



## MZ Zambezia Emissions Reductions Payment (P164524)

EASTERN AND SOUTHERN AFRICA | Mozambique | Environment, Natural Resources & the Blue Economy Global Practice | Recipient Executed Activities | Investment Project Financing | FY 2019 | Seq No: 4 | ARCHIVED on 29-Jun-2022 | ISR52258 |

Implementing Agencies: Ministry of Economy and Finance (MEF), National Sustainable Development Fund (FNDS)

## Key Dates

### Key Project Dates

Bank Approval Date: 13-Dec-2018

Effectiveness Date: 05-Feb-2020

Planned Mid Term Review Date: 07-Nov-2022

Actual Mid-Term Review Date:

Original Closing Date: 31-Dec-2025

Revised Closing Date: 31-Dec-2025

## Project Development Objectives

Project Development Objective (from Project Appraisal Document)

To achieve payments for measured, reported and verified emission reductions (ER) from reduced deforestation (ER payments) in the area of the Zambezia Integrated Landscape Management Program (the Program), and distribute ER payments in accordance with an agreed-upon benefit sharing plan.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

## Overall Ratings

| Name                                 | Previous Rating                                  | Current Rating                                   |
|--------------------------------------|--|--|
| Progress towards achievement of PDO  | <input type="checkbox"/> Moderately Satisfactory | <input type="checkbox"/> Moderately Satisfactory |
| Overall Implementation Progress (IP) | <input type="checkbox"/> Moderately Satisfactory | <input type="checkbox"/> Moderately Satisfactory |
| Overall Risk Rating                  | <input type="checkbox"/> Moderate                | <input type="checkbox"/> Moderate                |

## Implementation Status and Key Decisions

The government of Mozambique signed an Emission Reductions Payment Agreement (ERPA) with the Bank as Trustee for the Carbon Fund of the Forest Carbon Partnership Facility (FCPF) in 2019. This agreement confirms that the Carbon Fund would pay up to USD50M for Emission Reductions (ERs) generated, from 2018 to 2024, in the 9 districts of program area in Zambezia. The government of Mozambique reduced deforestation in 2018 (from May-December) and prepared a first monitoring report. This report was assessed by a third-party verification/ validation body, which confirmed that Mozambique generated around 1.3M of ERs and Mozambique received USD 6.4M in August 2021. This payment was very strategic for Mozambique, as the country was the first of 47 countries participating in the FCPF to have reached this major milestone and to receive ER payments for climate change mitigation through REDD+. Mozambique has the Benefit Sharing Plan (BSP) already approved and all stakeholders well identified. The BSP Implementation Manual (PIM) is also finalized. Net ER payments will be shared between the identified beneficiaries as explained below:

- Seventy percent (70%, US \$4,066,112.90) of net ER payments will be distributed to local communities, in the form of call for proposals for community initiatives and training/ capacity building activities. The call for community project proposals was launched in Nov 2021 and 137 OCBs were selected for to receive the payments. However, 124 out of the 137 OCBs are not legalized and need to go through this process to be eligible to receive the payments.
- Twenty percent (20% US \$1,161,746.60) of net ER payments will be distributed to private sector actors, in the form of matching grants. This call was launched in March 2022. Around 59 projects from the private sector were pre-selected by the Comite Local de Avaliacao and are developing their business plans to be approved by the Matching Grant Unit.



- Two percent (2%, US \$116,174.70) of net ER payments were transferred to the Provincial Direction of Land, Environment and Rural Development (DPTADER) of the provincial government of Zambézia.
- Four percent (4%, US \$232,349,30) of the net ER payments were transferred the district government of the 9 districts that compose the ER Program area.
- Four percent (4%, US \$232,349,30) of the net ER payments were distributed to the Gilé National Park (GNP).

Mozambique has also already submitted the second monitoring report for the Years of 2019 and 2020. The monitoring report is under revision by ASTER GLOBAL, the third party verification entity. As per the ERPA, Mozambique is eligible to request for and receive an advance payment for the year 2019 (interim Reporting Period under the ERPA) upon submission of a progress report. This report has been submitted and the advance amount (USD 600,000) has been received. The remaining amount will be transferred once the validation and verification process for 2019/2020 concluded. An interim monitoring report covering 2021 is expected to be submitted by August 31, 2022.

### Risks

#### Systematic Operations Risk-rating Tool

| Risk Category  | Rating at Approval | Previous Rating | Current Rating |
|--|--------------------|-----------------|----------------|
| Political and Governance                                     | --                 | ☐ Moderate      | ☐ Moderate     |
| Macroeconomic  | --                 | ☐ Moderate      | ☐ Moderate     |
| Sector Strategies and Policies                               | --                 | ☐ Substantial   | ☐ Substantial  |
| Technical Design of Project or Program                       | --                 | ☐ Moderate      | ☐ Moderate     |
| Institutional Capacity for Implementation and Sustainability | --                 | ☐ Moderate      | ☐ Moderate     |
| Fiduciary  | --                 | ☐ Moderate      | ☐ Moderate     |
| Environment and Social                                       | --                 | ☐ Moderate      | ☐ Moderate     |
| Stakeholders   | --                 | ☐ Moderate      | ☐ Moderate     |
| Other  | --                 | ☐ Moderate      | ☐ Moderate     |
| Overall  | --                 | ☐ Moderate      | ☐ Moderate     |

### Results

#### PDO Indicators by Objectives / Outcomes

|   |             |                   |                  |               |
|---|-------------|-------------------|------------------|---------------|
| To achieve payments for measured, reported and verified Emission Reductions (ER)  |             |                   |                  |               |
| ▶ Volume of CO2 Emissions Reductions that have been measured and reported by the Program Entity, verified by a Third Party, and transferred to the FCPF Carbon Fund (Tons/year, Custom) |             |                   |                  |               |
|   | Baseline    | Actual (Previous) | Actual (Current) | End Target    |
| Value   | 0.00        | 1,286,049.41      | 1,286,049.41     | 10,000,000.00 |
| Date  | 16-May-2018 | 16-Nov-2021       | 27-Jun-2022      | 31-Dec-2025   |



| ► Payment by the FCPF Carbon Fund for CO2 Emission Reductions generated by the Program (Amount(USD), Custom)                |             |                   |                  |               |
|---|-------------|-------------------|------------------|---------------|
|   | Baseline    | Actual (Previous) | Actual (Current) | End Target    |
| Value   | 0.00        | 6,400,000.00      | 7,000,000.00     | 50,000,000.00 |
| Date  | 16-May-2018 | 16-Nov-2021       | 27-Jun-2022      | 31-Dec-2025   |
| ► Emission Reductions payments distributed in accordance with agreed Benefit Sharing Plan and arrangements (Yes/No, Custom) |             |                   |                  |               |
|   | Baseline    | Actual (Previous) | Actual (Current) | End Target    |
| Value   | No          | No                | No               | Yes           |
| Date  | 16-May-2018 | 16-Nov-2021       | 16-Nov-2021      | 31-Dec-2025   |

### Intermediate Results Indicators by Components

| Measurement, reporting and verification (MRV) and payment of ERs generated by the project   |             |                   |                  |               |
|---|-------------|-------------------|------------------|---------------|
| ► Volume of CO2 Emissions Reductions that have been measured and reported by the Program Entity, verified by a Third Party, and transferred to the FCPF Carbon Fund (Tons/year, Custom) |             |                   |                  |               |
|   | Baseline    | Actual (Previous) | Actual (Current) | End Target    |
| Value   | 0.00        | 1,286,049.41      | 1,286,049.41     | 10,000,000.00 |
| Date  | 16-May-2018 | 16-Nov-2021       | 27-Jun-2022      | 31-Dec-2025   |
| ► Payment by the FCPF Carbon Fund for CO2 Emission Reductions generated by the Program (Amount(USD), Custom)  |             |                   |                  |               |
|   | Baseline    | Actual (Previous) | Actual (Current) | End Target    |
| Value   | 0.00        | 6,400,000.00      | 7,000,000.00     | 50,000,000.00 |
| Date  | 16-May-2018 | 16-Nov-2021       | 27-Jun-2022      | 31-Dec-2025   |

| Distribution of ER payments as per the Benefit Sharing Plan   |             |                   |                  |             |
|---|-------------|-------------------|------------------|-------------|
| ► Emission Reductions payments distributed in accordance with agreed Benefit Sharing Plan and arrangements (Yes/No, Custom) |             |                   |                  |             |
|   | Baseline    | Actual (Previous) | Actual (Current) | End Target  |
| Value   | No          | No                | No               | Yes         |
| Date  | 31-May-2018 | 16-Nov-2021       | 27-Jun-2022      | 31-Dec-2025 |

### Performance-Based Conditions



**Data on Financial Performance**

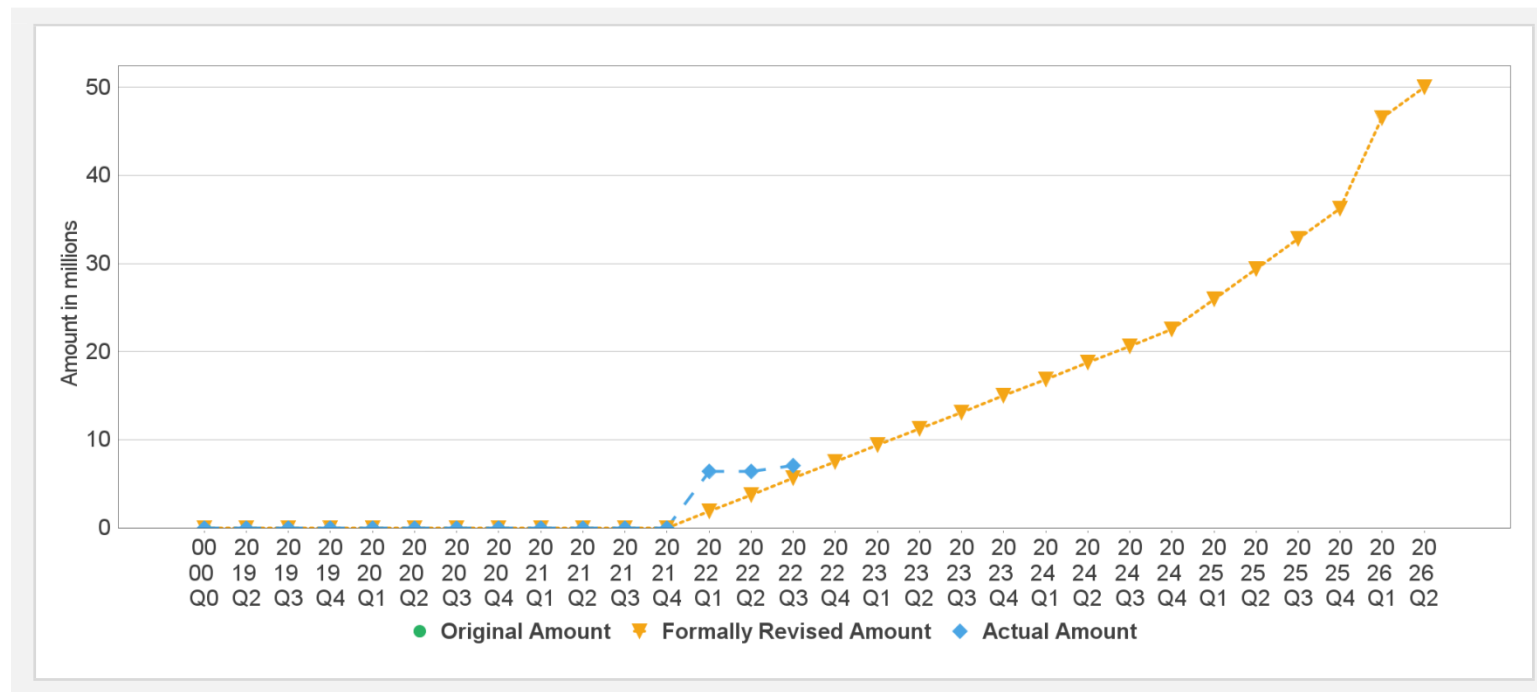
**Disbursements (by loan)**

| Project | Loan/Credit/TF | Status    | Currency | Original | Revised | Cancelled | Disbursed | Undisbursed | % Disbursed |
|---------|----------------|-----------|----------|----------|---------|-----------|-----------|-------------|-------------|
| P164524 | TF-B2269       | Effective | USD      | 47.50    | 47.50   | 0.00      | 6.66      | 40.84       | 14%         |
| P164524 | TF-B2270       | Effective | USD      | 2.50     | 2.50    | 0.00      | 0.38      | 2.12        | 15%         |

**Key Dates (by loan)**

| Project | Loan/Credit/TF | Status    | Approval Date | Signing Date | Effectiveness Date | Orig. Closing Date | Rev. Closing Date |
|---------|----------------|-----------|---------------|--------------|--------------------|--------------------|-------------------|
| P164524 | TF-B2269       | Effective | 31-Dec-2018   | 16-Jan-2019  | 05-Feb-2020        | 31-Dec-2025        | 31-Dec-2025       |
| P164524 | TF-B2270       | Effective | 13-Dec-2018   | 16-Jan-2019  | 05-Feb-2020        | 31-Dec-2025        | 31-Dec-2025       |

**Cumulative Disbursements**





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### **Restructuring History**

There has been no restructuring to date.

### **Related Project(s)**

There are no related projects.

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