

# CLIMATE INVESTMENT FUNDS

January 6, 2017

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

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Dear Mafalda

Many thanks for providing us with the opportunity to comment on the Mozambique FIP project proposal. Apologies for continued use of the email system. We are not yet able to access the online system and are looking into this.

The UK would like to congratulate the team on bringing forward this well-articulated proposal in such a short time frame. This proposal highlights the significant coordination and capacity challenges and risks associated with implementing a project with a landscape approach, simultaneously addressing multiple drivers of deforestation and working with multiple sub-national as well as national level agencies. However, we agree with the approach, focusing on manageable landscape areas within two provinces whilst also supporting an improved national enabling environment. The project will provide important lessons from putting landscape approach concepts into practice.

We are very pleased to see strong alignment with Government of Mozambique priorities and strategies; the thinking outlined in the WB Forest Action Plan being put into action; PROFOR governance assessment tools being made use of; and a strong and honest assessment of political economy risk. We also note the advantage of the project development/design process occurring simultaneously with DGM development, which allows for synergy between the two projects.

There are a number of areas set out below for which we would appreciate written clarification

**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?

**Governance, political economy**

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?

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?

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?

### **Institutional sustainability**

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 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.

### **Risks**

Many donors have suspended financial aid to the GoM. This doesn't affect the channelling 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 emphasised in the fiduciary/financial risk assessment.

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.

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.

### **Results reporting**

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.

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?

### **Land tenure security**

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?

### **strengthening NRM committees**

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 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?

### **Land Use planning**

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?

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.

### **Charcoal**

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 itinerant using mobile kilns, it would be helpful to have more detail on how this component will be put into practice.

- 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?

#### **Planted Forests Grant Scheme**

- 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.

#### **Promotion of forest based enterprises**

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?

Thank you for your consideration  
Gaia

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