PROJECT INFORMATION DOCUMENT (PID)
CONCEPT STAGE

Report No.: PIDC25841

Project Name	Moz Agriculture and Natural Resources Landscape Management Project (P149620)
Region	AFRICA
Country	Mozambique
Sector(s)	Agro-industry, marketing, and trade (40%), General agriculture, fishing and forestry sector (40%), Rural and Inter-Urban Roads and H ighways (20%)
Theme(s)	Rural markets (20%), Rural services and infrastructure (20%), Other rural development (20%), Land administration and management (20%), Other environment and natural resources management (20%)
Lending Instrument	Investment Project Financing
Project ID	P149620
Borrower(s)	Ministry of Economy and Finance
Implementing Agency	Ministry for Land, Environment and Rural Development
Environmental Category	B-Partial Assessment
Date PID Prepared/ Updated	23-Jun-2015
Date PID Approved/ Disclosed	24-Jun-2015
Estimated Date of Appraisal Completion	15-Apr-2016
Estimated Date of Board Approval	19-May-2016
Concept Review Decision	Track II - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

Mozambique's economic performance has been strong since the end of the civil war in 1992. The country's GDP growth from 1993 to 2013 averaged 7.4 percent. Its performance was made possible by sound macroeconomic management, a number of large-scale foreign investment projects and significant donor support. GDP growth improved living standards significantly in the early years after the war, when the poverty rate fell from 69 percent in 1996 to 56 percent in 2003 (World Bank, 2012). More recently, however, poverty has fallen only slightly from 56 to 52 percent between 2003 and 2009. With a population of 23.9 million, per capita income in 2012 was US$565, less than 40 percent of the Sub-Saharan African average.

The weakening correlation between economic growth and the poverty rate suggests that growth has become less inclusive in recent years. Mozambique ranked 185th out of 187 countries in the Human Development Index (HDI) in 2013, reflected by some of the worse development indicators globally. Mozambique's recent growth has been driven by capital- and import-intensive mega-projects with limited linkages to the local economy. The bottom 40 percent of the population, located mostly in rural areas, has benefited less from growth than the overall population. This situation confirms the importance of the Bank's corporate goals of reducing extreme poverty and sharing prosperity, in this case by investing in developing the rural economy in a sustainable manner.

Rural poverty is highest among those working in the agricultural sector , especially among households that are not connected to markets and service delivery systems. Agriculture is the largest sector in the national economy, contributing 25 percent of GDP and employing 78 percent of the workforce. Agriculture outcomes and the livelihoods of the poor depend heavily on the natural resource base of the rural landscape and resilience to the effects of climate change. Most poor rural households produce food for self-sufficiency and lack the technology and cash flow to invest in their land.

Agriculture production benefits from a range of environmental services generated at landscape level, including water availability and quality, soil fertility conditions, rainfall patterns. Households also depend on native ecosystems and woodlands for game, energy, shelter materials, and medicinal plants. Eighty percent of domestic energy needs are supplied from fuelwood, charcoal and waste from agriculture. Yet, the use of unsustainable and unprofitable farming practices has damaging environmental consequences, contributing to the cycle of resource degradation, food insecurity and poverty. An integrated landscape management approach recognizes the critical links among agriculture development, watershed management and ecosystem conservation in the effort to reduce poverty and improve rural economic outcomes. Introducing rural households to improved technology, connecting them to markets, and facilitating such markets to develop in an environmentally sustainable manner will require public investment and support programs.

Sectoral and Institutional Context

Integrated landscape management addresses agriculture and natural resources in a coordinated fashion. An integrated approach can better promote rural development, reduce rural poverty and promote jobs in rural areas while ensuring the sustainability of natural resources on which a significant portion of rural population depend for their livelihood. Agriculture development depends on and can contribute to the sustainable management of natural resources, particularly by promoting land use techniques that consider environmental services, such as climate-smart agriculture, conservation farming, and agro-forestry, which can reduce forest conversion and improve the efficiency of water use. In addition, sustainable forest management, agroforestry, wildlife management and nature-based tourism can also contribute economically to rural development and job creation. Infrastructure development, land use planning and land administration are key components of landscape management.

Agriculture is a significant potential contributor to rural poverty reduction. Based on recent discussions with producers, processors and traders/exporters in various value chains, there is significant potential for growth, both in terms of expansion and increasing productivity/efficiency. The binding constraints that hamper agriculture sector growth and competitiveness are: underdeveloped value chains and market access for farmers; lack of improved agricultural

technology and knowledge; land tenure insecurity; and deficient rural infrastructure and connectivity. Land tenure insecurity among rural communities is a threat to the development to responsible investment in agriculture. With increased unpredictability and severity, floods and droughts frequently disrupt agricultural production and livelihoods in Mozambique. Agriculture sector growth (including livestock and forestry) is estimated at 8.8 per annum (as measured in 2014).

Forests and woodlands contribute significantly to the welfare of rural Mozambicans, given their strong dependence on the natural environment for subsistence needs (food, shelter, energy) and cash income. Forests and woodlands are dominant features of the rural landscape, but are threatened by deforestation. Both the management of natural forests and the establishment of planted forests have the potential to generate jobs and rural income. The challenges to sustainable natural forest management are particularly significant. Nature-based tourism and wildlife management offer potential for rural development, even though current figures from the sector are modest. Integrated landscape management addresses agriculture and natural resources in a coordinated fashion.

Relationship to CAS

Agricultural, forestry and nature-based tourism growth, as a driver for rural economic development and rural poverty reduction, is an important theme in Mozambique's Country Partnership Strategy (CPS) for FY12–15, and is likely to feature strongly in a new CPS, currently under preparation. The starting point for the CPS is the government's poverty reduction strategy (PARPA), with its theme of inclusive, broad-based growth. The World Bank's Africa Regional Strategy also provides an overall framework for setting priorities. Like the Africa Regional Strategy, the CPS has two pillars directly linked to agriculture—Pillar 1 (Competitiveness and Employment) and Pillar 2 (Vulnerability and Resilience)—and a cross-cutting foundation (Governance and Public Sector Capacity). The CPS also emphasizes mainstreaming gender, social accountability, and nutrition in the portfolio, as these are essential elements of rural development. The ongoing Systematic Country Diagnostic (SCD) has identified agriculture as an important economic sector that has substantial potential to reduce poverty in rural area.

The proposed operation is consistent with the World Bank's Africa Strategy for Agriculture, including the strategy's pillars of land and water management, agricultural markets and infrastructure, food security and vulnerability, and agricultural technology. The Bank strategy is in alignment with the architecture of the African Union's Comprehensive Africa Agricultural Development Program (CAADP), as reflected in Mozambique's National CAADP Compact, signed by all stakeholders in December 2011.

The proposed operation is consistent with the overall Bank support to improve natural resources management, and climate change mitigation and adaptation. It complements the ongoing Agriculture Development Operation (Ag-DPO) and Climate Change Development Policy Operation (CC-DPO) series, the ongoing MozBio project, PROIRRI, the ongoing REDD+ Readiness project, and the Disaster Risk Management project. Project preparation will benefit from the ongoing NLTA on agriculture, agribusiness and land reform; and the NLTA on "Improving the Business Environment for Planted Forests".

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

This proposed project development objective is to increase market production of agriculture and forest products by rural communities, and to reduce net deforestation in project areas.

Key Results (From PCN)

Key Results: The PDO indicators for the proposed project are under discussion and will be refined in consultation with the Government counterparts and the Bank's Monitoring and Evaluation experts. Core indicators for project beneficiaries, agriculture sector, and forestry sector will be included. Emphasis will be placed on S.M.A.R.T. indicators and measurable proxies for desired outcomes.

The beneficiaries of this operation are the rural communities in the target regions who manage agricultural and forestry landscapes for their livelihoods. Smallholder farmers, including women, will have improved land security and gain access to new skills, technologies, and markets. Small, medium and larger enterprises will gain from clearer policies and regulatory processes, more productive landscapes, and improved management practices among their suppliers, and quality and quantity of product supplied. The project would enhance employment and value adding opportunities at both farm group and agro-industry levels. MITADER and MASA, charged with management and sustainable use of forests, protected areas, agriculture and landscapes, will also benefit from improved policies, capacity development programs, and outreach and communication programs. Other stakeholders, including the private sector and civil society, will benefit from improved economic opportunities. Staff of the Implementing Agencies and extension agents will benefit from capacity building activities under the project. The project will also have benefits at the global level through the contribution to sustainable landscape management, climate change adaptation and mitigation and biodiversity conservation over the long term.

III. Preliminary Description

Concept Description

The proposed project would include the following components: (i) value chain support; (ii) sustainable natural resource management; (iii) support to local land administration and investment facilitation; (iv) infrastructure rehabilitation and maintenance, storage facilities and other infrastructure and servces; (v) contingency emergency fund; and (vi) project coordination and management.

Component 1: Value chain support. Investments to support rural value chains related to crops (food security and income), livestock, forests (timber and non-timber products), and nature-based tourism. A matching grants program may be designed to support export-oriented and local value chains.

Component 2: Sustainable natural resource management. Activities would include the protection of natural habitats and the rehabilitation of degraded areas, support to an improved enabling environment to sustainable natural resources management including integrated land-use planning to develop sustainable value chains and strengthening community-based organizations. Additionally, implementation of environmental and social safeguards, including capacity building will be supported.

Component 3: Support to local land administration and investment facilitation. This component will support strengthening of land offices at the district and provincial levels, systematic community land delimitation and general capacity building for land administration and management system at

all levels. The overall objective being to improve land information, land management and security of tenure for all (state, individuals, companies).

Component 4: Infrastructure rehabilitation and maintenance, storage facilities and other infrastructure and services. This component would be designed to address specific infrastructure constraints based on detailed information collected from the Component 2, i.e., from local governments and operators – farmers, intermediaries etc – who are involved in the various value chains targeted by the project (see above). These constraints could include feeder road upgrade and maintenance, rural bridges, and other infrastructure with unlocking potential and storage facilities.

Component 5: Contingency emergency fund. A disaster recovery contingency fund would be established with no initial funding that could be triggered in the event of a natural disaster through formal declaration of a national or regional state of emergency ('red alert'), or upon a formal request from the Government of Mozambique in the wake of a disaster. If triggered, resources could be provided through reallocation from project components or additional financing.

Component 6: Project coordination and management. Activities would include coordination and management, stakeholder consultations and dialogue, and communications strategy and program.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	x		
Natural Habitats OP/BP 4.04			x
Forests OP/BP 4.36	x		
Pest Management OP 4.09	x		
Physical Cultural Resources OP/BP 4.11	x		
Indigenous Peoples OP/BP 4.10		x	
Involuntary Resettlement OP/BP 4.12	x		
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. Financing (in USD Million)

Total Project Cost:	80.00	Total Bank Financing:	80.00
Financing Gap:	0.00		

Financing Source	Amount
BORROWER/RECIPIENT	0.00
International Development Association (IDA)	80.00
Total	80.00

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