

**COMBINED PROJECT INFORMATION DOCUMENTS / INTEGRATED SAFEGUARDS
DATA SHEET (PID/ISDS)**

Appraisal Stage

Report No.: 128175

Date Prepared/Updated: 21-Jun-2018

I. BASIC INFORMATION

A. Basic Project Data

Country:	Mozambique	Project ID:	P164524
		Parent Project ID:	
Project Name:	MZ Zambezia Emissions Reductions Payment (P164524)		
Region:	AFRICA		
Estimated Appraisal Date:	18-Jun-2018	Estimated Board Date:	10-Sep-2018
Practice Area (Lead):	Environment & Natural Resources	Financing Instrument:	
Borrower(s)	Ministry of Land, Environment and Rural Development		
Implementing Agency	Ministry of Land, Environment and Rural Development		
Financing (in USD Million)			
	Financing Source		Amount
	Borrower		0.00
	Carbon Fund		50.00
	Financing Gap		0.00
	Total Project Cost		50.00
Environmental Category:	B-Partial Assessment		
Appraisal Review Decision (from Decision Note):			
Other Decision:			
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?	No		
Is this a Repeater project?	No		
Is this a Transferred project? (Will not be disclosed)	No		

B. Introduction and Context

Country Context

Mozambique's economy has experienced some of the world's fastest growth rates since the end of its devastating civil war in 1992, with annual average economic growth of approximately 7.5 percent in the last decade. This growth has largely been driven by foreign investments, however, poverty has fallen only slightly, from 53 percent in 2002 to 46 percent in 2014. In 2014, per capita income was US\$586, approximately one-third of the Sub-Saharan African average, and the country ranked 181 (out of 187 countries) in the Human Development Index.

Poverty is concentrated in the central and northern regions, particularly in rural areas, where many households derive their income from agriculture and forest-related activities. Zambezia, the second most-populous province of Mozambique, with significant agriculture, forestry and fisheries potential, has one of the highest poverty rates in the country (62 percent), against a national rate of 48.4 percent (Household Budget Survey 2015). According to the government, the province's main investment sectors in 2013-2014 were industry (61.1 percent), followed by agriculture and agroindustry (35.3 percent), and tourism (3.2 percent).

Sectoral and Institutional Context

Mozambique is one of the few Sub-Saharan countries with significant natural forest cover, but it is undergoing rapid deforestation. 42 percent of its overall territory, totaling 34.4 million hectares (ha), is covered by natural forests. Miombo forests cover approximately two thirds of the total forest area. However, forests are being cleared rapidly. The country lost around 267,000 ha of forests every year from 2003 to 2013, which represents a historical deforestation rate of 0.79 percent. This led to around 46 million tons of climate change-causing CO₂ being emitted every year into the atmosphere, representing 43 percent of Mozambique's overall greenhouse gas emissions. Ranked the second most forested province in the country, Zambézia province has a forest cover of 5.2 million hectares, and an annual deforestation rate of 0.83 percent.

The underlying causes of deforestation and forest degradation are the high rates of population growth and rural poverty, where limited access to alternative sources of income lead to unsustainable use of forests. Small-scale agriculture is the main direct driver of deforestation in the country, as small-holders clear forested lands for crop production, particularly for maize and cassava. As to forest degradation, important drivers include: forest extraction for bio-energy production (particularly charcoal for urban use), and unsustainable timber harvest (including through illegal logging) to supply domestic and international markets.

To address the drivers of degradation and deforestation, the Government of Mozambique (GoM) is implementing land-based investments and improving the enabling environment for reducing deforestation. The land-based investments encompass: promotion of conservation and climate smart agriculture; promotion of key sustainable supply chains (agriculture and forests); development of multi-purpose plantations and restoration of degraded lands; sustainable charcoal production; and strengthening protected areas management. In terms of enabling environment activities, the following activities are being implemented: development, coordination and monitoring of the Emission Reductions (ER) Program (including a Dialogue and Redress Mechanism, a Multi-Stakeholders Landscape Forum in Zambezia); strengthening community rights to lands and natural resources through community land delimitation and land use planning; law enforcement, and strengthened forest governance and management. All those activities are expected to contribute to reduce deforestation,

and by so doing generate emission reductions.

The GoM has demonstrated strong commitment to reducing deforestation and forest degradation. The Ministry of Land, Environment and Rural Development (MITADER) approved in 2015 a National Strategy for Reducing Emissions from Deforestation and Forest Degradation (REDD+) aiming to reduce deforestation by 40 percent and to restore 1 million hectares of forests by 2030. This strategy is anchored in six pillars: i) improvement of land management governance, including land-use planning; ii) sustainable management of forests; iii) promotion of alternative sources of energy; iv) strengthened management of conservation areas; v) forest restoration; and vi) sustainable agriculture. Moreover, GoM has put in place: a) a National Forest Monitoring System (NFMS), to monitor forest cover; and measure, and report on emission reductions, which is a condition for ER payments to happen; and b) a social and environmental safeguards management framework, managed by the National Sustainable Development Fund (FNDS).

The GoM's commitment is also evidenced by the creation of the FNDS in February 2016 under the sectorial tutelage of MITADER. The FNDS aims to promote sustainable rural development, including strategic land planning, sustainable value chains and sustainable financing for the environment sector. It promotes and finances programs and projects in rural areas. The FNDS is responsible for managing the REDD+ funding (and climate finance in general), and reports directly to the Minister.

The World Bank (hereafter referred as the Bank) is currently financing several investment projects which directly address the drivers of deforestation and degradation through an integrated landscape management approach. These projects are organized under the Bank's "Integrated Forests and Landscape Management Portfolio", which includes the Mozambique Conservation Areas for Biodiversity and Development project (MozBio) (P131965), the Agriculture and Natural Resources Landscape Management project (Sustenta Project) (P149620), the Mozambique Forest Investment project (MozFIP) (P160033), and the Dedicated Grant Mechanism for Local Communities project (MozDGM) (P161241). The Sustenta Project will implement an innovative Matching Grant Scheme to co-finance agriculture and forestry activities by small emerging commercial farmers and small and medium enterprises. This scheme is expected to be used for the Benefit Sharing Mechanism under this project. The projects are implemented by GoM's FNDS (at both national and provincial levels), in coordination with relevant actors, such as the Ministry of Agriculture and Food Security (MASA), the Ministry of Public Works (MOP), the National Protected Areas Agency (ANAC), the National Irrigation Institute, NGOs and the private sector, among others.

The landscape management approach recognizes the link between agricultural development, natural resource management and governance, both in terms of institutional management and practical implementation. This approach combines investments in a given geographic area to promote sustainable natural resources management (including reduced deforestation) and to reduce rural poverty. This approach is fully aligned with the National REDD+ Strategy.

To implement its National REDD+ Strategy, the GoM is piloting a large-scale landscape program in part of the Zambézia province – the Zambézia Integrated Landscape Management Program (ZILMP). The ZILMP covers nine contiguous districts, amounting to a total area of 6 million ha, of which 56 percent is covered with forests. The area covered by ZILMP has an annual deforestation rate of 0.61 percent, which translates to about 21,320 ha of forests lost every year. This long-term program will implement a series of on-the-ground investments and promote an enabling environment towards reduced deforestation and rural poverty.

ZILMP is expected to showcase how rural income growth can be decoupled from forest loss and

general natural resources degradation. It leverages existing resources and attracts new financing to sustain and scale-up investments that address the direct causes of deforestation. One source of financing is the Zambézia Emission Reductions Payments project (this project). Emission reductions (ERs) payments will provide a revenue stream to continue financing the implementation of the program, that is, the activities that reduce deforestation, such as the promotion of conservation agriculture, effective implementation of protected areas, community land delimitation, and the enabling environment to support reduced deforestation (including multi-stakeholder coordination, and increased access to geo-spatial information).

The ZILMP will be implemented by several stakeholders. At the national level, the FNDS will be responsible for overall strategic guidance of the program, and measuring and reporting ERs. At the provincial level, the Zambézia Landscape Coordination Unit (LCU) will support implementation, ER reporting and will oversee the distribution of ER payments. At the district level, the District Service of Economic Activity (Serviço Distrital de Actividade Económica) and the District Service for Infrastructure and Planning (Serviço Distrital de Planeamento e Infraestrutura) will implement the Grievance Redress Mechanism under the supervision of the LCU and FNDS. At the field level, rural households, supported by GoM and NGOs, will carry out land-use activities, such as conservation agriculture, agroforestry, and tree planting. Private sector actors such as farmers and forest operators will implement agriculture and forestry activities on land they have user rights for.

The private sector is also expected to play an important role, particularly in agriculture and forest concessions. The Sustenta project supports private sector investments in agriculture, to develop value chains that can integrate local farmers and thus diversify and enhance their incomes. This objective will be achieved by expanding the network of small emerging commercial farmers (SECF) and supporting key investments of agribusinesses along the value chains. The MozBio project, on the other hand, is promoting tourism in conservation areas, so that communities may benefit from tourism-related economic activities. MozBio is also piloting other sustainable community livelihoods, such as promoting the cashew value chain to help increase revenues of small-holders. MozFIP, in turn, is promoting community – private joint ventures for community forests.

The scope of the project covered in this Project Appraisal Document (PAD) is the emission reductions payments for ZILMP, that is, a carbon finance transaction (payment for verified emission reductions). The Bank, as the trustee of the FCPF Carbon Fund, will pay for ERs resulting from the implementation of the ZILMP, through an Emission Reductions Payment Agreement (ERPA), signed between the Bank and the MITADER. The ERPA General Conditions are non-negotiable and are available on the FCPF website. The ERPA Commercial Terms of the carbon finance will be negotiated during ERPA negotiations (expected in July 2018). For this PAD, assumptions have been made about the commercial terms based on the status of exchanges about expectations of the Carbon Fund Participants and the Government of Mozambique. Also, the proposed project period for the ERPA is five and a half years (July 2018 – Dec 2024), while the broader ZILMP has a longer-term perspective.

C. Proposed Development Objective(s)

Development Objective(s)

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.

Key Results

The achievement of the PDO will be measured through the following indicators:

- (a) Volume of emission reductions that has been measured and reported by the program entity, verified by a third party, and transferred to the FCPF Carbon Fund (number of ERs);
- (b) Payment by the FCPF Carbon Fund for Emission Reductions generated by the Zambezia Integrated Landscape Management Program (US\$); and
- (c) Emission Reductions payments distributed in accordance with agreed-upon Benefit Sharing Plan (Yes/No).

D. Project Description

This project covers the ER payments and sharing of benefits within the area of the ZILMP. As discussed above, the ZILMP is a large-scale program, whose activities are implemented with the support of ongoing Bank-financed projects (each of which has been appraised and approved separately). The four investment project finance (IPF) projects (MozBio, MozDGM, MozFIP and Sustenta) complement each other and cover all the upfront investment needed to generate ER results for the Zambezia ER Payment Project, as described in the approved Emission Reductions Program Document (ERPD).

The implementation of the Program started in 2015 with the launch of the MozBio project, and will continue through 2024 (and potentially beyond). The Zambezia ER Payments Project implementation period, or ERPA period, will start before ERPA signing, and will continue until December 2024, before the end of the lifetime of the Carbon Fund (December 2025). It is expected that the reporting period of the Zambezia ER Payments Project, will be from 2017 up to 2024 since many of the project activities implemented through the four Bank-financed projects started in 2017 and are being satisfactorily implemented according to the respective safeguard instruments. These activities are expected to have already contributed for generating a certain amount of ERs in which the GoM is expecting to retroactively claim the payments for the potential ERs generated prior to the ERPA signature.

The GoM presented the Emission Reductions Program Document to the Carbon Fund participants in January 2018, during the Carbon Fund Seventeenth Meeting (CF17). The ERPD was provisionally approved by the Carbon Fund participants; pending: a) Revision of ERPD, with clarification on how the degradation data has been analyzed, and how the degradation will be monitored and reported; with clarification and additional information on the benefit sharing arrangements; and Reassessment of the reversal buffer currently presented in the ER-PD, consistent with the FCPF CF Buffer Guidelines. b) Provision of data on: a) deforestation in the group of Zambezian districts outside the ER Program Accounting Area (Outside Area); and b) baseline emissions for the Outside Area. c) Council of Ministers approves the REDD+ Decree.

In April the GoM submitted all the documents to the Carbon Fund donors, and on May 17 the Mozambique ERPD was officially included in the FCPF Carbon Fund portfolio. Once appraisal of the Zambezia ER Payments Project is complete, the Bank and GoM will negotiate the terms of the ERPA. The signature of the ERPA sets the beginning of the ERPA term and of the first reporting period. However, as mentioned above, Mozambique is in a situation that could potentially benefit or be eligible for recovering payments for realized Emissions Reductions prior to the signature.

Carbon Finance Aspects

It is estimated that the implementation of activities will lead to a generation of 12.64 million ERs

during the ERPA term. This estimate was calculated by first applying an efficiency rate to the Forest Reference Emission Level (FREL) of the ZILMP area (30 percent for the first three years of the ERPA term and 40 percent for the remaining years of the ERPA term), which resulted in 18.8 million ERs over the ERPA period (2017-2024) and 33 MtCO₂eq of emissions from deforestation. Uncertainties associated with the estimation of ERs were at the threshold of 17 percent at 90 percent of confidence level. Hence, 4 percent of the total ERs were also set aside in a buffer reserve. A fraction (30 percent) of these ERs was allocated to a buffer reserve so as to mitigate any uncertainty risk and non-permanence risks resulting in an overall discount of circa 6 million ERs.

The GoM will sell 10 million ERs to the Carbon Fund, out of the total ERs expected to be generated during the ERPA lifetime.

Measurement and reporting of ERs will be done on an annual basis while external verification of these ERs might occur every other year. Payments will be annual, based on third-party verification reports or on interim progress reports (in case verification doesn't take place every year). ER payments will be distributed by GoM in accordance with the final BSP. The ERs sold to the Carbon Fund and those set aside in the buffer will be registered in Mozambique's transaction registry or in a centralized transaction registry managed by the FCPF, if the national registry is not ready by the time of the first payments.

Component Name:

Component 1. Measurement, reporting and verification (MRV) and payment of ERs generated by the project.

Comments (optional)

Deforestation and associated ERs within ZILMP will be measured annually by the MRV unit within FNDS. Measurement and reporting from the GoM to the FCPF CF will take place every year, starting in late 2018 and early 2019. The verification might take place every year by a third party contracted by the Bank following the submission of a monitoring report by the GoM. Payments from the FCPF CF to GoM are expected to be made annually upon verification of the emission reductions, or upon interim progress reports (in case verification doesn't take place annually).

Component Name:

Component 2. Distribution of ER payments as per a BSP.

Comments (optional)

The BSP was prepared by the GoM/FNDS through a highly participatory process. An advanced draft of the BSP is currently available, and will be shared with Carbon Fund participants for their information before ERPA negotiation. The BSP is guided by the principles of equity, efficiency and transparency, and includes: principles; categories of beneficiaries; processes for the distribution of benefits; and monitoring provisions, among other issues

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

The ER Program is located in part of the Zambézia Province, and encompasses nine districts, with a total area of 5.3 million hectares, of which 49 percent are covered with forests. Zambézia is the fourth most deforested province in Mozambique, with several types of vegetation that contribute to the existence of several habitats, environmental goods and services as well as other elements important for ecosystem services and dynamics. The biological importance of the region is well recognized as the project area is located between Swahilian-Maputaland transitional zone and Zambézian Centre of Endemism, particularly the mountain forests of Namuli complex. The biological environment is

primarily shaped by the climate, altitude and by the soil types and textures as well as the human use of biological resources (deforestation for timber, construction, source of energy and subsistence such as agriculture, livestock, hunting and fishing, etc.).

There are mainly four types of vegetation in the region: coastal mosaic, dense afro mountain vegetation, undifferentiated woodland and miombo vegetation. Nevertheless, at the local scale there are other vegetation types such as coastal dune and littoral vegetation such as Mangroves and Acacia vegetation in the lowland (Albano, 2008). Also along most of the river beds there are discontinuous stands of reed vegetation throughout most of the river course. Dambos (vegetation in low and wet land) are another vegetation formation, which are very common at the base of the inselbergs and act as a buffer, capturing water and releasing it slowly throughout the year (MAE, 2005). Most of the dambos have been converted into rice fields, which are cultivated during the rainy season (MAE, 2005).

The project area provides different types of ecosystem services: provision, regulation, cultural and supporting. However, it is important to note that subsistence agriculture is still the main activity developed by almost 80 percent of the population. For instance, in most areas the miombo and the coastal mosaic have been cleared for agriculture (UN REDD, 2011). The coastal mosaic has been transformed mainly into cashew orchards and cassava fields, while the miombo woodland was converted into cultivated fields for maize, peanuts, beans, sorghum and cassava, but also for cotton and sesame as well as tobacco (MAE, 2005). The flood plains in Maganja da Costa and Pebane in Zambézia province are known for extensive rice fields, which contribute to making this province into the largest rice producer in the country, representing more than 40 percent of all the rice produced nationally.

All the ERs will be generated by financed World Bank Projects, which already include appropriate and approved safeguard instruments. The ER payment process will rely on the satisfactory implementation of those safeguard instruments as verified and reported by the respective the supervision processes, and reviewed from time to time as part of the third party monitoring process. With respect to the distribution of the ERs payment proceeds, the Bank will verify that the Benefit Sharing Mechanism is developed in a participatory manner, is inclusive and incorporates principles of equity and transparency-including a GRM, and is effectively implemented.

F. Environmental and Social Safeguards Specialists

Bruno Alberto Nhancale (GEN01)

Carmen Lahoz Rallo (GSU07)

Maria Do Socorro Alves Da Cunha (GSU20)

Paulo Jorge Temba Sithoe (GEN01)

II. IMPLEMENTATION

The implementation arrangements of the Zambezia ER Payments Project is embedded in the national REDD+ structure and aligned with the National REDD+ Strategy's overall objectives and pillars. The recently approved REDD+ decree describes the institutional arrangements. The signatory of the ERPA will be the Ministry of Economy and Finance (MEF). At the national level, the FNDS will be responsible for overall strategic guidance, coordination of ER monitoring and reporting, and for distributing ER payments. In Zambézia province, the Zambézia LCU, subordinated to the Provincial Government and to MITADER, will collect data for ER reporting and coordinate payment distribution and implementation activities. At the District level, the District Service of Economic Activity (Serviço Distrital de Actividade Económica) and the District Service for Infrastructure and Planning (Serviço

Distrital de Planeamento e Infraestrutura) will implement the FGRM. Safeguards implementation and monitoring are the responsibility of FNDS. There is no procurement involved in the project.

The Zambezia multi-stakeholder Sustainable Development Forum brings together stakeholders (government, civil society, academia and private sector) to discuss and agree on strategic matters relating to landscapes and foster further coordination among these actors. As for data collection and monitoring, a public “GeoPortal for Sustainable Development Initiatives” platform has been developed by FNDS , which contains information on different projects and stakeholders, including deforestation data and land tenure information. The project MRV system is currently under development and will be managed by FNDS.

III. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>The project is designed to make payments for measured, reported and verified Emission Reductions (ERs) related to reduced deforestation in the Zambezia Integrated Landscape Management area. As such, this project will not directly finance the activities generating ERs. The ERs will be generated by other projects, all of them financed by the WB (MozFIP, Sustenta, MozDGM and MozBio). This project ensures that ER payments are made based on verified reductions and that proceeds are distributed according to a transparent and inclusive Benefit Sharing Mechanism which has been elaborated in a participatory manner and approved by the Bank.</p> <p>The ER project is classified as Category B because the ER payments are based on reductions in deforestation generated by projects that support category B activities. Those activities target the reversal of forest degradation and deforestation through interventions with otherwise low and localized environmental impacts. The project will foster conservation agriculture, sustainable biomass production, and natural forest and biodiversity management, through a landscape approach that promotes an integrated territorial planning process and an enabling environment that involves stakeholders in relevant sectors.</p> <p>An umbrella SESA and Environmental and Social Management Framework (ESMF) for</p>

		<p>the National REDD+ Strategy prepared under the REDD+ Readiness phase (and the instruments derived from it for the WB projects mentioned above) will continue to be used to address environmental and social risks associated with the activities that will generate ERs. The SESA and ESMFs were extensively consulted upon and disclosed publicly and they are now being used to provide guidance to prepare site specific Environmental and Social Management Plans (ESMPs) as needed. The effective use of the SESA and ESMFs and subsequent ESMPs is monitored as part of the project supervision for MozBio, MozFIP, MozDGM and Sustenta projects.</p>
Performance Standards for Private Sector Activities OP/BP 4.03	No	N/A
Natural Habitats OP/BP 4.04	Yes	<p>Some of the forest and woodlands in the program area contain critical ecosystems which are localized within the Gilé National Reserve; the ZILMP will enhance the quality of the management of these critical ecosystems or protected areas and reduce risks associated with activities targeted to generate ERs. The existing umbrella ESMF provides guidance on avoiding and mitigating impacts on natural habitats as per OP.4.04 policy requirements to avoid the significant conversion or degradation of natural habitats.</p>
Forests OP/BP 4.36	Yes	<p>The activities leading to generation of ERs are designed to reduce deforestation and forest degradation while contributing to improve the livelihoods of forest-dependent communities. Generally, potential impact of the ZILMP activities on natural forests are already addressed in the existing umbrella SESA and ESMF. Specifically, the ESMF provides detailed guidance and procedures for screening of potential adverse environmental and social impacts associated with ER generating activities. Subsequent ESMPs will include adequate specific measures to avoid, minimize and mitigate such impacts.</p>
Pest Management OP 4.09	Yes	<p>Pesticide in association with activities that will generate emission reductions such as alternative agricultural practices will have to be carried out according to management plans that comply with this policy.</p>

		The umbrella ESMF already provides mitigation measures to address potential impacts of the use pesticides on the environment and public health. These are supported by two PMPs for MozBio and Sustenta.
Physical Cultural Resources OP/BP 4.11	Yes	Screening of sites for activities leading to ERs will be provided for under the ESMF to avoid adversely affecting physical cultural resources, such as e.g. sacred groves, cemeteries and areas of community interest. A chance finds procedure is in place so that if places deemed culturally important are found, appropriate management measures will be applied as per this policy's requirements.
Indigenous Peoples OP/BP 4.10	No	The policy does not apply to Mozambique, as there are no populations and/or communities that meet the definition of Indigenous Peoples as described in the policy.
Involuntary Resettlement OP/BP 4.12	Yes	<p>The activities of all WB-funded projects generating ERs will be screened to avoid physical resettlement and economic displacement as much as possible.</p> <p>If projects causes situations involving restrictions of access to land and natural resources, the livelihood restoration of people affected by these projects will be addressed through the Process Framework (PF) for MozBio, MozFIP, and MozDGM.</p> <p>Sustenta and MozFIP will finance activities such as land delimitation, and new crops or plantations, which could generate potential short-term conflicts within the community over land ownership. Sustenta will also finance rehabilitation of small scale irrigation schemes and of small-scale infrastructure (storage and roads) that could necessitate involuntary land acquisition resulting in involuntary resettlement of people and/or loss of (or access to) assets, means of livelihoods or resources. To ensure due diligence is done, Sustenta has a Resettlement Policy Framework (RPF) to deal with issues of land acquisition resulting in the need for compensation or and/or physical displacement. These instruments have been approved and disclosed The development of a</p>

		land access protocol and land regularization guidelines to address any potential impacts, with a focus on screening out any significant impacts or managing them through transparent and well documented voluntary arrangements is being finalized.
Safety of Dams OP/BP 4.37	Yes	Some activities leading to ER (MozFIP and Sustenta project) will support smallholders to adopt climate-smart agriculture techniques, particularly conservation agriculture to increase their productivity and income, and reduce the need for clearing new land. Related activities would include small dams and irrigation infrastructures. Such infrastructures do not fit within triggering definition of this policy. Notwithstanding, the ESIA/ESMP will include generic safety measures to be followed by qualified engineers during the small dam design and construction to comply with basic standards for construction of water retention structures.
Projects on International Waterways OP/BP 7.50	No	None of the related investments will be located on international waterways so this policy is not triggered.
Projects in Disputed Areas OP/BP 7.60	No	None of the related investments will be located in disputed areas so this policy is not triggered.

IV. 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:
No potential large scale, significant and/or irreversible impact is expected as this project is a carbon finance operation, hence there are no new investment activities related to it, as it relies on the outcomes of ongoing WB operations.
2. Describe any potential indirect and/or long-term impacts due to anticipated future activities in the project area:
No indirect and/or long term is expected as this project is a carbon finance operation, hence there are no new investment activities related to it, as it relies on the outcomes of ongoing WB operations.
3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
Not applicable
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.

Institutional responsibilities are defined. MITADER, through the FNDS will lead the implementation, and day-to-day management of the ZILMP. All participating government agencies will report to FNDS on all project related safeguards issues. FNDS capacity to implement environmental safeguard policies in several bank-funded projects includes four safeguards specialists who will oversee proposed investments under the ZILMP. Safeguard procedures at FNDS are currently considered to be moderately satisfactory and are being further assessed and strengthened. The National Directorate for Environmental Assessment (DINAB) at MITADER is responsible for development of policies, reviewing environmental and social impact studies and mitigation plans, and issuing of environmental permits. Environmental and Social inspection and auditing is now being overseen by AQUA (National Agency for Environmental Quality) a statutory body under MITADER mandate. The Provincial Directorate of Land, Environment and Rural Development (DPTADER) of the Province of Zambézia is the local institution responsible for implementing measures for integrated and sustainable management of the rural, urban and marine-coastal environment and will play a significant role in screening, reviewing and overseeing anticipated project investments under ZILMP before they are submitted for approval of the FNDS and nonobjection of the Bank for inclusion in the respective ZILMP projects.

Projects contributing to ER have prepared their safeguards instruments and are implementing them. With support of the FCPF and in association with existing projects (MozFip and MozDGM, Mozbio, Landscape project), various safeguards documents were prepared for the implementation of the activities that will generate the ERs underlying the payments to be made by the Program, including: a) the Strategic Environmental and Social Assessment (SESA) for the National REDD+ Strategy; b) an Environmental and Social Management Framework (ESMF) for the MozFIP, MozDGM and REDD+ Initiatives; a second ESMF for the MozBio project; and a third ESMF for the Agriculture and Natural Resources Management (Sustenta) project; c) A Process Framework (PF) for MozBio, MozFIP and MozDGM; d) a Resettlement Policy Framework (RPF) for the Sustenta Project and e) a Pest Management Plan (PMP) for MozBio Project and a second PMP for Sustenta. Those documents were prepared by the government, approved by the Bank and disclosed in-country and on the WB external website.

Plans to complement safeguard instruments will be prepared. The safeguards instruments (ESMFs, RPF, PF, etc.) of the WB-funded projects were adequately prepared to include general risks and mitigation measures for the activities and initiatives in the ER Program. Concrete and practical plans to reduce risk on specific issues, such as land tenure, and to improve screening and management of the GRM, for example are being developed. Project Entity is gaining experience in WB operations. MITADER (Ministry of Land, Environment and Rural Development) is the ER Program Entity, and the FNDS (National Sustainable Development Fund) within MITADER is responsible for overall strategic guidance and implementation of three of the four WB-funded projects (MozBio, MozFIP and Sustenta). MITADER, and in particular FNDS, have been accumulating experience and expertise in managing World Bank funded operations, particularly in climate change and natural resources management sectors. Screening, monitoring and reporting tools have been reviewed and improved, including a Project Implementation Manual and a generic ESMP for all Bank-financed (sub) projects managed by the FNDS.

Team of safeguards specialists at national and local levels. The FNDS has a team of four Safeguards Specialists, three at national level and one provincial Safeguards Specialist in the Zambezia office to oversee the MozFIP, MozBio and Sustenta. These specialists, together with other provincial technicians from governmental institutions, have benefited from the

previous and ongoing safeguards training initiatives carried out by the Bank and continue to gain competency in implementing Bank safeguards requirements. Furthermore, the FNDS safeguard team is assisted by one Community Officer based at Gilé National Reserve and 15 Rural Development Extensionists who support the environmental and social compliance of the Mozbio and Sustenta subprojects. An additional safeguard specialist and two assistants will be hired in Zambezia province to monitor the implementation of activities financed by ER once the payments start flowing to the Province. payments. The FNDS specialists are already providing day-to-day supervision and monitoring of the safeguards implementation. During implementation of specific activities for which an ESMP or ESIA will be required in accordance with the ESMF, the FNDS will guide all participating agencies on the necessary requirements to comply with Bank safeguards policies as well as with applicable national regulations. The FNDS will also coordinate with DINAB and other relevant local authorities who have roles and responsibilities to discharge with respect to the environmental and social management of the ZILMP.

Institutional capacity building is a WB priority. The World Bank is providing a series of social and environmental safeguards training workshops at national and provincial level that are helping to improve both the awareness of safeguards policies and the understanding of how to implement mitigation and inclusion measures in the projects contributing to generate emission reductions in the program area. The FNDS specialists especially at the provincial level still need to strengthen their capacities. A capacity building plan for 2018 including coaching, on-the-job training and specific training sessions with the main partners has been developed and will start its implementation in July.

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

Stakeholder Consultation, Participation and Disclosure was conducted during the design of the ZILMP, and will continue during its implementation. The design and implementation of the ZILMP are based on the on-going participation of all stakeholders, in line with the Mozambican legal framework, the FCPF methodological framework and the Bank safeguards policies. Since the program is fully aligned with the Mozambique National REDD+ Strategy, the information sharing, consultation and participation mechanisms used in the design of the ZILMP are interlinked with the consultation structures and mechanisms that were used for the evaluation and validation of the National REDD+ Strategy; and also with consultations conducted during the design of the Bank-financed projects (MozBio, Landscape, MozFIP and MozDGM projects) and their safeguards instruments. All consultations that took place are described and disclosed on the government's REDD+ website (www.redd.org.mz).

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	17 Jan 2017
Date of submission to InfoShop	18 Jan 2017
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	NA
"In country" Disclosure: www.redd.org.mz	18 Jan 2017

Resettlement Action Plan/Framework/Policy Process	
Date of receipt by the Bank	17 Jan 2017
Date of submission to InfoShop	18 Jan 2017
"In country" Disclosure: www.redd.org.mz	18 Jan 2017
Pest Management Plan	
Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	13-Mar-2016
Date of submission to InfoShop	05-Apr-2016
"In country" Disclosure www.redd.org.mz	05-Apr-2016
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:	
NA	

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	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	NA	<input checked="" type="checkbox"/>
OP/BP 4.04 - Natural Habitats						
Would the project result in any significant conversion or degradation of critical natural habitats?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	NA	<input type="checkbox"/>
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	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	NA	<input type="checkbox"/>
OP 4.09 - Pest Management						
Does the EA adequately address the pest management issues?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
Is a separate PMP required?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
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	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>

include a Pest Management Specialist?						
OP/BP 4.11 - Physical Cultural Resources						
Does the EA include adequate measures related to cultural property?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	NA	[X]
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	NA	[X]
OP/BP 4.12 - Involuntary Resettlement						
Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
Is physical displacement/relocation expected?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	TBD	<input type="checkbox"/>
Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods)	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	TBD	<input type="checkbox"/>
OP/BP 4.36 – Forests						
Has the sector-wide analysis of policy and institutional issues and constraints been carried out?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
Does the project design include satisfactory measures to overcome these constraints?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
Does the project finance commercial harvesting, and if so, does it include provisions for certification system?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
OP/BP 4.37 - Safety of Dams						
Have dam safety plans been prepared?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	NA	[X]
Have the TORs as well as composition for the independent Panel of Experts (POE) been reviewed and approved by the Bank?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	NA	[X]
Has an Emergency Preparedness Plan (EPP) been prepared and arrangements been made for public awareness and training?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	NA	[X]
The World Bank Policy on Disclosure of Information						
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
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	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
All Safeguard Policies						
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>

Have costs related to safeguard policy measures been included in the project cost?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>

V. Contact point

World Bank

Contact: Andre Rodrigues de Aquino
 Title: Sr Natural Resources Mgmt. Spec.

Contact: Karin Teixeira Kaechele
 Title: Carbon Finance Specialist

.

Borrower/Client/Recipient

Name:Ministry of Land, Environment and Rural Development
 Contact:Momade Nemane
 Title:Manager
 Email:momadenemane@gmail.com

.

Implementing Agencies

Name:Ministry of Land, Environment and Rural Development
 Contact:Momade Nemane
 Title:Manager
 Email:momadenemane@gmail.com

.

VI. For more information contact:

.

The World Bank
 1818 H Street, NW
 Washington, D.C. 20433
 Telephone: (202) 473-1000
 Web: <http://www.worldbank.org/projects>

VII. Approval

Task Team Leader(s):	Name: Andre Rodrigues de Aquino, Karin Teixeira Kaechele
Approved By:	

Safeguards Advisor:	Name:	Date:
Practice Manager:	Name:	Date:
Country Director:	Name:	Date: