



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 27-Jan-2017 | Report No: PIDISDSA18108



BASIC INFORMATION

A. Basic Project Data

Country Mozambique	Project ID P160033	Project Name Mozambique Forest Investment Project	Parent Project ID (if any)
Region AFRICA	Estimated Appraisal Date 19-Jan-2017	Estimated Board Date 06-Mar-2017	Practice Area (Lead) Environment & Natural Resources
Lending Instrument Investment Project Financing	Borrower(s) Ministry of Economy and Finance	Implementing Agency Ministry of Land, Environment and Rural Development	

Financing (in USD Million)

Financing Source	Amount
Strategic Climate Fund Credit	13.20
Strategic Climate Fund Grant	8.80
International Development Association (IDA)	15.00
Integrated Landscape & Forest Management MDTF	3.00
Total Project Cost	47.00

Environmental Assessment Category

B - Partial Assessment

Decision

Other Decision (as needed)

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B. Introduction and Context

Country Context

1. **Mozambique’s economy has experienced some of the world’s fastest growth rates** since the end of its devastating civil war in 1992, with an annual average economic growth of around 7.5 percent in the last decade – largely driven by foreign investments. However, poverty has fallen only slightly from 56 to 54 percent between 2003 and 2015. Per capita income in 2014 was US\$586, about one-



third of the Sub-Saharan African average, and the country ranked 178 (out of 187 countries in 2014) in its Human Development Index. Mozambique's recent growth has been driven by capital-intensive mega-projects with limited linkages to the local economy and benefits to the bottom 40 percent of the population.

2. **Despite its positive economic prospects, the Mozambican economy faces significant short-term economic difficulties.** Growth slowed from 7.2 to 6.6 percent in 2015, its slowest pace since 2009, and may slow further in 2017. The slowdown in 2016-2017 is accompanied by a weak external position and heightened levels of inflation. Debt (in nominal terms) has grown rapidly, from 40 percent of GDP in 2012 to an estimated 73.6 percent in 2015. Recently disclosed debt brings the estimated debt levels to about 85 percent of GDP. Hence, the short-term challenge will be to maintain macroeconomic stability, whilst also pursuing diversification for inclusive growth through sectors such as agriculture and renewable natural resources (i.e. forestry, fisheries), and improving public finance management.
3. **Extreme poverty is concentrated in the central and northern regions, particularly among rural areas where many households derive their income from agricultural and forest related activities.** In 2009, almost 75 percent of Zambezia's population lived in extreme poverty. Zambezia and Nampula, the two most populous provinces of Mozambique, accounted for 48 percent of the country's poor in 2009. Along with Cabo Delgado, these provinces contain some of Mozambique's most suitable lands for agriculture and forestry,¹ which offer significant potential for poverty alleviation. Diversifying the economy, while maintaining the productivity of the natural resource base (forests, soils, water, wildlife), is critical for sustainable and inclusive development.
4. **Mozambique is richly endowed with natural resources** – arable land, forests, fisheries, water, wildlife and mineral resources (coal and gas). Mozambique's substantial natural capital includes 36 million ha of arable land and 40 million ha of natural forests, hence a significant potential for agriculture and forestry development for food security and commercial purposes. However, Mozambique's natural resources are being rapidly depleted: around 140,000 ha² of natural forests are lost every year, and poaching has decimated 40 percent of the elephant population in less than five years.
5. **A new government took office in February 2015, after general elections.** The new administration adopted a Five Year Government Plan (Plano Quinquenal do Governo) 2015-19 (PQG) with a strong emphasis on promoting sustainable rural development, and has identified agriculture and forestry as priority sectors for poverty reduction.

Sectoral and Institutional Context

6. **Mozambique's forests cover an area of 40 million ha (51 percent of the country), of which almost 27 million ha are categorized as productive forests, and over 9 million ha are within**

¹ Systematic Country Diagnostic, 2015

² *Identification and analysis of agents and direct and indirect causes of deforestation and forest degradation in Mozambique*", Winrock and CEAGRE (2016). The Government is currently updating these figures based on historical analysis of robust high-resolution remote sense images.



conservation areas (CAs). Mozambique's predominant forest ecosystem is the miombo forest³, which covers about two-thirds of forested land in the country. Other forest ecosystem types include internationally recognized biodiversity hotspots such as the coastal forests in southern Mozambique, afro-montane forests in the central Mozambique, and the coastal dry forests in northern Mozambique. Mozambique also has the second largest mangrove cover area in Africa. Around 7 million ha of productive forests are managed for wood through concession agreements between the government and the private sector. Significant portions of Mozambique's forests are found in CAs, which cover over 25 percent of the national territory, with both strict and sustainable use categories.⁴

7. **Forests are an important contributor to the country's economy and a source of employment and income in Mozambique's rural areas.** The forest sector contributed approximately \$330.3 million to Mozambique's GDP in 2011 (representing 2.8 percent), and directly employed 22,000 people.⁵ Yet, there is much room for Mozambique to amplify the benefits from forests to the national economy, local communities, while maintaining and enhancing the global ecosystem services (including carbon storage) provided by forests.⁶
8. **Forests provides significant goods and ecosystem services to local communities, and contributes to climate resilience.** It is estimated that in some areas, for example in the Gorongosa district, miombo woodlands contribute about 19 percent of household cash income and 40 percent of the household subsistence (non-cash) income⁷. Fuelwood and charcoal are critical to household energy needs, with over 70 percent of the population depending on it for cooking. Non-timber forest products serve nutritional and medicinal needs and have income generation potential. Forests also act as a safety net for populations by providing secure access to resources and services critical to agriculture and food security. Forests also reduce the probability and impact of natural disasters, as has been documented in the Licungo watershed.⁸ Hence, well-managed forests can increase local communities' resilience to climate risks.⁹
9. **Forests also provide significant ecosystem services of global value, particularly carbon sequestration and storage and biodiversity habitat.** Miombo forests constitute important reservoirs of above- and below-ground carbon (at 227 tCO₂/ha¹⁰) and have significant potential as a carbon sink. The total above- and below-ground carbon stock in Mozambique is estimated at over 4 billion

³ Miombo forests are characterized by open woodland dominated by Cesalpinoideae tree species such as *Brachystegia*, *Julbernardia*, and *Isobertia*, often associated with a dense grass cover.

⁴ Mozambique's CA system is currently made up of seven national parks, ten national reserves, 17 controlled hunting areas (coutadas), more than 50 private game farms (fazendas do bravo) and two community reserves.

⁵ FAOSTAT, 2011.

⁶ Two recent studies, *Financial analysis of the natural forest management sector of Mozambique* (UNIQUE, 2016) and *Harnessing the Potential of Productive Forests and Timber Value Chains for Climate Change Mitigation and Green Growth: Opportunities for Private Sector Engagement* (UNIQUE, 2016) propose options for maximizing the potential of the sector, including increasing forest utilization efficiency and promoting higher efficiency charcoal production with communities.

⁷ Hedge and Bull. Socio-economics of Miombo Woodland Resource Use: A Household Level Study in Mozambique. In: *Managing the Miombo Woodlands of Southern Africa Policies, incentives and options for the rural poor*. 2011.

⁸ Proposta: "Reabilitação Integrada e Participativa do Ecossistema ao Longo das Margens do Rio Licungo, Mocuba – Província da Zambézia", FAEF, UniZambeze (2015)

⁹ Climate Change and Forest Resilience, IIED, 2006

¹⁰ Study on the Zambezia Integrated Landscape Management Program, EtcTerra (2016)



tCO₂.¹¹ Mozambique's forests are also an important habitat for a variety of herbivores and carnivores, including large terrestrial mammals, some of which are endangered and endemic to Mozambique.

10. **While Mozambique's forests have tremendous value and a potential to maximize benefits locally and globally, they are being rapidly depleted.** Mozambique has an annual deforestation rate of 0.23 percent, representing an annual loss of almost 140,000 ha of forest.¹² This (i) reduces the overall forest resources available to local communities and to the private sector, thus threatening rural livelihoods and the medium-term sustainability of the forest sector; (ii) lowers the Government's capacity to extract much needed revenues from forest management; (iii) removes wildlife and biodiversity habitat, in turn reducing potential for nature-based tourism; and (iv) results in GHG emissions of over 12 million tCO₂ equivalent every year.
11. **Forests are lost due to a combination of direct and indirect drivers linked to several sectors, primarily small-scale agriculture, biomass energy, and unsustainable forest management.** Forest conversion to agriculture is the dominant driver of deforestation (65 per cent of total deforestation), led primarily by shifting subsistence cultivation (slash and burn agriculture, often resulting in uncontrolled spreading of fires), and, to a lesser extent at present, commercial agricultural expansion. Unsustainable commercial timber exploration and extraction of wood as biomass energy¹³ represent around 15 percent of total deforestation, followed by urban expansion and infrastructure development (12 percent)¹⁴.
12. **The forest sector in Mozambique suffers from chronically weak governance, further fueling forest loss.** The recently-concluded forest governance assessment identified the following challenges: widespread illegality, lack of transparency, in compliance with sustainable forest management rules, low institutional capacity, limited trust among stakeholders (government, local communities, and private sector), and limited benefit sharing with local communities. Foregone tax revenues are estimated at US\$540 million between 2003 and 2013 from unreported wood exports (mostly logs), mainly to Asian markets.¹⁵ This entails a significant loss not only to the State, but also to communities, who are entitled by law to 20 percent of forest concession taxes. A recent assessment of forest operators undertaken by the Ministry of Land, Environment and Rural Development (MITADER)¹⁶ revealed a low level of compliance against key forest management environmental and social standards.¹⁷ Government's capacity to enforce the law is very limited, the forest licensing system is outdated and cumbersome, basic information on the sector is not publically available, and

¹¹ From "*Linha de Referência, Monitoria, Relatório e Verificação para o REDD+ em Moçambique*", *Sitoe et al.*, (2013), based on the 2004 national forest inventory, using IPCC Tier 1 calculations. These figures will be updated by the National Land Use map under preparation by the Government.

¹² Figures from the National REDD+ Strategy, from a national deforestation study by CEAGRE and Winrock (2016), based on a comparative analysis of global data sets derived from Hansen, et al. (2013). This data is being updated and the forest emissions reference level is being prepared as part of REDD+ Readiness.

¹³ 80 percent of energy consumed in the country is from fuelwood and charcoal, and it is estimated that up to 98 percent of all extracted forest products are used for these wood fuels.

¹⁴ *Identification and analysis of agents and direct and indirect causes of deforestation and forest degradation in Mozambique*", Winrock and CEAGRE (2016)

¹⁵ *Avaliação das perdas de receitas devido a exploração e comércio ilegal de madeira em Moçambique no período 2003 – 2013*, WWF (2015)

¹⁶ This evaluation was conducted in 2016 under the oversight of the government, with strong involvement of the local university and civil society groups. Co-financed by the World Bank and WWF, it serves as a key indicator for the sector and is drawn upon in the design of the Project.

¹⁷ These standards include: Compliance with fiscal obligations, social security, having an approved management plan, qualified rangers, concession contract, availability of statistical information, inspection of industrial plans, technical capacity, delimitation of area and exploration blocs, and reforestation.



low technical capacity of the private sector hinders sustainable forest management and wood value addition. Weak governance further hinders effective public participation and social accountability.

13. **Deforestation rates in Mozambique show an increasing trend.** The province of Zambezia, a target province of this Project, experienced forest loss of almost 310,000 ha between 1990 and 2013 at an annual rate of 0.61 percent, high above the national annual rate. This reached 0.86 percent in the recent period between 2010 and 2013.¹⁸ The country is also very committed to the promotion of commercial agriculture, which, if not correctly planned, could significantly increase forest loss. National land use planning is an important tool to address this risk.
14. **The current Government has publicly recognized forest-related challenges and shown commitment to addressing them, pointing to a directional change in management of the forest sector.** The Ministry of Land, Environment and Rural Development (MITADER) was established, bringing together responsibilities that were previously spread across several ministries, which could facilitate the coordination needed to address challenges of cross-sectorial nature. MITADER adopted a “National Sustainable Development Program”, aimed at increasing the livelihood of rural population and improving the management of natural resources. MITADER adopted several strategic actions to address challenges in the forest sector, including a participatory audit of all forest concessions, the suspension of new requests for exploration areas, a ban on log exports, the updating of the forest law and policy, and an ambitious project “*Floresta em Pé*”, which aims to promote sustainable integrated rural development through sustainable forest management. MITADER is supporting the development of national forest certification standards, to provide orientation towards sustainability.¹⁹ MITADER has also established an independent law enforcement agency, the National Agency for Environmental Quality Control (AQUA), which is developing a new strategy for forest law enforcement. Finally, MITADER has set up a National Sustainable Development Fund (FNDS), which is expected to raise, manage and disburse domestic and international funds towards the implementation of their National Sustainable Development Program.
15. **Mozambique has been implementing a Reducing Emissions from Deforestation and Forest Degradation (REDD+) Program.** The National REDD+ Strategy is informing the Government’s approaches to target interventions to key drivers of deforestation and address institutional and capacity gaps. The strategy will orient interventions, including the present project, targeting Mozambique’s key drivers of deforestation in partnership with all relevant stakeholders, as well as highlight important institutional and capacity gaps that need to be filled. The Strategy sets out an ambitious goal to reduce deforestation by 40 percent, and restore 1 million ha of forests by 2030. The Strategy has six pillars: i) Improve governance, including land use planning; ii) Sustainable management of forest; iii) Alternative sources of energy; iv) Protection of Conservation Areas; v) Forest Restoration; vi) Sustainable agriculture. The implementation of these strategic orientations is expected to reduce deforestation. This Project (MozFIP) will finance the implementation of these strategic orientations, through national-level activities to improve the enabling environment towards reduced deforestation and on-the-ground investments in two targeted landscapes (in the Cabo Delgado and Zambezia provinces) using a landscape approach.²⁰

¹⁸ EtcTerra (2016)

¹⁹ MITADER is seeking the elaboration of a national forest certification standard that lays out voluntary best practice guidelines for sustainability in the sector. An international firm is being hired to conduct consultations with forest stakeholders on its viability and utility, elaborate the standards, and lay out a roadmap for the implementation of the scheme.

²⁰ A landscape is a defined geographical area in which there are multiple land uses such as agricultural land, pastoral land, forests, and protected areas, and a variety of stakeholders with varying interests. A landscape approach is broadly defined as a framework to integrate policy and practice for multiple land uses, within a given area, to ensure equitable and sustainable use of land while strengthening measures to adapt to climate change, and mitigate it when possible.



16. **Mozambique's REDD+ Strategy emphasizes the potential of restoring degraded areas.** Mozambique has adequate conditions for expanding multi-purpose plantation forestry, including growing demand for forest products, availability of land and good growth conditions.²¹ Accordingly, the Government aims to increase its commercial forest plantation area from the current 60,000 ha to over 1 million ha in 2030. Private investments in planted forests²² present opportunities for supporting rural economic growth and diversification, through partnerships that engage communities and create linkages to established markets while safeguarding their resource access rights. Well-structured partnerships can create a balanced emerging sector comprised of anchor investments and small and medium growers.
17. **There is potential for communities to reap more benefits from forests,** as a recent WB study²³ on land and community-based natural resources management (CBNRM) in Mozambique (2016) has found. To harness this potential, community land delimitation needs to be applied more systematically as part of a wider strategy to promote sustainable natural resource management. Long-term capacity building for communities is needed, as are market linkages and long-term partnerships to harness the market potential for forest products.

C. Proposed Development Objective(s)

²¹ Improving the Business Climate for Planted Forests in Mozambique, UNIQUE (2016)

²² Portucel, a leading company in pulp and paper production, is expected to establish over 200,000 ha of plantations and a transformative pulp and paper industry in the country that could generate up to 6,500 new jobs. The company is taking a mosaic approach to the plantation, where blocks of planted forests will be intermixed with conservation areas of native miombo and communal lands to maximize the social and environmental benefits from such plantations. (As reported in IFC's Portucel Moz Summary of Investment Information, on their website)

²³ For a summary, see the policy brief *Community Based Natural Resource Management: Reformulating and strengthening current approaches in Mozambique* (2016) produced by the World Bank.



Development Objective(s) (From PAD)

The Project Development Objective is to improve the practices and enabling environment for forest and land management in targeted landscapes in Mozambique.

Key Results

- Land area under sustainable landscape management practices (Number of ha) [Core];
- Land users adopting sustainable land management practices as a result of the project (of which female) [Core];
- Average score in targeted landscapes from forest governance assessment (Percent);
- Target beneficiaries in selected landscapes with rating ‘Satisfied’ or above with project (Percent) [Core].

D. Project Description

Component Name	Cost (USD Million)	Comments
Promoting Integrated Landscape Management	19.50	
Strengthening the Enabling Conditions for Sustainable Forest Management	18.50	
Project Coordination and Management	9.00	

Project Strategy

18. **MozFIP will finance activities at two levels:** (i) landscape-level activities focused on promoting integrated management of two landscapes; and (ii) national-level activities focused on strengthening the enabling conditions for sustainable forest management. Interventions at these two levels form a holistic approach: investments on the ground initiate transformation in the forest and land use sectors, while conditions are created at the national level to allow the implementation of activities on the ground.

19. **MozFIP is guided by the integrated landscape management approach²⁴** and as such promotes activities in different sectors (forestry, agriculture and energy) to address the major drivers of deforestation, and involve different stakeholders (government, local communities, private sector and civil society). The landscape approach recognizes that forest and natural resource management, agriculture development, and energy use are inextricably linked and that interventions need to be made at scale to have an impact on rural poverty and natural resources sustainability.

²⁴ A landscape approach is broadly defined as a framework to integrate policy and practice for multiple land uses, within a given area, to ensure equitable and sustainable use of land while strengthening measures to adapt to climate change, and mitigate it when possible. The landscape approach pursued seeks to address the increasingly complex and widespread environmental, social and political challenges that transcend traditional management boundaries and lead to protecting and enhancing the natural resource base upon which productive agriculture depends.



20. **At the landscape level, the Project will promote land delimitation, planning and tenure regularization, the establishment of new planted forests and agroforestry areas, and sustainable biomass energy.** The Project attempts to address multiple drivers of deforestation rather than simply focus on the primary driver, given that these drivers are often inter-linked. It also aims to both improve the enabling environment (policies, capacity, etc.) and investment on the ground. Finally, MozFIP emphasizes building synergies with other Bank projects (refer to the *Integrated Forests and Landscape Management Portfolio* discussion above), and also with other initiatives by different partners. This is achieved through strong support to multi-stakeholder landscape planning and management platforms, to land use planning at different levels, and to the establishment and functioning Landscape Coordination Units (LCUs).
21. **The Project will promote engagement with local communities, strengthen local land tenure and land use planning, and promote win-win partnerships between local communities and the private sector, which are expected to allow local communities to capture the economic opportunities offered through the Project.** Land security would be linked to investment opportunities to ensure that communities benefit and can continue their own investments on their land, and are incentivized to sustainably manage the natural resources under their control. Engaging with the private sector is a strategy that aims to reduce the dependence of such initiatives on donor finance, and rather embed productive populations in systems that can be sustained in the long term. The Project therefore aims to stimulate these entrepreneurial programs through the planted forest grant scheme, agroforestry systems with some market orientation, community-based forest management, and smallholder charcoal production. At the community level, there is strong potential for coordination with MozDGM activities (please refer to Annex 8).
22. **The landscape-level component will be implemented on a pilot basis in two priority landscapes selected by the GoM: the Zambezia Landscape, composed of 9 districts in the Province of Zambezia, and the Cabo Delgado Landscape, composed of 7 districts in the province of Cabo Delgado²⁵.** The lessons from these landscapes will inform the Integrated Forest and Landscape management portfolio, and the MozFIP SoP, to be replicated in other parts of the country. The choice of a small number of districts within a substantial geographical area, grouped into two coherent landscapes, allows the Project to test the approaches at a manageable scale and be able to achieve concrete results on the ground and subsequently apply this model in other places²⁶.
23. **The Zambezia landscape comprises a population of 2.3 million, spanning an area of over 5 million ha, 60 percent of which under forest cover (3.2 million ha).** Zambezia is the province with the second highest forest cover in the country, and highest poverty rates. The landscape encompasses several biodiversity hotspots, some protected within the limits of Gilé National Reserve (a conservation area managed by ANAC). This landscape is currently undergoing high forest cover loss. From 2000 to 2014, it had an annual deforestation rate of 0.62 percent, well above the national average of 0.23 percent, losing around 18,000 ha every year. The causes of deforestation are primarily

²⁵ Districts in Zambezia include: Alto Molócue, Ile, Gilé, Pebane, Maganja da Costa, Mocubela, Mocuba, Gurue and Mulevala. Districts in Cabo Delgado include: Macomia, Meluco, Quissanga, Montepuéz, Ancuabe, Metuge and Ibo.

²⁶ The selection of these two priority landscapes for investment was based on a set of principles that is being used by the GoM in selecting areas for testing REDD+, and will be used to extend landscape-based activities to other geographical areas when additional resources are mobilized. These principles for selection may be summarized as: large scale areas and emission reductions potential; existing technical and baseline information; existing institutional structures and partners; potential for transformational impact; opportunities for synergy, partnership and leverage; and active government participation.



small-scale slash and burn agriculture, followed by degradation from charcoal production and illegal timber extraction.

24. **The Cabo Delgado landscape comprises a population of 611,000 in an area of over 3.5 million ha, almost 50 percent of which under forest cover (1.8 million ha).** Cabo Delgado is the province with the third largest forest cover in the country. The landscape includes some key terrestrial and marine biodiversity habitats, including the Quirimbas National Park and the largest mangroves in Eastern Africa. From the period of 2000 to 2014, the annual deforestation rate in the Cabo Delgado Landscape was estimated around 0.32 percent, and its growing trend is of concern. Similarly, small-scale slash and burn agriculture is the key driver of deforestation, while timber exploration and charcoal production are leading degradation drivers.²⁷
25. **At the national level, the Project will improve the enabling environment towards sustainable forest management through the preparation of the national land use plan; strengthened forest governance, inspection, detection and compliance as well as supporting a reform of natural forest management regulations and practices.** Land use planning is key to deal with the future trade-offs in land use choices, given a growing population and plans for the development of commercial agriculture, mining, livestock and other activities that would put pressure on forest cover. Strong forest governance is fundamental for effective and transparent resource management and for sustaining improved practices on the ground that have a positive impact on people's livelihoods and land uses. Improved transparency, stronger enforcement of forest law and regulations, and incentives to promote better forest management can orient the sector towards sustainability. These reforms could also attract further responsible investors into the sector, in turn creating more economic opportunities with less resource degradation. These efforts seek to address the challenge of illegal logging and poor management that has plagued the forest sector and trigger a shift in the focus of the sector from exploitation towards the sustainable management of forest resources.
26. **The Project design was informed by a robust set of analytical work.** This includes studies done for the REDD+ Readiness process at the national and provincial (Zambezia and Cabo Delgado) levels, such as on drivers of deforestation, legal and institutional arrangements, safeguards, detailed studies on deforestation drivers and opportunities in both landscapes, market potential for key non-timber forest products value chains, a forest governance assessment in the two provinces, and a financial viability study of forest operations. Other studies include the Non-Lending Technical Assistance (NLTA) on the business climate for planted forests, the NLTA on land and community-based natural resource management, and a series of policy notes on forest law enforcement, forest and environment information systems, and a national fund for sustainable development. Ongoing MRV work, including a national forest inventory, and recent lessons from the MozBio and Agriculture and Natural Resource Landscape Management Project were incorporated into MozFIP.

Project Components (refer to Annex 1 for further details)

Component 1: Promotion of Integrated Landscape Management

27. **Regularizing land tenure, promoting community-level land use planning and promoting integrated landscape management tools** to strengthen land tenure of local communities and of small and medium landholders., to improve local communities' capacity to plan the use of natural

²⁷ *Analysis of drivers of deforestation and Degradation*, Ceagre and Winrock (2015)



resources over which they have rights and to enhance the capacity of local actors on land use planning and on multi-stakeholder planning, through:

- a. Provision of support for the land delimitation of about 160 communities, including the issuance of about 160 community delimitation certificates, preparation of about 160 community-level land use plans, and strengthening of natural resources committees (CGRNs). The Project will finance consultancy, operational costs and equipment acquisition;
 - b. Issuance of about 3100 DUATs to small and medium landholders engaged in forest plantation and agro-forestry. The Project will finance consultancy and operational costs to ensure DUAT issuance;
 - c. Provision of institutional support to the provincial land administration service in Cabo Delgado province. The Project will finance office equipment and the maintenance of the land management system;
 - d. Strengthening of the multi-stakeholder landscape forums (MSLF) in Zambézia and Cabo Delgado to facilitate multi-stakeholder coordination and dialogue, and landscape-level monitoring. The Project will finance the operational costs of such Forums; and
 - e. Promotion of the use of geo-spatial tools at the provincial and district levels to improve land use planning through the acquisition of equipment and training to targeted provinces and districts.
28. **Promoting multi-purpose planted forests, agroforestry systems and sustainable biomass production** to establish commercial tree planting for several purposes (sawn wood, poles, wood chips, charcoal, pulp) among local communities, small- and medium-landholders, to restore degraded areas on productive land, to promote the adoption of agro-forestry practices among small landholders as a way to improve food security and reduce slash-and-burn agriculture expansion, and to produce charcoal in a more sustainable way.
- a. **Promoting the Planted Forests Grant Scheme**, a performance-based grant scheme to promote the establishment of around 5,000 hectares of sustainable, multi-purpose plantations amongst communities and small and medium landholders, and of 500 hectares of restored lands, through:
 - Provision of performance-based grants to small and medium landholders and inputs to communities for the establishment of multi-purpose plantations; and
 - Provision of technical assistance on tree planting and maintenance to beneficiaries.
 - b. **Establishing agroforestry systems** over about 1,950 hectares by smallholders to enhance yield productivity and food security and reduce slash-and-burn agriculture, through the provision of technical assistance and agro-forestry inputs to beneficiaries.



- c. **Supporting Sustainable Charcoal Production** to increase wood transformation efficiency into charcoal and to reduce the overall use of wood, through:
- Provision of support for (i) the elaboration of 4 charcoal management plans; (ii) acquisition of licenses for biomass exploration; and
 - The provision of training and assistance in the use of more efficient charcoal-making kilns to 750 charcoal producer organizations and/or individual producers. The Project will finance consultancy, operational costs and equipment acquisition.

Component 2: Strengthening of the Enabling Conditions for Sustainable Forest Management

29. **Developing Mozambique's National Land Use Plan to promote more balanced and long-term land use decisions**, through support to the preparation of a National Land Use Plan prepared in close consultation with relevant stakeholders. The NLUP will include a dynamic modeling platform for evaluating interventions for improved land use management (see Annex 1 for details). The Project will finance consultancy and operational costs.
30. **Strengthening of forest governance** to reduce forest-related crimes and illegal activities in the sector, to increase benefits to government and local communities from forest management, and to ensure compliance with sustainable forest management practices, through:



- a. Strengthening of inspection, detection and control in the forest sector** through support to the Recipient's forest law enforcement institutions (particularly AQUA and ANAC)²⁸, so as to improve forest areas patrolling and inspecting, infractions prevention, detection and prosecution. This support includes: (i) capacity strengthening of forest rangers at AQUA and ANAC; (ii) establishment of AQUA's provincial delegations in Zambezia and Cabo Delgado, including equipment acquisition, staff financing and training and operational costs; (iii) strengthening the management of two conservation areas (Gile National Reserve and the Quirimbas National Park) through equipment and operational costs; (iv) promoting inter-agency coordination to tackle forest illegal activities;
 - b. Implementation of a forest information system** to increase transparency and accountability in the sector system by providing updated geo-referenced information on forest licensing, forest management plans implementation, inspection and law enforcement. The support will include equipment and data management infrastructure acquisition, and capacity building;
 - c. Strengthening of multi-stakeholder forest sector decision making** to improve forest policies and regulations through a well-functioning National Forest Forum. The Project will support the operational costs of such a Forum; and
 - d. Regular assessment of forest governance** to monitor progress on implementation of the forest governance reforms. The Project will finance the costs associated with carrying out these regular assessments at the national level, including the assessment of forest operators' compliance with regulations.

31. **Strengthening natural forest management** to ensure sustainable use of forest resources, to increase benefits to local communities and to government and to add value to forest products, through:
 - a. Provision of technical assistance to forest operators** engaged in sustainable forest management, so as to support them in obtaining forest certification and in adding value to forest products. The project will finance the costs of training and skill development initiatives through consultancies and operational costs;
 - b. Strengthening of the capacity of forest administration authorities**, particularly at the provincial level on different aspects of forest management, including on forest management plan implementation and on piloting new forest concession allocation systems. The project will finance staffing and operational costs, consultancies and equipment acquisition; and
 - c. Promotion of sustainable small-scale forest businesses** (timber and non-timber forest products), including support to community enterprises, to community-private sector partnerships and to participatory forest monitoring. The Project will finance capacity building, staffing, operational costs, equipment acquisition and consultancies.

Component 3: Project Coordination and Management

32. The Project will finance the additional costs of FNDS related to the Project management, including the costs of the Landscape Coordination Units (LCUs) at the provincial level. This includes support for project coordination and management, including fiduciary and safeguards management, monitoring and evaluation (M&E), and communications.

²⁸ The financing will categorically exclude any kind of support for activities that are prohibited by the Bank's policies and rules as outlined in "Legal Vice Presidency Annual Report FY 2013: The World Bank's Engagement in the Criminal Justice Sector and the Role of Lawyers in the "Solutions Bank"".



Component Name:

Promoting Integrated Landscape Management

Comments (optional)

Component Name:

Strengthening the Enabling Conditions for Sustainable Forest Management

Comments (optional)

Component Name:

Project Coordination and Management

Comments (optional)

E. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

The landscape-level component will be implemented on a pilot basis in two priority landscapes selected by the GoM: the Zambezia Landscape, composed of 9 districts in the Province of Zambezia, and the Cabo Delgado Landscape, composed of 7 districts in the province of Cabo Delgado . The lessons from these landscapes will inform the Integrated Forest and Landscape management portfolio, and the MozFIP SoP, to be replicated in other parts of the country. The choice of a small number of districts within a substantial geographical area, grouped into two coherent landscapes, allows the Project to test the approaches at a manageable scale and be able to achieve concrete results on the ground and subsequently apply this model in other places . The Zambezia landscape comprises a population of 2.3 million, spanning an area of over 5 million ha, 60 percent of which under forest cover (3.2 million ha). Zambezia is the province with the second highest forest cover in the country, and highest poverty rates. The landscape encompasses several biodiversity hotspots, some protected within the limits of Gilé National Reserve (a conservation area managed by ANAC). This landscape is currently undergoing high forest cover loss. From 2000 to 2014, it had an annual deforestation rate of 0.62 percent, well above the national average of 0.23 percent, losing around 18,000 ha every year. The causes of deforestation are primarily small-scale slash and burn agriculture, followed by degradation from charcoal production and illegal timber extraction. The Cabo Delgado landscape comprises a population of 611,000 in an area of over 3.5 million ha, almost 50 percent of which under forest cover (1.8 million ha). Cabo Delgado is the province with the third largest forest cover in the country. The landscape includes some key terrestrial and marine biodiversity habitats,



including the Quirimbas National Park and the largest mangroves in Eastern Africa. From the period of 2000 to 2014, the annual deforestation rate in the Cabo Delgado Landscape was estimated around 0.32 percent, and its growing trend is of concern. Similarly, small-scale slash and burn agriculture is the key driver of deforestation, while timber exploration and charcoal production are leading degradation drivers.

F. Environmental and Social Safeguards Specialists on the Team

Paulo Jorge Temba Sithoe, Nuno Maria Brilha Vilela, Bruno Alcantara Cardoso

IMPLEMENTATION

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SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>MozFIP is a Category B project owing to the anticipated potential negative environmental and social impacts, which are minor, site specific and easily manageable.</p> <p>MozFIP activities at local level may lead to adverse environmental and social impacts that require due safeguards attention. These impacts include soil erosion, soil disturbance, vegetation clearance, loss of water quality and quantity, restrictions to land and natural resources. Consequently OP/BP 4.01 is triggered, and will be dealt with through an Environmental and Social Management Framework (ESMF). The ESMF details procedures as well as appropriate institutional arrangements for preparing, screening, reviewing, implementing and monitoring specific Environmental and Social Management Plans (ESMPs) to prevent, mitigate, and compensate adverse and cumulative impacts. The ESMF has been extensively consulted upon and was disclosed both in-country and at Bank's InfoShop.</p>



Overall, MozFIP activities are expected to have significant positive impacts on natural habitats, as the project will support legal and institutional reform in order to tackle unsustainable forest management and trigger a longer-term shift in the focus of the sector from resource exploitation towards more sustainable management and value addition to the domestic timber sector. The Project long-term objective is to reduce loss of natural forests (i.e., reduced emissions from deforestation and degradation). This should allow critical natural habitats and their ecosystem services to remain preserved. Policy reforms and improved practices should also have a positive and sustainable effect on people’s lives and land uses and their economic opportunities.

The project implementation area includes two conservation areas: the Quirimbas National Park and Gilé National Reserve. Agro-forestry activities may be promoted within the Quirimbas National Park in areas zoned as community development area, in accordance to the approved management plan of the Park.

The ESMF will include provisions for mitigation and compensation of potential impacts on natural habitats from forest plantations. Conversion of critical natural habitats will not be financed. The Project has prepared suitability maps with “go” and “no-go” areas. The “no-go” areas include critical natural habitats (protected areas, wetlands, mangroves, forests with high level of endemism, such as Afro-montane and coastal forests). The “go” areas were identified using satellite images and prioritize degraded areas. In addition, on-the-ground assessments will be conducted by the service provider and the PIU to further identify any fragment of non-critical natural habitat to be potentially converted. In case non-critical natural habitat are converted, compensation measures must be implemented, such as restoration of degraded land. Any non-critical habitat conversion must aim to enhance sustainable development of the area/community, improve landscape and land use sustainable management, hence enhancing ecosystem services.

Natural Habitats OP/BP 4.04

Yes

Forests OP/BP 4.36

Yes

Overall, MozFIP activities are expected to have



		<p>significant positive impacts on forests in the targeted areas, since the project aims to improve forest and land management practices and strengthen the enabling conditions for sustainable forest management.</p> <p>Potential adverse impacts of MozFIP interventions on natural forests will be identified, assessed and managed under the ESMF.</p> <p>The Project does not finance commercial harvesting of natural forests. The project will provide technical assistance to different actors (including community members and private sector firms) on sustainable natural forest management, including TA for them to obtain forest management certification.</p>
Pest Management OP 4.09	Yes	<p>Since the project will promote agroforestry and forest plantation, this policy is triggered. Even if the activities to be supported by the project do not necessarily involve the significant use of pesticides and therefore do not trigger the policy, the ESMF includes pest management approaches, thus providing general guidance procedures to address OP/BP 4.09.</p>
Physical Cultural Resources OP/BP 4.11	Yes	<p>This policy is triggered in a preventative approach in case MOZFIP activities promote actions in areas containing physical and cultural sites resources deemed sacred by communities living there (e.g. holy sites such as sacred groves, sacred forests, etc.). Mozambique has several sites that are important to local communities. Consultations with local authorities and communities will be required to identify these sites prior to activity implementation to determine eventual management measures, such as the “Chance Find Procedure”.</p>
Indigenous Peoples OP/BP 4.10	No	<p>The policy does not apply to Mozambique, as there are no populations/communities that meet the definition of Indigenous Peoples as described in the policy.</p>
Involuntary Resettlement OP/BP 4.12	Yes	<p>Project activities under MozFIP are anticipated to have positive social and environmental impacts. No physical resettlement will be financed by the Project. Residual risks exist, ranging from restriction of access to legally designated protected areas (such as Parks), to non-inclusive investment practices which could lead to the deterioration of rural livelihoods.</p>



The promotion of planted forest could increase expectations from surrounding communities about employment and new market opportunities, and increase land speculation. This could frustrate those not directly engaged or perceiving direct benefits, and restrict land access. The project will deploy a robust communication strategy to deal with this risk, and beneficiaries of the planted forests grants will be required (and monitored) to provide proof of acceptance to the plantations by the surrounding neighbors, and/or to enter benefit sharing agreements with those people that have a right to the land to be reforested. As to economic compensation for forest plantation activities, there will be no compensations as participation in these activities is voluntary and based on voluntary agreements between parts.

Restriction of access to land and natural resources in legally designated protected areas (economic resettlement) will be dealt with through a Process Framework (PF). MozFIP will use an updated version of the Process Framework that was approved, disclosed in July 2014, and that is currently implemented by the MozBio project (implemented by the same Ministry which will be implementation MozFIP) and targeting the same protected areas as those supported by MozFIP, namely Quirimbas National Park and Gile National Reserve. The PF will provide guidance and tools to be used by implementers, beneficiaries and Project Affected People (PAPs) to identify and mitigate any change in living standards of PAPs.

MozFIP includes a broad and inclusive Communication Plan to ensure continued public consultations, stakeholders awareness and clear understanding about the Grievance Redress Mechanism in place. Special attention is paid to vulnerable groups where MozFIP envisages to promote inclusiveness of such groups through social and economic activities.

Safety of Dams OP/BP 4.37

Yes

The project will support smallholders to adopt agroforestry systems. In order to increase efficiency of these systems and reduce the need for clearing



			new land, small (most likely earth made) dams and irrigation may be required, which may lead to rehabilitation and/or construction of small irrigation schemes. Since detailed project activities are unknown at this stage, the policy is preventively triggered.
Projects on International Waterways OP/BP 7.50	No		Project proposed interventions are not expected to involve interactions or activities that would adversely affect the quality or quantity of water flow of any international river.
Projects in Disputed Areas OP/BP 7.60	No		This policy is not triggered. The area in which the Forest Investment Project will be implemented is not known to include any disputed areas.

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The Project activities under MozFIP are anticipated to have positive social and environmental impacts, but residual risks exist, ranging from potential restriction of access to legally designated parks and areas dedicated to forest plantation and agroforestry, to non-inclusive investment practices. The promotion of planted forest could increase expectation from surrounding communities on employment and new market opportunities and risk frustration among those not directly engaged or perceiving direct benefits. Restriction of access on land and natural resources may lead to friction with existing communities, while the performance-based Planted Forest Grant Scheme could increase the speculation on land acquisition surrounding the Scheme's areas. Conversion of critical natural habitats and forest will not occur, however there might be a chance to minor conversions of non-critical natural habitats and forest, in these cases, mitigation and compensations measures are already foreseen (restoration of degraded areas/habitats). With the current low levels of sustainability of forest practices, there is a risk that opportunistic forest operators would continue unsustainable timber extraction. Minor adverse environmental and social impacts rising from Project activities may cause soil erosion, and water contamination (soil and pesticides).

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

Minor temporary indirect impacts on natural resource use, such as water, may occur if any sediment contamination is generated by operational activities; or more permanent ones due to pesticide use by agroforestry activities. Socially the project might promote internal migration of rural people from areas not receiving grants to areas receiving grants due to poverty and lack of opportunities which may cause pressure on land, natural resources and public services as health and sanitation, education, and security.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.



The Planted Forest Grant scheme will emphasize the promotion of benefits for communities. To reduce the risk to communities surrounding the Planted Forest Grant Scheme, they will be supported by a community land delimitation process, and a Community Development Action Plan (CDAP) will be prepared in order to promote inclusive linkages of communities to income-generating opportunities, such as the production of seedlings and nurseries. Community members may receive employment opportunities and other kinds of assistance. A strong communication plan and Grievance Redress Mechanism has been prepared to promote awareness, consultation, participation, and management of expectation and mitigation of conflicts over target landscapes.

Preference will be given to implementing Project forest plantation activities on un-forested sites or lands already converted (excluding any lands that have been converted in anticipation of the project). The project has developed an integrated GIS tool to pre-select sites apt for forest plantations and agroforestry activities, using geo-spatial criteria and participatory processes involving different stakeholders. Those maps are the first stage of analysis and will be further used on the field to identify other environmental services to targeted areas. As part of the planted forest scheme, restoration of degraded areas will be encouraged.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

The borrower has past experience dealing with World Bank projects, and therefore with safeguards policy implementation. The MozFIP Project Implementation Unit (PIU) hired a safeguard specialist, amongst other specialists (such as on land, natural forest, reforestation, agriculture and communications). At the provincial level, the Project will hire sustainable development experts in charge of environmental and social safeguard implementation. Furthermore, training courses, capacity building, technical assistance, a Grievance Redress Mechanism, and project annual reviews are already budgeted by the Project. The aforementioned human resources, the planned capacity building activities and the safeguards instruments (ESMF, and PF) will ensure the Borrower's capacity to adequately implement Bank safeguards policies.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Nine public consultations sessions were performed specifically about the MozFIP project. Ten consultations sessions on safeguard issues were held with communities, to address MozFIP and other REDD+ Initiatives. These consultations took place in Maputo, provincial capitals (Quelimane and Pemba) and at community level. Based on these consultations, MozFIP activities were defined and refined. These consultations were part of a much broader ongoing consultation process on REDD+ Readiness, started in mid 2013 and going to the present day.

Key stakeholders are the government, the private sector in the forest sector, academia, civil society, and the landholders and communities involved in and surrounding the planted forest scheme, agroforestry areas and charcoal production areas. A broad and integrated Communication Plan has been prepared by the Government to inform, consult and provide feedback to stakeholder, particularly communities, involved in or affected by the Project. In both provinces, there will be multi-stakeholder landscape forums (MSLFs) where the Project will be discussed and will act as a platform through which claims and requests can be communicated. These forums involve of all key stakeholder groups. At community level, the natural resources management committee (CGRNs) and CBOs will be closely engaged with beneficiaries and PAPs, and provide a link for communities to access the MSLFs and other mechanisms through which their feedback can be put forth. Disclosure of safeguards issues will be carried out through these platforms described. Culturally-adapted material shall be provided and disseminated, while the CGRNs, CBOs and other entities at the district and provincial levels (such as SDAE and DPTADER) will act as channels for communication of information. The use of the media is expected to inform the targeted audience about Project activities, public consultations and communication



needs. During the ESMF preparation, public consultation meetings to inform stakeholders and PAP and gather concerns were conducted. Government institutions (central, provincial and district level), civil society, NGOs, communities, academia, and private organizations participated in these meetings and addressed environmental and social issues of concern. Formal disclosure of safeguards instruments such as the ESMF was done in-country in the local language and through Infoshop.

B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)

Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank	Date of submission to InfoShop	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
17-Jan-2017	18-Jan-2017	

"In country" Disclosure

Mozambique
18-Jan-2017

Comments
www.redd.org.mz

Resettlement Action Plan/Framework/Policy Process

Date of receipt by the Bank	Date of submission to InfoShop
17-Jan-2017	18-Jan-2017

"In country" Disclosure

Mozambique
18-Jan-2017

Comments
www.redd.org.mz

Pest Management Plan

Was the document disclosed prior to appraisal?	Date of receipt by the Bank	Date of submission to InfoShop
NA		

"In country" Disclosure



If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.

If in-country disclosure of any of the above documents is not expected, please explain why:

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?

Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?

Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?

Yes

OP/BP 4.04 - Natural Habitats

Would the project result in any significant conversion or degradation of critical natural habitats?

No

If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?

Yes

OP 4.09 - Pest Management

Does the EA adequately address the pest management issues?

Yes

Is a separate PMP required?

No

If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?

NA

OP/BP 4.11 - Physical Cultural Resources

Does the EA include adequate measures related to cultural property?

Yes

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?

Yes

OP/BP 4.12 - Involuntary Resettlement



Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

OP/BP 4.36 - Forests

Has the sector-wide analysis of policy and institutional issues and constraints been carried out?

Yes

Does the project design include satisfactory measures to overcome these constraints?

Yes

Does the project finance commercial harvesting, and if so, does it include provisions for certification system?

No

OP/BP 4.37 - Safety of Dams

Have dam safety plans been prepared?

No

Have the TORs as well as composition for the independent Panel of Experts (POE) been reviewed and approved by the Bank?

NA

Has an Emergency Preparedness Plan (EPP) been prepared and arrangements been made for public awareness and training?

NA

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

Yes

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes



Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

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Borrower/Client/Recipient

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APPROVAL



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Approved By

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