

**PROJECT INFORMATION DOCUMENT (PID)
CONCEPT STAGE**

Report No.: 106532

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Project Name	Reducing Emissions from Deforestation and Forest Degradation (REDD+) Readiness Preparation Support
Region	AFR
Country	Republic of Mozambique
Sector	ENVIRONMENT
Lending Instrument	Grant under the Forest Carbon Partnership Facility
Project ID	P129413
<i>{If Add. Fin.}</i> Parent Project ID	N/A
Recipient(s)	Republic of Mozambique
Implementing Agency	Ministry for the Coordination of Environmental Affairs (MICOA) and Ministry of Agriculture (MINAG)
Environmental Screening Category	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
Date PID Prepared	April 22, 2013
Estimated Date of Appraisal Completion	N/A
Estimated Date of Board Approval	N/A
Concept Review Decision	TBC

I. Introduction and Context

A. Country Context

1. **Mozambique has been a very strong economic performer in Africa and has shown a remarkable recovery from the damage of the civil war that ended in 1992.** In the last fifteen years, the growth record has been impressive, averaging above 8 percent from 1993 to 2009, and 7.4 percent in 2012, making Mozambique the fastest growing non-oil economy in Sub-Saharan Africa. This remarkable performance has been made possible by good macroeconomic management, and was driven by a few significant foreign investment projects (“mega-projects”), strong donor support, healthy agricultural growth (based primarily on area expansion), and foreign direct investment in the services sector.

2. **However, the rapid economic growth has failed to translate into significant poverty reduction.** While Mozambique’s rapid economic growth was accompanied by significant strides in reducing poverty up to 2003, recent surveys indicate stagnation in poverty reduction. Household survey data indicate that the national poverty headcount fell from 69 to 54 percent during 1996 to 2003. Reduction in rural poverty was even more pronounced, declining from 71 to 55 percent during the same period. The results of the 2008/09 household survey suggest that poverty reduction has stagnated at a level around 55 percent of the population. Additionally, the survey results indicate that urban poverty continued to decline, although at a much slower rate,

reaching 50 percent, while rural poverty increased to 57 percent. The geographical distribution of poverty remains largely unchanged with both moderate and extreme poverty concentrated most heavily in rural areas and in the country's central and northern regions.

3. **Mozambique has made progress towards achieving the Millennium Development Goals (MDGs).** There has been substantial progress toward MDG targets, specifically on improving universal primary education, gender equality and women's empowerment, reducing child mortality, and improving maternal health. The MDG for sustainable coverage for water supply could also be met, given the rapid improvements in the provision of urban water supply, although significant progress is needed to increase access to water in rural areas. However, the poverty goal, based on the recent household survey indicates that Mozambique needs to accelerate poverty reduction to halve the population living in absolute poverty by 2015 (additional 15 percent decline in poverty in six years). Another MDG goal, reducing hunger and child malnutrition, remains a challenge. Other MDGs, in particular, combating HIV/AIDS, malaria and other diseases remains a serious challenge.

B. Sectoral and Institutional Context

4. **Climate change in Mozambique.** Climate change poses a major challenge to Mozambique's development. Mozambique is exposed to risks from multiple weather-related hazards, suffering from periodic floods, cyclones and droughts. In the past 30 years, 14 percent of the population has been affected by a drought or a flood/storm. Floods due to high intensity rain and cyclones are the most frequent disasters, although droughts affect by far the largest number of people. Coastal erosion, storm surges and rising sea levels threaten Mozambique's coastal zone and cities - the largest cities in Mozambique are mostly located near the coast. The Government of Mozambique (GoM) recognizes that increasing climate variability and climate change impacts will negatively affect economic growth and efforts to reduce poverty. Therefore, the GoM has begun to develop policy and institutional responses to this challenge. For example, a National Climate Change Strategy¹ has been prepared by the GoM. Since climate change will have impacts across all sectors in the country, the Strategy recognizes that taking action on climate change is a responsibility that must be shared by all line ministries. The Strategy sets-out objectives and priority activities for climate resilient development planning across the economy.

5. **Forests in Mozambique and link to climate change.** Mozambique is endowed with forest, woodland resources and other vegetation which covers around 70 percent of its territory. It adds up to around 55 million hectares with 40 million hectares as forests and around 15 million hectares of thicket, woodlands and forests in areas of shifting agriculture. However, it is losing its forests at a rate of about 0.58 percent per annum, amounting to over 200,000 hectares per year – more than double the deforestation reported in 1994 (0.21 percent)². The resulting land use change is one of the largest sources of GHG emissions in Mozambique. Forest loss also erodes the resilience and productivity of the economy as a whole, by eliminating their contribution of

¹ *Estratégia Nacional de Mudanças Climáticas (ENMC) para o período 2013-2025*. Ministério para a Coordenação da Acção Ambiental. República de Moçambique

² Refer to Mozambique: Readiness Preparation Proposal (R-PP). Government of Mozambique, January 2013.

undervalued environmental services (e.g. watershed protection, carbon sequestration, fuel supply, biodiversity, coastal protection and fisheries support).

6. **Forest ownership in Mozambique.** Land tenure in Mozambique is dictated by the country's constitution and various laws. The 1990 Constitution of Mozambique indicates that "Land is the property of the State and cannot be sold or alienated in any other form, nor can it be mortgaged". Forests can be found in various types of tenure arrangements, such as community lands, protected areas and logging concessions. The 1997 Land Law introduced the concept of 'local communities' defined as a group of families and individuals living in a circumscribed territorial area which share common interests in managing natural resources, including forests; and allowed legal recognition of the land use rights to local communities. The same form of land use rights is also granted to private entities. From 1987 to 2010, land use rights (DUAT) for over 40,000 parcels that covered more than 15 million hectares of land were granted. Over 13 million ha of forests are located in protected or conservation areas which include wildlife protected areas, and are under the management of recently created semi-autonomous agency, the National Conservation Area Authority (ANAC). Forest areas that are not under ANAC management are under the jurisdiction of the Ministry of Agriculture which is responsible for the management of these forests. It is also responsible for granting logging concessions. In 2011, 179 logging concessions existed in the country covering over 6 million ha most of which were in Zambezia (28% of the area), followed by Cabo Delgado, Sofala and Manica.

7. **Legal framework for forests in Mozambique.** Forests in Mozambique fall under the general jurisdiction of the National Directorate of Land and Forestry (DNTF, under the Ministry of Agriculture) as the responsible government authority, while ANAC under the Ministry of Tourism is responsible for protected areas (including forests in protected areas). The GoM has various policies, laws and regulations which deal with forests in the country including Territorial Planning Policy and Law, the Conservation Policy and Law, and The Forestry and Wildlife Law.

8. Although existing legislations include some provisions for the Reduced Emissions from Deforestation and Forest Degradation (REDD+), an overarching legal framework for regulating REDD+ activities does not exist in the country yet. 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). A decree is also under preparation³ that seeks to address this gap for the medium term until a full REDD+ strategy and legislation would be finalized.

9. **Deforestation and forest degradation in Mozambique.** The R-PP identifies some of the main direct and underlying drivers of deforestation and forest degradation in the country. The key direct drivers of deforestation include: (i) subsistence and commercial agriculture associated with unsustainable land use practices such as the use of fire for clearing land and for hunting; (ii) increasing demand for biomass energy in the urban areas; (iii) illegal harvesting of timber and non-adherence of forest management plans by concession holders; (iv) mining associated with land clearing for settlement (in particular artisanal mining); and (v) infrastructure development including roads, railways and expansion of urban areas. Underlying drivers of

³ Regulamento dos Procedimentos para Aprovação de Projectos de Demonstração que visam à Redução de Emissões por Desmatamento e Degradação Florestal - REDD+

deforestation include: (i) low productivity of subsistence agriculture due to limited technical assistance, sparse extension network, and limited access to finance; (ii) poor governance and weak enforcement of land, forests and environmental legislation; (iii) increasing demand for food and wood products in the domestic and international markets; and (v) lack of employment opportunities in rural areas.

10. **Challenges of forest sector and land use coordination in Mozambique.** Linked to the drivers of deforestation above are various challenges in the forest sector specifically and in land use coordination in general. Some of the main challenges include law enforcement, lack of adherence to forest management plans by concession holders, illegal logging, encroachment to conservation areas, and land use conflict.

11. **Potential of REDD+ in Mozambique.** As various other tropical forest nations, Mozambique has expressed interest in the potential of REDD+ as a catalyzer for sustainable forest management. REDD+ also holds the potential of providing incentives to local communities in charge of managing and maintaining forest lands, which have traditionally received little benefits for such service. Furthermore, REDD+ may harness support to addressing some of the structural challenges in the forest sector, such as limited command and control capacity on the ground through proposed capacity building and MRV activities.

12. **Institutional arrangements.** The Ministry for the Coordination of Environmental Affairs (MICOA) and the National Forestry Directorate (DNTF - *Direcção Nacional de Terras e Florestas*) in the Ministry of Agriculture (MINAG - *Ministério da Agricultura*) are the leading institutions for REDD+ policy development. MICOA is the focal point ministry of the United Nations Framework Convention on Climate Change (UNFCCC) and has responsibility for coordinating work on climate change and policy development on climate change – including on Reduced Emissions from Deforestation and Forest Degradation (REDD+). However, MICOA does not have a mandate for implementation of REDD+ policy which lies with the line ministries, such as the Ministry of Agriculture, for land use activities. DNTF has the responsibility for forest policy and the state management of forests. To ensure inter-ministerial coordination and effective policy development and implementation, an inter-ministerial National Sustainable Development Council (CONDES - *Conselho Nacional de Desenvolvimento Sustentável*), chaired by the Prime Minister, was established. CONDES coordinates policy and planning on sustainable development, including forest issues and climate change. CONDES is guided by a technical coordination committee that is chaired by the Deputy Minister of MICOA. In 2012, the Council of Ministers approved a National Climate Change Strategy which mandates MICOA to establish a coordinating unit for climate change under CONDES to promote coordinated action on climate change across line ministries and agencies. Once this unit is established, it could potentially also take the lead in the cross-governmental coordination and management of the REDD+ agenda.

13. **REDD+ Readiness in Mozambique.** Led by MICOA and DNTF, the REDD+ readiness process in Mozambique started in 2009, when the country submitted a Readiness Preparation Idea Note (R-PIN) for admittance into the Forest Carbon Partnership Facility (FCPF). The REDD+ Readiness process entails an array of capacity and institutional strengthening activities including: (i) the preparation of a national strategy for REDD+ and an associated legal and

institutional framework; (ii) the design and implementation of a system of measuring, monitoring, reporting and verifying (MRV) emissions from land use activities; and (iii) the preparation of a reference level of emissions from deforestation and forest degradation activities. This process is supported by various donors including Norway, Japanese International Cooperation Agency (JICA) and FCPF.

14. **Mozambique’s REDD+ Readiness Preparation Proposal (R-PP).** Through a REDD+ Technical Working Group composed of representatives from MICOA, DNTF, the Eduardo Mondlane University, Centro Terra Viva (CTV – a local NGO) and international partners (such as Brazil’s Sustainable Amazon Foundation, and UK-based IIED), Mozambique prepared an R-PP over the period of February 2010 to July 2011. This document is a roadmap for how the country aims to build national capacities to comply with emerging international requirements to participate in an international REDD+ mechanism. The R-PP is a product of extensive consultations undertaken at national and provincial level. Representatives of all districts were invited to the provincial level consultations. The R-PP is based on: (i) studies on land use and drivers of deforestation and forest degradation; (ii) experiences in addressing these drivers in different parts of the country including Niassa, Nampula, Tete, Sofala, Gaza, Maputo and Zambézia; and (iii) interviews and discussions with land users such as timber operators, small and medium scale farmers, charcoal producers and traders as well as community, district and provincial leaders.

15. **Current status of REDD+ in Mozambique.** In addition to the government-led efforts towards REDD+ Readiness, there is currently a high level of private sector interest in making investments in forest carbon management in Mozambique. However, as it is the case in most countries around the world, there is currently no governance framework for REDD+ in Mozambique. The World Bank has been providing technical assistance to the country to address this gap by designing national-level regulations. A draft decree has been developed that will provide guidance over the medium term on the treatment of private sector requests for REDD+ projects as well as establishes the REDD + coordination structures in the country. The draft decree is currently in the process of public hearings before it will be submitted to the council of ministers.

C. Relationship to World Bank engagement in Natural Resources Sector and Country Assistance Strategy (CAS)

16. REDD+ contributes to Pillar 2 on ‘Vulnerability and Resilience’ of the Country Partnership Strategy (CPS) 2012-2015 (Report No. 66813-MZ) for Mozambique discussed by the Executive Directors on April 3, 2012. REDD+ also contributes to the World Bank’s Africa Strategy⁴ by building-capacity for strengthening the overall government response to the climate challenge facing Mozambique. Specifically, it contributes to Pillar II on Vulnerability and Resilience.

17. REDD+ is consistent with the National Climate Change Strategy of the Government of Mozambique (GoM) that was adopted in 2012. It contributes to Pillar 2 on “Mitigation and Low

⁴ World Bank 2011. *Africa’s Future and the World Bank’s Support to It*. Washington DC World Bank.

Carbon Development”. REDD+ is one of the strategic actions under Pillar 2 that seeks to sustainably use forests and mangroves for potential carbon capture and sequestration.

II. Proposed Development Objective(s)

A. Proposed PDO

18. The Project Development Objective is to contribute to the preparation of national REDD+ strategy and of its legal and institutional framework.

B. Key Results

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

- A national strategy to reduce emissions from deforestation and forest degradation (REDD+) is prepared and validated by national stakeholders;
- The legal and institutional framework for the implementation of the strategy is prepared and validated by national stakeholders; and
- An Environmental and Social Management Framework (ESMF) is prepared and validated through the use of a Strategic Environmental and Social Assessment (SESA).

20. The R-PP Assessment Framework adopted by the FCPF Participants Committee will be used to assess the achievement of the key results the project activities. The R-PP Assessment Framework presents a series of criteria and guiding questions for the three REDD+ Readiness building blocks, as well as a process to assess those with strong emphasis on multi-stakeholder consultations. This framework will be used during mid-term review and at project completion to assess the results achieved by this project.

III. Preliminary Description

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21. **The Government of Mozambique (GoM) has developed and submitted an R-PP.** This REDD+ Readiness Preparation grant will provide additional funding to support the Country in carrying out the activities outlined in its R-PP. The grant will fund only a portion of the R-PP activities, but will help the Country towards achieving REDD+ Readiness, even though the Country may not reach this stage until well after the grant closes. Based on the activities outlined in the R-PP, it is expected that the Country would be able to participate in REDD+ carbon transactions, including under the FCPF Carbon Fund.

22. **Mozambique and the FCPF.** Mozambique’s Readiness Preparation Proposal (R-PP) was endorsed by the FCPF Participants Committee in March 2012. The Committee requested the World Bank to conduct its due diligence with view of signing a grant of up to US\$ 3.6 million to allow Mozambique to implement the activities presented in the R-PP. The R-PP includes activities related to: (i) the preparation of national REDD+ strategy and a legal and institutional framework; (ii) the design and implementation of a national Measurement,

Verification and Reporting (MRV) system to allow the country to monitor and report on emissions arising from deforestation and forest degradation; and (iii) the preparation of a national reference level of emissions from deforestation and forest degradation.

23. **REDD+ Readiness in Mozambique.** The FCPF will contribute with a US\$ 3.6 million grant, which will finance the formulation of a National REDD+ Strategy and of its implementation framework through a participatory consultative process as well as contribute to increasing national institutional and technical capacity on REDD+. The FCPF grant will finance analytical studies, consultation processes at the national and provincial levels, and capacity strengthening and technical assistance to the GoM. However, the FCPF grant will not finance the implementation of REDD+ pilot investment activities on the ground.

24. **Other Development Partners support to REDD+ Readiness in Mozambique.** As the FCPF grant will not fund all activities expect to make Mozambique ‘ready’ for REDD+, other development partners have committed to support the GoM. In particular, activities related to the creating of Measuring, Reporting and Verification (MRV) system, and to the preparation of a national reference scenario of emissions (i.e., reference emission level – REL) from deforestation and forest degradation, the governments of Japan and Norway have been supporting the GoM. The Government of Japan and JICA have committed US\$ 10.5 million to the implementation of the activities related to MRV and REL. The Government of Norway is providing US\$3.27 million additional resources through the International Institute for Environment and Development (IIED) for research at the subnational level in particular to establish baseline, identify drivers of deforestation, devise specific investment activities and draw lessons. These lessons will help national level REDD+ agenda.

25. **Activities to be financed by the FCPF grant.** The table below summarizes the activities to be financed by the FCPF grant. These activities have been selected based on: (i) discussions with the Government authorities and national priorities for the REDD+ Readiness process; (ii) World Bank comparative advantages; (iii) existence of financing by other development partners.

FCPF Components and Activities (US\$ million)

Project Activities	Costs
1. Strengthening the national readiness management arrangements	1.8
1.1 Strengthening of the Technical Unit for REDD+ and the Technical Committee	1.0
1.2 Strengthening the decentralization of REDD+ arrangement	0.3
1.3 Project Management Costs	0.5
2. Promotion of multi-stakeholder consultations	0.9
2.1 Multi-stakeholder awareness raising and consultations on the REDD+ strategy and its legal framework	0.6
2.2 Preparation of communication material on REDD+	0.3
3. Design of the national REDD+ Strategy	0.9
3.1 Preparation of the national REDD+ Strategy	0.4
3.2 Strategic Environmental and Social Assessment and Design of a Grievance Mechanism	0.3
3.3 Design of the national legal and institutional framework for REDD+	0.2
Total Costs	3.6

IV. Safeguard Policies that might apply

Safeguard Policies Triggered	Yes	No	TBD
Environmental Assessment (OP/BP 4.01)	X		
<p>In line with the nature of the REDD+ Readiness preparation activities, the Government of Mozambique will use a Strategic Environmental and Social Assessment (SESA) as the applicable safeguards approach. The strength of the SESA for REDD+ is that it will combine analytical work and participatory consultations to inform the preparation of the REDD+ strategy. The SESA will help ensure compliance with the Bank's safeguard policies by integrating key environmental and social considerations relevant to REDD+ including all those covered by the safeguard policies. The SESA will help the Government of Mozambique to formulate their REDD+ strategy in a way that reflects inputs from key stakeholder groups and addresses the main environmental and social issues identified. The SESA includes an Environmental and Social Management Framework (ESMF) as a distinct output, which provides a framework for managing and mitigating the environmental and social risks related to investments and carbon finance transactions in the context of the future implementation of REDD+. The future investments and carbon finance transactions will still require specific environmental and social assessments, but these will benefit from the strategic context created by the SESA and ESMF. The ESMF will include stand methods and procedures, along with appropriate institutional arrangements for screening, reviewing, implementing and monitoring specific ESMPs to prevent adverse impacts as well as cumulative impacts.</p>			
Natural Habitats (OP/BP 4.04)	X		
<p>The application of this policy seeks to ensure that all options proposed in the National REDD+ Strategy take into account the conservation of biodiversity, as well as the numerous environmental services and products that natural habitats provide to human society. Overall, REDD+ activities are expected to have significant positive impacts on natural habitats, as the country puts in place an effective strategy to reduce loss of natural forests. The SESA will address issues related to natural habitats and potential impacts of the National REDD+ Strategy, which will later be included in the ESMF.</p>			
Forests (OP/BP 4.36)	X		
<p>Overall, REDD+ activities are expected to have significant positive impacts on forests in the country, in that the main goal of the program is to reduce deforestation and forest degradation, while contributing to the well-being of forest-dependent communities. Potential impact of the National REDD+ Strategy on natural forests will be assessed through the SESA and included in the ESMF. The SESA and associated ESMF will reflect the requirements of the Bank's Operational Policy regarding forest management, in particular as these relate to the establishment of plantations.</p>			
Pest Management (OP 4.09)			X
<p>This policy could be triggered depending on the final scope of the National REDD+ Strategy. Agricultural intensification and reforestation activities, for instance, could trigger this policy, depending on the methods employed by concrete activities on the ground to manage pests. The SESA will address critical issues related to pest management, as necessary, and these will also be included in the key elements for the ESMF.</p>			
Physical Cultural Resources (OP/BP 4.11)			X
<p>This policy could be triggered if REDD+ activities promote actions in areas containing sites deemed physical cultural resources by communities living there (e.g. holy sites such as sacred groves, sacred forests, etc.). Though it is not anticipated that the grant will have negative impacts on any such sites, the existence of any such sites and the corresponding need to trigger this policy will be determined once the National REDD+ Strategy is completed.</p>			
Indigenous Peoples (OP/BP 4.10)		X	

Safeguard Policies Triggered	Yes	No	TBD
Involuntary Resettlement (OP/BP 4.12)			X
REDD+ activities will trigger Involuntary Resettlement in situations involving land acquisition and/or involuntary restrictions of access to legally designated parks, land acquisition, protected areas, or forest management / reforestation areas. The policy aims to avoid involuntary resettlement to the extent feasible, or to minimize and mitigate its adverse social and economic impacts in cases where resettlement or other involuntary restrictions cannot be avoided. Through the SESA process, any issues related to land acquisition or involuntary resettlement will be identified, and a Resettlement Policy Framework and/or Process Framework will be prepared. To help identify and mitigate restriction of access to natural resources in protected areas, a Process Framework will be prepared.			
Safety of Dams (OP/BP 4.37)		X	
Projects on International Waterways (OP/BP 7.50)		X	
Projects in Disputed Areas (OP/BP 7.60)		X	

V. Tentative financing

(\$m.)

Source:

Borrower/Recipient

Others (FCPF)

Total

3.6

3.6

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