

World Bank - Grant Reporting and Monitoring (GRM) Report

Report to Donor

Ref. TF011206
Printed On: 07/19/2017

Reporting Period: 01/25/2012 to 06/30/2017
Report Type: Completion
Report Status: Approved

Assignment: TF011206

Mozambique: Readiness Preparation Proposal Readiness Fund of the FCPF FCPFR - Forest Carbon Partnership Facility

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| Summary Information | |
|------------------------------------|-------------------------------|
| TF Status | ACTV |
| Recipient Country | Mozambique |
| Executed By | Recipient |
| Managing Unit | 9270 - GEN01 |
| Grant Start Date / End Date | 01/25/2012 to 10/31/2017 |
| Original Grant Amount | 200,000.00 |
| Grant Amount | 3,800,000.00 |
| Outstanding Commitments | 0.00 |
| Cumulative Disbursements | 3,800,000.00 as of 06/30/2017 |
| Disbursed 01/25/2012 to 06/30/2017 | 3,800,000.00 |
| Donor | TF602001 - MULTIPLE DONORS |

This GRM report includes the following sections: Overview, Completion, Disbursements, Procurement Plan, Procurement Actuals.

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OVERVIEW

Overall Assessments

Grant Objectives:

The objective of the R-PP Formulation Installment is to assist the Recipient to formulate a Readiness Preparation Proposal (#R-PP#), on the basis of the Readiness Preparation Idea Note, following the FCPF template for the R-PP.

Overall progress from 01/25/2012 to 06/30/2017 with regard to Achieving Grant Objectives:

Comment:

Although in 2009 existing legislations included provisions of relevance to Reduced Emissions from Deforestation and Forest Degradation (REDD+), an overarching legal framework for regulating REDD+ activities did not exist in the country at that time. To address this gap, the GoM has initiated a REDD+ readiness process in 2009 and drafted a Readiness Preparation Idea Note (R-PIN) followed by a Readiness Preparation Proposal (R-PP) which was submitted to the FCPF in March. By that time, this process was led by Ministry for the Coordination of Environmental Affairs (MICOA) and the National Forestry Directorate (DNTF - Direccção Nacional de Terras e Florestas) in the Ministry of Agriculture (MINAG - Ministério da Agricultura). However, in the beginning of 2015, the government of Mozambique created a new Ministry of Land, Environment and Rural Development (MITADER) which brought together the previous Ministry of Coordination of Environmental Affairs (MICOA) and part of the previous Ministry of Agriculture (MINAG). The main mandate of this new ministry is to lead, plan, coordinate, monitor and ensure the implementation of policies related to the management and administration of lands, forests and wildlife, the environment, conservation area and rural development, including REDD+. The UT-REDD+, which was coordinated by both a director of the previous MICOA and a director of the previous MINAG is now under this new ministry (MITADER), and is directly attached to the Unit that manages international funds, which in turn is linked directly to the Minister.

The R-PP formulation grant was then signed by the Bank in January, 25, 2012 and Mozambique received the readiness funds from the FCPF for strengthening the national readiness management arrangements within MITADER as well as promoting multi-stakeholder consultations required to allow the country to prepare an effective national REDD+ strategy and the associated legal and institutional framework.

The main objectives of this grant were:

1. Strengthening the National Readiness Management Arrangements
2. Promotion of Multi-stakeholder Consultations
3. Design of the National REDD+ Strategy

The main results, as per the stated grant objectives, are:

1. Strengthening the National Readiness Management Arrangements: The UT-REDD+ team is now composed by 15 experts: overall coordinator, financial specialist, Procurement specialist, safeguards specialist, communication specialist; REDD+ Strategy specialist, pilot project coordinator at national level, pilot project coordinator at Zambezia, pilot project coordinator at Cabo Delgado Province; forest inventory specialist, 5 MRVs specialists and 5 forest and land technicians at the jurisdictional level.
2. Promotion of Multi-stakeholder Consultations and Communication: An extensive consultation process was conducted throughout the Readiness process. It has included national level, provincial-level, and community consultations, as well as specialized groups on specific topics. From March 2013 until November 2016, the Government held 61 consultations covering six provinces in the three main regions of Mozambique. In the South: Maputo and Gaza. In the central region: Zambézia and Sofala; And in the northern zone: Cabo Delgado and Nampula. In total, 3370 participants were involved, of which 2392 were men and 978 women. All consultations are described at the government website, indicated below. At the National level a Steering Committee (CTR) was created by a national decree and they have been having regular meetings. The CTR is composed by members of the government and civil society organizations. In addition, two Provincial-level multi-stakeholder Landscape Forums were established, and are having meetings. Information and communication material about REDD+ was prepared and distributed (pamphlets, policy briefings, radio and TV material, cartoon, etc), and a website was created. <http://www.redd.org.mz/>

- 3- Design of the National Strategy: 3 technical studies were commissioned for the preparation of the REDD+ Strategy: (i) the

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Drivers of Deforestation and Forest Degradation and Strategic Options to address them; (ii) Legal and Institutional Analysis for REDD+; and (iii) the Strategic Environmental and Social Assessment (prepared by the government, but not yet approved by RSA). Those studies were finalized and were used for the design of the National REDD+ Strategy. In November 2016 the Strategy has been approved by the council of Ministers. Additional safeguards instruments such as the Resettlement Policy Framework, and Process Framework are being prepared with these funds.

In addition 2 Landscape Programs were designed: The Zambezia Integrated Landscape Management Program and the Cabo Delgado Integrated Landscape Management Program. The Emission Reduction Program Idea Note (ER-PIN) for the Zambezia program was accepted in the FCPF Carbon Fund pipeline in October 2015 and a Letter of Intent (LoI) was signed between the GoM (represented by MITADER) and the FCPF carbon fund. The ERPD is being prepared and will be formally presented to the FCPF Carbon Fund in December 2017.

The GoM prepared in September 2015 a Mid-term report and requested additional funding. The FCPF at the PC 20 meeting has approved USD5M additional funding, which is being used for: i. Readiness organization and consultation; ii. Preparation of a reference emissions level/reference levels; and iii. Preparation of monitoring systems for forests and Safeguards.

Mozambique's REDD+ Program is a key feature of the Government's response to climate change and its effort to promote sustainable rural development. The REDD+ Program also contributes to the GoM's efforts to access and apply global climate finance to development challenges.

Overall the grant objective has been achieved.

Overall progress from 01/25/2012 to 06/30/2017 with regard to Implementation of Grant Financed Activities: Comment:

The Grant objectives have been achieved. The implementation was satisfactory. Procurement and Financial Management were also satisfactory. In February 2017 the funds were fully disbursed and the government is preparing the final financial reports.

Grant follow-up and structure

Description and context of Grant:

This first grant consisted in the preparation (Readiness) of a potential future large scale payment for REDD+ in Mozambique. Under this grant, three key results were planned and were achieved: (i) A national REDD+ strategy to reduce emissions from deforestation and forest degradation was prepared, approved and validated by national stakeholders, (ii) The legal and institutional framework for the implementation of the National REDD+ strategy is prepared and validated by national stakeholders; and (iii) A Strategic Environmental and Social Assessment (SESA) and an Environmental and Social Management Framework (ESMF) were prepared and validated through participatory stakeholder's consultation. An additional funding grant of US\$5M was approved by the FCPF Participants Committee in December 2015, to allow Mozambique to finalize the preparation of the R-Package specifically for the preparation of the national Reference Emissions Level (REL); Measurement, Reporting and Verification (MRV) system; strengthening the REDD+ Strategy through information from landscape Programs that are being designed under this grant; maintenance of the Technical Unit of REDD+ (UT-REDD+); promotion of communication activities, public consultations and designated of two landscape programs.

Expected follow up (if any): Follow up Bank project/loan/credit/grant

Comment on follow up:

Regarding the FCPF Readiness Fund: this FCPF 3.8M grant has been used, but the project continues as an additional fund of USD5M is in place until December 2018.

Regarding the FCPF Carbon Fund: An Emission Reduction Program Document (ERPD) for the Zambezia Integrated Landscape Management Program (ZILMP) is being prepared, and will be presented in December 2017 at the FCPF Carbon Fund. If the ER-PD is approved the Zambezia program would be eligible to receive payment for up to 8.7 million tons of emission reductions (USD43.5 M at the indicative price of \$5 per ton) as payments for Verified Emissions Reduction.

End Date of Last Site Visit:

Restructuring of Grant:

N/A

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COMPLETION

Overall Assessments and Lessons Learned

Main lessons learned:

REDD+ initiatives are an Inter-sectorial issue and all the stakeholders need to be involved at all the stages of the REDD+ process. Most of the rural households in Mozambique depend on forest resources. Consultations throughout the process have provided good inputs to the design of the ER-Program as well to help finalize the National REDD+ Strategy and the Safeguards Instruments. The creation of a national structure to act as the means of consultation and supervision of REDD+ activities responsible for producing technical allowances for the UT-REDD+ has proven to be very successful. In Mozambique was created the Technical Review Committee (CTR) which was comprised by several representatives from the GoM as well as by representatives from the private sector, NGOs and research institutions. At a regional level, the creation of a multi-stakeholder forums including private sector, government and NGO representatives, plays a key role in discussing and disseminating initiatives to reduce carbon emissions and increase carbon stocks. Two multi-stakeholders landscape forums were created, one in Zambezia and one in Cabo Delgado.

Alignment with the local government agendas is crucial for the successful implementation of the REDD+ initiatives. In Mozambique, the REDD+ initiative agenda is aligned with the Constitution of the Republic of Mozambique (CRM) in which can be found the main focus of forests and environment, the National Development Strategy (2015-2035) which recognizes that impacts of the climate change and assumes that climate variabilities can significantly affect the activities defined as priorities for development, The Five-Year Government Program (PQG 2015-2019) that has as one of its 5 priorities "to ensure the sustainable and transparent management of natural resources and the environment" and with the other important policies are the National Program for Sustainable Development 2015-2030, the National Reforestation Strategy (2009), and the Biomass Energy Strategy (2013).

Thematic studies are the key entry points for understanding what really drives the deforestation and forest degradation and also to ensure all the safeguards issues and institutional and legal arrangements toward a successful implementation of the REDD+ initiative. Thematic studies were undertaken both at the National and regional (Zambezia and Cabo Delgado) level. The studies at the regional level not only were used to know exactly the issues related with deforestation and forest degradation but also to target specific sites for implementing ground activities.

A continuous interaction with the client on a daily basis is crucial to ensuring keeping a good track on the activities. Last but not least, a geo-spatial database that allows the visualization of forest concessions, project interventions of various partners, and physical features at the ER-Program level is crucial. This database not only allows the visualization of the data but also serves to distribute a set of spatial information relevant for planning, and to facilitate the monitoring and strengthening of synergies amongst different activities and initiatives that are occurring within the landscape.

Overall outcome (and its Sustainability):

Comment:

All the activities proposed under this grant were fully implemented and finalized. Mozambique has received an additional funding from the Forest Carbon Partnership Facility (FCPF) of the amount of US\$5 million (dated February 12, 2016) to develop a Forest Reference Emission Level /Forest Reference Level (FREL/FRL) and a Monitoring Systems for Forests (M); establishing and operationalizing a Measuring, Reporting and Verification (MRV) System and providing goods for the development of a National Activity Data (AD) Analysis (Land Use Land Cover Changes Analysis) and a National Forest Inventory. Additional funds from different sources (FIP, IBRD, MDTF # Sweden, EU, and GEF) have been secured to implement ground activities to reduce emissions from deforestation and forest degradation. The country is now getting ready for moving into piloting forest based emission reduction program (ZILMP) and is finalizing the ER-PD for the Zambezia ER-Program. A National forest forum is under creation and two multi-stakeholders forums are already operational at the provincial level to enable coordination among different activities and ensure the sustainability of the REDD+ initiative in Mozambique.

This grant also supported the forest sector reforms and created opportunity for updating the forest law and policy ;and the REDD+ decree (Decree No. 70/13) is also under revision. Aligned with the reforms on the forest sector, in 2015 it was conducted an assessment of Forest Operators. The study identified the major problems that are threatening the development of the forest sector and the results are now being used to inform the process of the Forest law reform. This study also

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culminated in the Two-year moratorium on issuing new forest concessions and simple licenses and ban on the exploitation of the highly endangered tree species pau ferro (*Swartzia madagascariensis*).

MITADER established an independent law enforcement agency, the National Agency for Environmental Quality Control (AQUA). This grant, supported the development of a new strategy for forest law enforcement. Technical assistance to forest operators engaged in sustainable forest management was also provided. The grant supported them in obtaining forest certification and in order to add value to forest products so they can benefit from future funds such as the MozFIP project. The grant is financing the Development of a National Forest Certification Scheme and the operationalization of the national forest certification standard. Associated with the law enforcement, during the begin of this year (2017) the grant financed the most successful audit to the forest operators areas, the operação tronco (Log operation). This operation resulted in several cubic meters of illegal wood apprehended and the temporally extension of the period defeso (period in which all forest harvesting activities are not allowed) in Mozambique.

The grant also promoted community-private sector partnerships at the ER-Program levels to support the establishment of community enterprises and micro-, small and medium enterprises (MSMS) involved in sustainable forest management and forest transformation, such as wood milling and non-timber forest product processing. This initiative is foreseen to be scaled up by other funding sources already secured.

Bank Performance:

Comment:

The World Bank both in Mozambique and DC provided close technical support to the client (Government of Mozambique # GoM) throughout all the Bank financed activities. The Bank participated actively in all the missions invited by the Government to discuss REDD+ and other forest related issues. The Bank has helped the GoM through additional funding to scale up the REDD+ efforts both at National and ER-Program level. The Government engagement closely also with the Government at the Provincial and District level responding to the request of the GoM in order to ensure smooth implementation of the activities in the ground. The Bank has supported several capacity buildings for the client since 2013. In 2015 the Bank has supported technically a local University based in Zambezia (Unizambeze) in order to organize a REDD+ workshop focused on issues related with Agroforestry systems. The Bank has noticed some gaps in capacity issues (implementation, technical, financial management, procurement) and as result of this and in order to maximize and improve the project management efficiency, has provided a Technical Assistance to the GoM. Several meetings are also held between the Bank and the client (every month) to ensure high efficiency of the client and to flag the gaps at a very early stage. Focal points both at the Bank and at the client side have been identified for specific issues. To ensure a strong communication between the Bank and the client, communications flows have been established using 3 levels (Geography, Project and activities within the projects). This has been ensuring an effective communication with the client.

Additional Assessment

Development / strengthening of institutions:

Comment:

Technical capacity within the GoM both at national and provincial level was created. The National Sustainable Development Fund (FNDS) has been recently created (February, 2016) and equipped in terms of human, technical and material resources. The FNDS is hosted within MITADER and is responsible for overall strategic guidance and coordination of different initiatives and the REDD+ program. A Project Implementation Unit (PIU) has been established at MITADER, with significant capacity at the national level. In each province, Landscape Coordination Units (LCUs) are functional, comprising 4-6 technical staff. The UT-REDD+ at the provincial level is now housed within the Landscape Coordination Units.

Mobilization of other resources:

Comment:

The Bank has been supporting resources mobilization through several operations. Other Bank operations in this portfolio include the ongoing IDA/GEF MozBIO project (\$46M), the IDA Agriculture and Natural Resources Landscape Management project (\$40M); the Dedicated Grant Mechanism for Local Communities (\$4.5M), and the Programmatic ASA on #Forests and Landscapes#, the Land Use Planning for Enhanced Resilience of Landscapes (LAUREL), the MozFIP (\$47M) project which is financed through different sources, including IDA and a Multi-Donor Trust Fund (MDTF) for Integrated Forests and Landscape

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Management. Finally depending on the performance of the ER-Program a possible Performance based funding from the FCPC Carbon Fund (\$44M).

Knowledge exchange:

Comment:

The Bank in Mozambique organizes very frequently BBLs on topics related to REDD+ and invites different stakeholders in Mozambique to the discussion. Several papers are also produced by the team and shared with the GoM as the means for Knowledge exchange.

Client's policy / program implementation:

Comment:

N/A

Efficiency:

Comment:

Good relationship with the client ensured high rates of efficiency and the grant implementation has been ranked satisfactory.

Replicability:

Comment:

Mozambique has been one of the countries in Africa that is advancing on the REDD+ process and gained experiences will possibly be replicated in other countries. Within the country, the creation of the two landscapes have already attracted more funds for implementing ground activities. The lessons from the two landscapes will inform the Integrated Forest and Landscape management portfolio within the FNDS, so the activities can be replicated in other parts of the country.

Main recommendations to stakeholders:

Stakeholders engagement at all the phases is essential since this topic is highly complex and it has to be discussed among several actors (public, private, academia, NGO, etc). It is also important to ensure that all the stakeholders' interests are reflected on the National REDD+ Strategy and that all the stakeholders will benefit fairly from the outputs of the project implementation

Main recommendations to Bank Management:

Technical skills on Carbon accounting, forest management, Remote Sensing and GIS are crucial for being able to follow some specific activities within the REDD+ agenda. The REDD+ agenda is still new for many developing countries and stakeholders' engagement at all the stages of the readiness phase is also crucial. Bank staff interaction on a daily basis with the GoM is need to ensure high rates of deliverables and high efficiency on the implementation of the activities.

DISBURSEMENTS

Disbursements Summary in USD

| Date From | Date To | Planned Cumulative | Planned Period | Actual Cumulative | Actual Period |
|------------|------------|--------------------|----------------|-------------------|---------------|
| 01/01/2012 | 06/30/2012 | 0.00 | 0.00 | 0.00 | 0.00 |
| 07/01/2012 | 12/31/2012 | 0.00 | 0.00 | 87,000.00 | 87,000.00 |
| 01/01/2013 | 06/30/2013 | 0.00 | 0.00 | 87,000.00 | 0.00 |
| 07/01/2013 | 12/31/2013 | 0.00 | 0.00 | 199,167.79 | 112,167.79 |
| 01/01/2014 | 06/30/2014 | 0.00 | 0.00 | 998,267.66 | 799,099.87 |
| 07/01/2014 | 12/31/2014 | 0.00 | 0.00 | 1,103,354.03 | 105,086.37 |
| 01/01/2015 | 06/30/2015 | 0.00 | 0.00 | 1,849,645.59 | 746,291.56 |

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|------------|------------|------|------|--------------|--------------|
| 07/01/2015 | 12/31/2015 | 0.00 | 0.00 | 2,639,635.95 | 789,990.36 |
| 01/01/2016 | 06/30/2016 | 0.00 | 0.00 | 3,800,000.00 | 1,160,364.05 |
| 07/01/2016 | 12/31/2016 | 0.00 | 0.00 | 3,800,000.00 | 0.00 |
| 01/01/2017 | 06/30/2017 | 0.00 | 0.00 | 3,800,000.00 | 0.00 |
| 07/01/2017 | 12/31/2017 | 0.00 | 0.00 | 0.00 | 0.00 |

PROCUREMENT PLAN

None

PROCUREMENT ACTUAL

None