grievance, assess its complexity and assign the person responsible for addressing.
iii. **Step 3**: Develop and propose a response and get approval at unit level (grievance redressing committees – GRC– should be established at those levels mainly composed by members of project coordination team).
iv.   **Step 4**: Communicate proposed response to complainant and seek agreement on the response this shall be conducted by GFP.
v.   **Step 5**: Implement the response to resolve the grievance based in agreement reached in the previous step.
vi.   **Step 6:** Review the response if unsuccessful according to the recommendations. The GRC should conduct this review.
vii. **Step 7**: Close out if all looks ok or refer the grievance to the next level

Once all possible redress has been proposed, if the complainant is still not satisfied, they should be advised of their right to legal recourse. The Diagram below summarizes GRM process and appealing levels that the aggrieved have a tight to pursue.
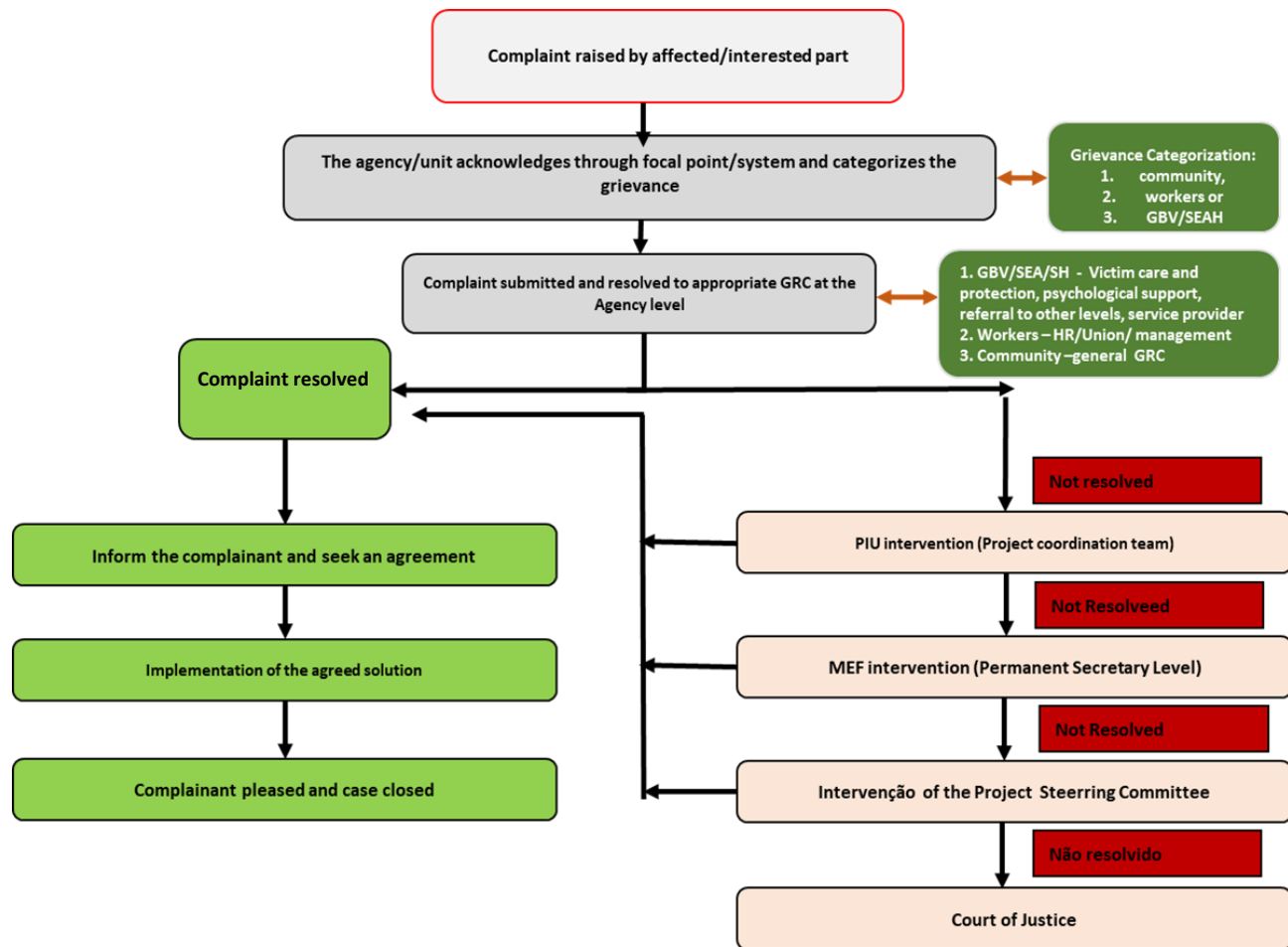
Figure 2. Diagram of the grievance redress mechanism process

Timelines:

The grievance shall be addressed at the implementation unit/agency level within 5 days after grievance has been raised. If not, the following steps should be followed:

    (i)   The first level of appeal – PIU intervention should not exceed 10 days after the notification.

    (ii)   The second level of appeal – MEF Permanent Secretary intervention should not exceed 15 days after notification.

    (iii)   The third level of appeal – Project steering committee- should not exceed 21 days after the notification.

    (iv)   In addition, should either party be dissatisfied, the affected party may bring the complaint to court, where it will be treated in accordance with Mozambican law.

The PIU will ensure that a centralized "Complaints Register" is maintained throughout the project lifecycle. The complaint records should contain: (i) the complainant's contact details and information on the complaint itself, (ii) the results of investigations and responses provided, (iii) necessary follow-up actions and (iv) internal communications made in response to complaints and the outcome.

6.2. Grievances Relating to Gender-Based Violence (GBV)

There shall be specific procedures in place for addressing GBV/SEA/SH, with confidentiality provisions as well as safe and ethical documenting of GBV cases to be detailed in GBV/SEA/SH risk assessment and action plan. The uptake channels shall be the same as the above GRM, however there should be specific GRM considerations for addressing GBV/SEA/SH under Service Delivery project, such as:

- The project is to make available multiple complaints channels.
- Ensure that the project GRM is GBV sensitive
- No identifiable information on the survivor should be stored in the GRM logbook or database.
- The GRM should assist GBV/SEA/SH survivors by referring them to GBV Services Provider(s) for support immediately after receiving a complaint directly from a survivor.

The GRM should have in place processes to immediately notify both MEF and the World Bank of any GBV complaints with the consent of the survivor.

6.3. Grievances Relating to Labor relations

There will be specific procedures in place for addressing labor related grievances in compliance with the ESS 2 and national legislation to be detailed in the LMP. The GRM should have in place processes to immediately notify both MEF and the World Bank of any complaints. Details of this labor related GRM would further be presented in the LMP.

7. MONITORING AND REPORTING

7.1. Involvement of stakeholders in monitoring activities

Bi-annual stakeholder meetings will be convened to discuss and review key stakeholder engagement indicators. Stakeholders (affected and interested parties) will be given opportunities to indicate whether they are satisfied or not with the project consultation process and what should be changed in the SEP implementation process to make it more effective.

The project evaluation (external and internal review) will include aspects of the stakeholder engagement plan (notably key SEP indicators and activities) and recommend improvements.

7.2. Reporting back to stakeholder groups

The SEP will be periodically revised and updated as necessary in the course of project implementation in order to ensure that the information presented herein is consistent and is the most recent, and that the identified methods of engagement remain appropriate and effective in relation to the project context and specific phases of the development. Any major changes to the project related activities and to its schedule will be duly reflected in the SEP.
The following are the reporting back requirements for this SEP:

i. **Quarterly Reports -** The PIU will prepare brief six monthly reports on stakeholder engagement activities to be submitted to the World Bank, and this will include:
- Stakeholder activities conducted on quarterly basis.
- Public outreach activities (meetings with stakeholders).
- Entries in the grievance register.
- New identified stakeholder groups.
- Emerging new issues or challenges and how these are/were considered by the project

- Grievances.
ii. **Annual Stakeholder Engagement Reports -** The PIUs will compile a report summarizing SEP results on an annual basis. This report will provide a summary of all issues raised during stakeholder's consultation, grievances and resolutions for that year. These evaluation reports should be submitted to World Bank and a summary of the results will be provided for the annual report.
iii. **Reporting Back to the Communities -**It shall be the PIUs responsibility to report back to the communities/stakeholders on matters relating to:
    - How their views are taken on board.
    - Main findings from the annual monitoring.
    - Sharing and publish reports and have them available on PIUs website and copies sent to stakeholders (National, Provincial, local consultative steering committee, etc.).
    - Summary of findings published on notice boards, website.
    - Maintain a website with all ESF documents and report public.

7.3. Monitoring indicators and targets

The indicators to monitor the participation of stakeholders in the Project's activities include:
- Number and percentage of affected and interested parties consulted during a planning phase: >60% of key stakeholder's representatives should be consulted.
- Level of participation of affected /beneficiaries/key stakeholders in decision making - at least 60 % of their representative to allow that.
- Level of understanding of the impacts and mitigation of the project by the parties- >60% should have full understanding.
- Effectiveness of local authorities in making decisions about the project - >80% of the decisions should be effective.
- Frequency and quality of meetings with those affected - Meetings are to be held before any activities' initiation, during activities progress (if required) and a feedback session after activities completion; at least 80% of the planned meetings should take place as minimum acceptable.
- Degree of participation of disadvantaged/vulnerable groups in project activities discussions Ensure all disadvantaged groups are fully consulted.
- Number of grievances raised and handled by the project- All grievances lodged should be addressed within the established timeframe; % of grievances addressed at first level, % of grievances addressed at 2nd Level and 3rd level; % of grievances taken to court.