

CLIMATE INVESTMENT FUNDS

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**[Approval by mail]: Mozambique Forest Investment Project (FIP) (World Bank) (XFIPMZ031A)
–World Bank Response to UK Comments**

Coordination and Management

Because of the landscape approach, addressing multiple drivers of deforestation, there is a need for a lot of coordination across sectoral agencies and between levels of government with many different areas of intervention and points of control. The overall challenge of managing all these moving parts falls to the UGFI. Can you provide reassurance that adequate provisions are in place to support the UGFI in this role and that the UGFI will be able to coordinate across multiple agencies including other ministries? The proposal also talks about many other initiatives that are ongoing in relation to REDD, land use planning etc. How will these be coordinated so as to ensure avoidance of duplication of effort and double counting of results?

We would welcome some examples of the achievements and/or lessons learnt so far from the UGFI, the multi stakeholder platform in Zambezia (mentioned in para 67 pg 32), and the experience so far with Landscape Coordination Units. How effective have they been? How much buy in has there been from different sectors represented? How will their institutional sustainability be assured beyond the project's lifetime?

The GoM has created the 'super – Ministry' MITADER to manage agriculture, land and forests which makes coordination easier. Within MITADER, FNDS was created to manage different operations, coordinate within the Ministry and capture resources. Its capacity has been increasing significantly in the past year (with strong TA from the Bank and practical training through ongoing operations). However, given FNDS was only recently established, it is still organizing itself internally to improve performance. Under this project and other operations, FNDS will continue to be supported to increase its capacity, including at the Provincial level, to lead this wide-ranging Project and the others it oversees. The Bank has just launched a Programmatic TA program to support FNDS on several issues (including overall management), and it is constantly appraising FNDS' capacity to manage its projects.

UGFI has actively involved the Directorates and other agencies (particularly Agriculture and Energy) during project preparation. At the provincial level, both landscapes have Landscape Coordination Units directly linked to MITADER, fully staffed and with adequate capacity. They continue to engage in regular dialogue with the various agencies and stakeholders in a proactive manner. The FIP Steering Committee, with FNDS as its Secretariat, met in October and expressed a desire to increase engagement not only across agencies and ministries, but also with other stakeholders. These various channels of engagement will continue through project

implementation and we will discuss how we can further define incentives for more ownership and engagement throughout project implementation.

UGFI has conducted a mapping exercise of the various initiatives occurring within the landscapes in order to have a clear understanding of any synergies and overlaps with MozFIP. This mapping exercise was a critical contribution in the project design process in identifying partners and priority areas, while the teams on the ground continue to make connections with developing initiatives. This knowledge will allow UGFI to more accurately coordinate and monitor the outcomes attributable to the project.

The Zambezia MSLF has been a bright spot so far, having shown to be a valuable platform for engagement. One achievement has been the organization of a joint visit to Portucel's plantations. Due to the significant scale of the investment, Portucel's project has raised many concerns at the level of the province, many of which have derived from lack of information regarding the Project and its implications. The Platform thus organized a guided tour to the plantations and a meeting with the company's management team, which enabled members to ask questions, interact with company employees and start exploring potential win-win partnerships with the company, which range from outgrower schemes to service provision opportunities. As a result of this engagement, Portucel and key MSLF members are discussing another MoU to further their collaboration around plantation forests in the province.

	<p>Another positive outcomes has been improved coordination fostered among actors working around the Gilé National Reserve. The MSLF has brought together these actors in more structured fashion, enabling them to harmonize interventions and build synergies, while also allowing them to voice concerns to decision makers and other relevant stakeholders, particularly in regards to illegal logging within the Reserve. The dialogue that has spurred within the MSLF is something that will persist beyond the project.</p>
<p><u>Governance, political economy</u> Para 12 pg 10 sets out the challenge of chronically weak governance in the forest sector and the detailed risk section is clear on the political economy challenges. Efforts to support and strengthen provincial level oversight have been tried before with limited success so what has changed that will make this investment work this time? Much also appears to rely on the extent to which provincial services are transparent and accountable for the work that they do. para 68 pg 71. Is there a role for the multi stakeholder platforms to encourage scrutiny of how DINAF (and AQUA) services at provincial level are operating?</p> <p>The review of forest concessions and simple license holders carried out by DINAF in 2015 highlighted the very low levels of compliance. Has it resulted in any specific actions being taken? Have the worst performers from this audit had licenses revoked or at least have special measures been put in place?</p> <p>For the component that aims to strengthen the capacity of forest rangers through support to AQUA, the need for coordination with other agencies (customs, police, protected areas agencies) is referenced. Could you clarify whether areas that are categorised as hunting concessions – which often contain significant forest resources - fall under ANAC (pg 67 para 55) or will AQUA officials also have authority to address illegal exploitation of forest resources in areas that do not fall under forest concessions and/or simple licenses?</p>	<p>You are correct, political economy issues will remain a major issue for this project, too. However, there are also a number of elements that indicate political willingness to change. The creation of MITADER and the FNDS as such are big achievements, but also the increased willingness to take reform steps, including the forest law and increased transparency are important indicators.</p> <p>The project also looks at governance in a very broad sense, including land registry, land use planning, concession management processes, forest information systems, law enforcement, transparency and community rights are all addressing governance across the landscape</p> <p>The project has also taken a broader approach to strengthening provincial governance by not focusing only on government agencies, encouraging dialogue and action to include all stakeholder groups. At the same time, the various government agencies have been engaged from the start, with the intention to embed project activities in the government’s existing plans to support them, rather than creating something new. This demonstrates the</p>

	<p>commitment to building the government’s governance capacity. The MSLF will certainly be one avenue for accountability, as these governmental agencies are engaged in the forum, as is civil society, which has already been active in holding them to account through these platforms.</p> <p>After the concessions review, the government has not yet taken official action, despite an initial commitment to revoke licenses that scored below a minimum point. However, since then the Provincial Services has acted more rigorously on licensing requirements for existing operators, while many operators ceased operations in 2016 because of irregularities. This is a major issue for the project to tackle, making concession data public, strengthen and reform the concession management system and propose changes over time on how concessions are licensed and managed.</p> <p>Coutadas (hunting blocs) remain under ANAC’s authority, who the Bank is also supporting strongly through the MozBio project (and through MozFIP as well, in support of the Gile Reserve, which includes a coutada in its buffer, and Quirimbas NP).</p>
<p><u>Institutional sustainability</u> This project entails substantial support to a number of institutional entities in the form of equipment, training, technology and data collection, and other recurring costs, that will need to have sustainable sources of funding well beyond project lifetime. These include the multi stakeholder platforms, the Landscape Coordination Units, support to GIS and cadastral services, support to AQUA etc. Reference is made to potential fund raising from improved enforcement, collection of fees and fines etc. can you provide more detail of the</p>	<p>MozFIP seeks to increase Government’s revenues from forest management, through fine collection and better forest management (including value addition to forest products). The financial sustainability of the project’s investments, and the agencies’ operations themselves, will be a key issue throughout project implementation, and FNDS offers a very interesting opportunity as it will be channeling all of the revenues linked to MITADER’s</p>

<p>extent to which government commitment exists to re-invest revenue raised from forests on a recurring basis and whether this is reflected in government budget planning.</p>	<p>mandate (including forests) and later disbursing them to MITADER's priority, including forest management. The programmatic TA provided by the Bank to FNDS on overall management will include the development of a strategy for FNDS, including disbursement windows towards government programs under MITADER.</p>
<p>Risks Many donors have suspended financial aid to the GoM. This doesn't affect the channeling of money through the FIP but we think WB oversight and supervision of funds will be critical in light of the debt crisis and donor positions on providing direct financial assistance through government systems. This should be emphasized in the fiduciary/financial risk assessment.</p> <p>The project has been screened for short and long term climate change and disaster risk. Should therefore, more focus have been given to drought conditions experienced in the region over the last year for example? Weather extremes (drought or flood) could have a significant impact on project objectives particularly in the agroforestry and restoration/plantation work-streams.</p> <p>With multiple arms of government engaged in this project there could be a risk, alongside weak institutional capacity, that having a consistent coordinated approach across activities is difficult and results are hard to track.</p>	<p>The macroeconomic situation in Mozambique is indeed a risk that the Bank is conscientious about.</p> <p>Thanks for referring to CC and DR. Agroforestry and plantations could certainly experience impacts from changes in climatic conditions, but also could increase fire risks and have impacts on livelihood in general. The identification of areas for agroforestry activities has considered potential climate impacts. At the same time, the TA for these programs will include climate-sensitive practices and mitigate negative impacts on limited water resources. Overall, the project will engage in the development of the national Land Use Plan which will also take into account CC and DR.</p> <p>We are aware that the broad scope and other initiatives could make management and monitoring a challenge. As mentioned above, FNDS has the oversight over multiple of these initiatives, which helps them have an overall view of the landscape. FNDS has also been growing in capacity over the past years, gained through experience in similar multi-faceted operations. Continued support to the government is essential, and will take place, especially at the provincial level. They have been actively mapping and connecting with other initiatives at the provincial level to keep track of developments.</p>

<p><u>Results reporting</u></p> <p>It would be good to see some specific targets for reaching women, and most vulnerable groups rather than only relying on disaggregating indicators. This would better reflect the discussions about having targeted activities throughout the project component descriptions and highlighted in paragraph 40 page 64.</p> <p>With so much synergy with numerous other initiatives, there is a challenge of double counting of results. Can you provide some reassurance on how this will be managed by the UGFI?</p>	<p>Some specific targets for reaching women have already been proposed, but it will be further discussed during appraisal.</p> <p>UGFI has conducted a mapping exercise of the various initiatives occurring with the landscapes in order to have a clear understanding of the synergies with MozFIP. This mapping was a critical contribution in the design process in identifying partners and priority areas, and it will further allow UGFI to monitor the outcomes attributable to the project. The indicators adopted by the project are very activity specific at the output level, but you are correct, the multiple interventions and activities within and outside the project will certainly contribute positively to PDO level indicators, without being able to clearly attribute each activity's contribution.</p>
<p><u>Land tenure security</u></p> <p>We welcome the strong focus on land tenure security and the inclusion of social preparation processes – crucial to the success of achieving win-win outcomes for community and private sector interactions as outlined on page 32. Can you confirm whether or not the project will also address the Government-led Terra Segura land programme's aims to regularize individual plots of land acquired in "good faith" – which can be a source of conflict and counter claims? Is this relevant to the regions under consideration?</p>	<p>The design of MozFIP has engaged DINAT and a significant aspect of the project contributes to Terra Segura's land tenure regularization goal.</p>
<p><u>Strengthening NRM committees</u></p> <p>It is good to see emphasis on strengthening Natural Resource Management Committees including addressing elite capture. Strengthening internal governance of these committees, whose representatives are often traditional authorities, and trying to encourage greater transparency and accountability, is a critical step. Attractive deals between community leaders claiming to represent the community, and private sector investors have been struck whereby the</p>	<p>One of the main reasons these partnerships have not demonstrated success is the little preparedness of the community itself to understand and benefit from the NR. The project will primarily work with the communities to undertake utilization plans and build capacity of the NRMC.</p>

<p>individual community leader benefits at the expense of the community but the investor assumes they have made an agreement with the community. Representation in traditional structures is highlighted as a challenge. Many of these issues can be raised during social preparation for delimitation as explained on pg 58, but will the project focus attention on how local traditional authorities can also be held to account?</p>	<p>Communities will also be supported in developing Community Development Action Plans, which especially for communities at risk of elite capture will promote community business and partnerships with private sector. The use of Service Providers to engage with communities will be key in this respect.</p>
<p><u>Land use planning</u> The development of a National Land Use Plan will be an important element. It is proposed that this will be developed by consultants and at the centre, so how will the project make sure that this has good ownership at all levels and isn't pushed through quickly at the expense of consultation? How will it translate down to the provinces and how will inputs from the districts and provinces where there are already land use planning projects being piloted, feedback into the LUP?</p> <p>Bottom up land use and environmental planning processes in the past have been largely ignored when it came to the awarding of new concessions/exploration rights by central agencies. Land use planning at the Centre on a national and more strategic level will need to "meet in the middle" somewhere with the bottom up planning processes in order to ensure that there are no major contradictions between central vision and local vision. What will the processes be to address such finessing? Will the Multi stakeholder platforms be the place to do this given the likelihood of trade-offs or conflicting priorities? If this is the case, it will be important that other land use agencies such as mining and tourism are also engaged.</p>	<p>Lack of ownership and lack of transparency/consultation is unfortunately a common mistake in Land use planning exercises, where service providers take the lead. The process of developing the NLUP will involve extensive engagement and consultation at the provincial and district levels, to ensure that existing planning at those levels are considered in the national plan.</p> <p>How the MSLF will be involved in the national LUP still need to be agreed with the Government.</p>
<p><u>Charcoal</u> It is good to see that sustainable management of wood supply is to be linked with improved charcoal production support (kilns). For this to be effective it is important that the charcoal producers are in direct connection with the forest areas being managed for bio-energy. Since many charcoal producers are</p>	<p>The charcoal activity will take a holistic approach that has been piloted in Mozambique, to include organization and planning, licensing, and training. Organized producer groups will be supported to create inventories and management plans in the areas of exploration, and seek</p>

<p>itinerant using mobile kilns, it would be helpful to have more detail on how this component will be put into practice.</p> <ul style="list-style-type: none"> • Have specific areas been identified? • Will sustainable sourcing of wood be a criteria for charcoal makers to get support for improved charcoal production? • By making the connection between sustainable management of wood supply and improved charcoal production, will it have the effect of displacing itinerant producers outside the project area? Will this potential displacement and unintended consequence be tracked? 	<p>the legal licenses necessary for community management of a forest area. Producers will then be provided training and assistance in the use of more efficient kilns. Some of the community groups have already been identified.</p> <ul style="list-style-type: none"> • Some preliminary areas identified include Gile and Manganja de Costa in Zambezia, and Metuge and Ancuabe in Cabo Delgado. • Sustainable sourcing might not be a key criteria. Given that this is a pilot to organize producers, the areas where charcoal exploration can take place in an organized manner will be mapped and prioritized. • There is indeed a risk that itinerant producers are unable to explore within managed areas. Tracking this will however be very challenging.
<p><u>Planted forests scheme</u></p> <ul style="list-style-type: none"> • What is the estimated size of this fund? • It was not clear whether communities can access the grant scheme for community plantations linked to community enterprise opportunities. • Can you provide more detail on how the project will protect against the risk of natural forest clearance in order to establish plantations. 	<ul style="list-style-type: none"> • The budget for the Scheme is around US\$7.5M, which includes operational costs and service providers • Communities can indeed access the Scheme, under different conditions from small- and medium- landholder participants. Communities will also be eligible for land delimitation and develop a Community Development Action Plan (CDAP) which will legalize the group of community members in a formal association. This is expected to promote interest in engaging in plantation establishment. Participating communities or associations would be supported by the Scheme with free seedlings and technical advice, but will

	<p>not receive cash payments. Seedlings would only be donated after the community has formally expressed interest and prepared the land for planting according to technical specifications.</p> <ul style="list-style-type: none"> • The project is highly aware of this risk, and is taking clear measures to prevent it. The focus is on developing these on degraded areas. The first round of identification of eligible areas for plantations has been done geospatially, using a series of criteria, of which forest cover is critical (other criteria include: accessibility, proximity to forest fragments, and precipitation). The second screening will involve an on-the-ground HCVF assessment that will be conducted by the service provider and monitored by the government. When it comes to the definition of parcel areas, the technical evaluation team for the Scheme will inspect the proposed plans and make field visits to ensure the area proposed does not contain critical natural habitats. Further, there will be a mandatory requirement for restoration in priority areas (riparian, slopes, HCVF) should there be any harm to natural forests.
<p><u>Promotion of forest-based enterprises</u> We note the provision of TA but this this will only have impact if linked with access to finance. Does this exist? On page 72 the output for promotion of small scale business is that new forest based enterprises are established? Will the programming be linking with other finance providers?</p>	<p>This activity will not provide access to finance at this stage. Rather, it will assist forest entrepreneurs in seeking and accessing this finance, such as through facilitating partnerships with the private sector and other finance providers, as you mention. We discussed the possibility of providing financing at length but dropped it, as companies accessing financing would need to hold forest certification (as per WB policies) which is not feasible given the current stage of development of the forest sector in Mozambique.</p>

