Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 07-Sep-2016 | Report No: PIDISDSC18068

BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Parent Project ID (if any)	Project Name
Mozambique	P160033		Mozambique Forest Investment Project (P160033)
Region	**Estimated Appraisal Date**	**Estimated Board Date**	**Practice Area (Lead)**
AFRICA	Jan 16, 2017	Mar 06, 2017	Environment & Natural Resources
Lending Instrument	**Borrower(s)**	**Implementing Agency**	
Investment Project Financing	Ministry of Economy and Finance	Ministry of Land, Environment and Rural Development	

Financing (in USD Million)

Financing Source	Amount
Strategic Climate Fund Grant	22.00
International Development Association (IDA)	10.00
Integrated Landscape & Forest Management MDTF	12.00
Total Project Cost	**44.00**

Environmental Assessment Category	Concept Review Decision
B-Partial Assessment	Track II-The review did authorize the preparation to continue

Other Decision (as needed)

Type here to enter text

B. Introduction and Context

Country Context

1. **Mozambique is richly endowed with natural resources** – arable land, forests, fisheries, water and mineral resources. Mozambique's economy has experienced some of the world's fastest growth rates since the end of its devastating civil war in 1992, with an annual average economic growth of around 7.5% in the last decade – largely driven by foreign investments. However, Mozambique continues to face profound development challenges, as rapid growth has not resulted in a significant reduction of poverty. Mozambique is still one of the world's poorest countries with about 54% of its 25 million people living below the poverty line. As evidenced by the country's low level of the Human Development Index (178 out of 187 countries in 2014), development challenges include basic health and education services, employment promotion, diversification of income sources and improving food security.

2. **Extreme poverty is concentrated in the central and northern regions, particularly among rural areas where many households derive their income from agricultural and forest related activities**. While poverty rates dropped in most of Mozambique's provinces between 2003 and 2008, they increased in Zambezia, Sofala, Manica and Gaza. By 2009, almost three quarters of Zambezia's population lived under the extreme poverty threshold. Zambezia and Nampula, the two most populous provinces of Mozambique, accounted for 48% of the country's poor in 2009. Along with Cabo Delgado, these provinces contain some of Mozambique's most suitable lands for agriculture and forestry,[1] offering significant potential for poverty alleviation. As Mozambique continues its rapid development based on natural resources such as gas extraction and mining, the challenge going forward will be to develop and diversify the economy while maintaining the productivity of the resource base upon which most of the population depends directly for their survival— water, forests, soils, and wetlands.

Sectoral and Institutional Context

3. **Forests, woodlands and other vegetation types cover approximately 70% of Mozambique's total area of 800,000 km^2.** The forest cover area is 40.1 million ha (51% of the country), of which 26.9 million ha are categorized as productive forests, suitable for timber production, and 13.2 million ha are conservation areas. Mozambique's predominant forest ecosystem is the *miombo forest*, characterized by open woodland dominated by *Cesalpinoideae* tree species such as *Brachystegia*, *Julbernardia*, and *Isoberlinia*, often associated with a dense grass sward, which covers about two-thirds of forested land in the country. Other forest types are mangroves, coastal forests and mopane.

4. **The miombo forest provides a variety of biophysical ecosystem goods and services, including food, fuel, medicine, construction materials, carbon sequestration and water regulation services**. Communities depend significantly on forests. A study[2] in the Gorongosa district found that miombo woodlands contribute about 19% of household cash income and 40% of the household subsistence (non-cash) income.[3] Fuelwood and charcoal are critical to national and household energy needs, with about 23.7 million m^3 of fuelwood are consumed annually.[4] Non-timber forest products are significant contributors to nutritional and medicinal needs. Miombo forests provide globally important ecosystem services. They constitute important reservoirs of above- and below-ground carbon, having significant potential as a carbon sink, especially in soils and woody biomass. The above- and below-ground carbon stock of the miombo is estimated to be 227 tCO_2/ha.[5] The miombo is also an important habitat for a variety of herbivores and carnivores, including large terrestrial mammals, some of which are endemic to Mozambique and others endangered.

5. **Forests contribute directly to resilient and productive landscapes.** Mozambique is one of the highest ranked African countries in terms of exposure to risks from weather-related climate hazards (drought, floods and tropical cyclones). Its low adaptive capacity and the strong dependence of its population and economy on natural resources exacerbate its vulnerability to climate change. The growing intensification of weather hazards threatens efforts to meet national priorities, especially toward food security, which is essential to poverty alleviation. Forest degradation will likely increase vulnerability of rural communities to changing climatic conditions, while the frequency of forest fires and pest outbreaks could increase. Tree-based landscapes can provide resilient livelihoods in the face of erratic weather

[1] Systematic Country Diagnostic, 2015

[2] Hedge and Bull. Socio-economics of Miombo Woodland Resource Use: A Household Level Study in Mozambique. In: Managing the Miombo Woodlands of Southern Africa Policies, incentives and options for the rural poor. 2011.

[3] The WB, through the Mozambique Conservation Areas for Biodiversity and Development project *P131965, is currently financing a Household Survey targeted at communities around Conservation Areas, to gain a better understanding of local communities' dependence on natural resources.

[4] Government of Mozambique's Readiness Preparation Plan, 2013.

[5] Background Study for the Preparation of the Zambezia Integrated Landscapes Management Program, ETC Terra, 2016.

trends and buffer communities from natural disasters.[6] The role of mangroves in buffering against hazards is especially pronounced in coastal areas, while also providing for other biodiversity and livelihood benefits. Forests also act as a safety net for populations by providing secure access to resources and services. These include the ecological services upon which agriculture and food security depend, such as erosion control, water for irrigation, and stable soils, which can come under threat from weather and climatic variation. Land restoration through planting trees, such as through agroforestry schemes, can increase the adaptive capacity of communities as well as lead to diversification of livelihoods.[7]

6. **In addition to the miombo forests, Mozambique is internationally recognized for its ecological richness and is home to important biodiversity hotspots with high levels of endemism** such as Maputaland (coastal forests south of Maputo), the humid evergreen montane forests in the central and northern Mozambique, and the coastal dry forests in northern Mozambique. Other ecosystems include Mopane forests[8] in the semi-arid regions (in the valleys of Limpopo and Zambeze rivers), undifferentiated dry deciduous forests, and sub-humid sub-coastal forests near and on the coasts. Mozambique also has East and Southern Africa's largest mangrove forest, and the second largest mangrove cover area in Africa, covering around 357,000 ha. Its extensive coastal mangrove forests and sea grasses are mainly distributed along the coastline in deltas, estuaries and protected shorelines, being concentrated in the northern and central regions. Mangrove forests are known to contain globally significant carbon pools, storing up to five times more carbon than typical upland tropical forests per area.

7. **About two-thirds of Mozambique's forest area (26.9 million ha) is allocated for timber production, representing a substantial commercial resource.** While Mozambique has over 100 tree species with commercial value, the industry exports no more than 10 species[9] that are well known in the domestic and international markets. The forests have an estimated total current commercial volume of 123 million $m^{3,}$ but these figures are not reliable as they are based on a 2007 forest inventory.[10] The forests with the largest harvestable volumes per hectare are found in the central and northern provinces, namely Zambézia (7.7 m^3/ha), Cabo Delgado (7.3 m^3/ha) and Sofala (7.1 m^3/ha).[11]

8. **Forest-based activities and industries are an important contributor to the country's economy and a major source of employment and income in Mozambique's rural areas**. The forest sector contributed approximately $330.3 million to Mozambique's GDP in 2011 (representing 2.8%), and directly employed 22,000 people.[12] These estimates neither account for economic activities dependent on forests, e.g. tourism, nor for informal forest-based activities, subsistence use, and unreported activities, all of which likely support a significant share of rural population.

9. **The forest sector in Mozambique could contribute more significantly to GDP and rural incomes, but value addition to forest products is still low.** The most recent assessment undertaken by MITADER of the natural forest sector (2016) found 1081 people formally registered as forest operators, of whom 883 (81.7%) operate under simple license regime and 198 (18.3 percent) under concession regime. The same assessment revealed a low level of compliance against key environmental and social regulations.[13] Preliminary assessments undertaken by the World Bank

[6] Climate Change and Forest Resilience, IIED, 2006.

[7] How Forests Enhance Resilience to Climate Change, PROFOR, 2015.

[8] Mopane forest is dominated of the tree *Colophospermum mopane* (Caesalpiniaceae). It provides essential goods and services to communities; charcoal, firewood, building materials, fodder, medicinal plants, fruits, food and meat from some animal species.

[9] The primary species are Jambire (Milletia stuhlmannii), Chanfuta (Afzelia quanzensis), Umbila (Pterocarpus angolensis), Pau-preto (Dalbergia melanoxylon) and Pau-ferro (Swartzia madagascariensis) (Nhancale et al., 2009).

[10] The Bank, with financing from the Forest Carbon Partnership Facility, is currently supporting a new national forest inventory.

[11] Integrated Evaluation of Mozambique's Forests, National Forest Inventory, DNTF, Marzolli, 2007

[12] FAOSTAT, 2011.

[13] Key indicators against which companies were assessed included, among others: compliance with fiscal obligations; compliance with social security obligations; having an approved management plan; undertaking reforestation; and having qualified personnel, tools and information system necessary to apply forest management plans. From preliminary report *Evaluation of Forest Timber*

(2015) have suggested that non-compliant and illegal operators present significant threats to sustainable forest operators due to unfair competition. The transformation of logs into sawn wood is heavily concentrated in Sofala (69 percent), followed by Zambezia (13 percent) and Manica (9 percent). In-country industrial timber processing is limited and similarly concentrated: processing of wood into railway sleepers occurs mainly in Sofala and Manica, while the production of parquet in Maputo and Gaza; other industrial products are only produced in small quantities.[14]

10. **Apart from the natural forest timber industry, Mozambique has significant potential to develop its production in the forestry sector through the promotion of small to large-scale commercial plantations.** According to the National Reforestation Plan (2009), the Government aims to increase its commercial forest plantation area from the current 60,000 ha to 1 million ha in 2030. Mozambique has adequate conditions for expanding its commercial forestry, including strong political will, an abundance of land suitable for plantations, and a growing demand for forest products. Planted forests have high potential to generate jobs and increase rural incomes. They also play a role in landscape restoration and promoting sustainable landscape management through reducing pressure on natural forests and rehabilitating degraded areas.

11. **While private investments in planted forests are taking place, there is still significant scope for growth.** Portucel, a leading company in pulp and paper production, is expected to establish over 200,000 ha of plantations and a transformative pulp and paper industry in the country that could generate up to 6,500 new jobs.[15] The company is taking a mosaic approach to the plantation, where blocks of planted forests will be intermixed with conservation areas of native miombo and communal lands to maximize the social and environmental benefits from such plantations. The company is also implementing a community development program that will include outgrower production support schemes, to include smallholders in the pulp and paper supply chains. Other companies, based primarily in the northern provinces, include Ifloma and Green Resources. The country's business climate for planted forests is reasonably good, but economic, social and environmental risks could be significantly reduced by a series of market-, production-, regulations-, and smallholders-related actions led by the Government in cooperation with companies. These include, among others, developing best practice guidelines for planted forest management and community outgrower schemes.[16]

12. **Significant portions of Mozambique's forests are found in protected areas.** Mozambique's protected area system plays an important role in forest and biodiversity protection, as well as domestic and international tourism. The system is currently made up of seven National Parks, ten National Reserves, 17 controlled hunting areas (*coutadas*), more than 50 private game farms (*fazendas do bravio*) and two Community Reserves. These areas contain a wide diversity of habitats, including montane, woodlands, wetland and coastal and marine ecosystems that can contribute to climate change mitigation. When deforestation within and outside of conservation areas is compared, analysis shows that forests remain highly intact within the conservation areas as compared to outside of their borders, demonstrating its effectiveness.

13. **The loss of forest cover in Mozambique is high.** Mozambique has a high annual deforestation rate of 0.58%/year[17], representing an annual loss of 219,000 ha of forest. This (i) reduces the overall forest resources available to local communities and to the private sector, thus threatening the medium-term sustainability of the forest sector; (ii) contributes to the loss of important habitats for wildlife and biodiversity; and (iii) results in GHG emissions of around 23.4MtCO_2 per year[18].

14. **Forests are lost due to a combination of direct and indirect drivers linked to several sectors, primarily small-scale agriculture, biomass energy, and unsustainably managed forestry.** Forest conversion to agriculture is

Operators, 2016.

[14] Ministry of Economics and Finance, 2014.

[15] As reported in IFC's *Portucel Moz Summary of Investment Information*, on their website.

[16] Non lending technical assistance. Improving the Business Climate for Planted Forests in Mozambique (P149134).

[17] Marzolli, 2007.

[18] Derived from the draft National REDD+ Strategy, 2016. Figures will be further refined based on the updated National Forest Inventory, to be completed in 2017.

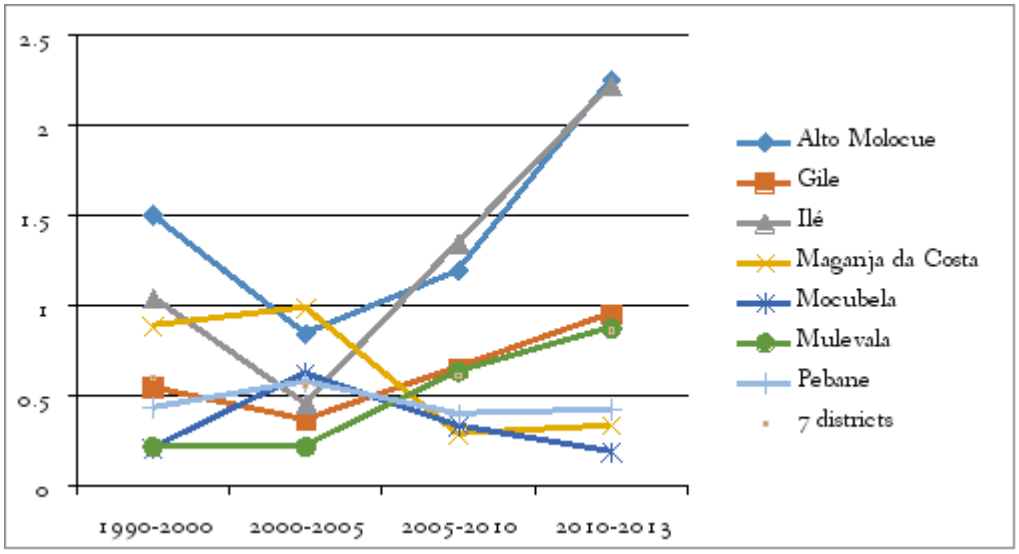
the dominant driver of deforestation (65% of total deforestation), and includes mainly shifting subsistence cultivation (slash and burn agriculture, often resulting in uncontrolled spreading of fires), livestock and, to a lesser extent at present, but with the potential to become larger in the future, commercial agricultural expansion. Urban expansion and infrastructure development (1.4 tMCO2/year; 12% of total), unsustainable commercial timber exploration and unsustainable extraction of wood for domestic uses such as firewood and charcoal represent other significant drivers (around 15% of total deforestation).[19]

15. **Indirect drivers of deforestation include governance, economic, technological and demographic factors.** Across the sectors, there are policy misalignments, weak institutional capacity, and a lack of inter-institutional coordination. International market demand for energy resources (minerals, gas), timber (hardwoods) and agricultural commodities (tobacco, cotton) drives forest conversion. The lack of technologies that allow cleaner and more efficient resource production and management is a barrier to sustainability. Demographic factors such as population growth and rural urban migration exacerbate a demand for resources, while entrenched behaviors around resource management inhibit the adoption of improved practices.

16. **Deforestation drivers also vary in weight across regions.** The same study has suggested that urban expansion has higher importance in the Center than in the North. This also holds true for commercial agriculture, which presents a much higher level of threat in the Center than in the country's Northern and Southern regions. These differences are not adequately reflected in government policies aimed at addressing deforestation.

17. **Deforestation rates are higher in the northern and central parts of the country and show an increasing trend.** Forest loss is mostly concentrated around urban centers and along roads. There is high positive correlation in Mozambique between population density and deforestation rates in areas with elevated forest density.

18. **Deforestation rates at the provincial levels show an increasing trend.** Zambezia, for instance, experienced forest loss of almost 310,000 ha between 1990 and 2013 at an annual rate of 0.61%. This rate reached 0.86% in the recent period between 2010 and 2013 (see Figure 1 below). Within the province, deforestation rates are significantly lower in Gilé National Reserve, demonstrating the potential effectiveness of conservation areas for controlling deforestation. Geographic variation also exists as deforestation rates differ across districts.[20]



[19] Identification and analysis of the direct and indirect agents and causes of deforestation and forest degradation in Mozambique, Winrock and CEAGRE, 2016.
[20] ETC Terra, 2016

Figure 1: Annual deforestation rates in the districts of Zambezia from 1990 to 2013.[21]

19. **Weak forest governance is a key indirect driver of forest loss.** Both physical and human resources are lacking, and there are significant challenges in the production, management, and dissemination of information related to the forest sector. Limited transparency in decision-making has also hindered effective public participation and social accountability in the past. Furthermore, coordination needs to be improved between government institutions from the forest sector and other forest-affecting sectors, such as agriculture, mining and infrastructure. These result in a system unable to cope with the complex political economies that underlie deforestation at national, provincial, district and local levels in Mozambique. Significant policy reforms and stronger forest governance are needed to address these issues and make the sustainable management of forests an activity that can generate improved jobs and income for the rural poor.

20. **Illegal logging is an important symptom of weak forest governance in Mozambique.** The exploitation levels of hardwood species from natural forests are exceeding the annual allowable cut, driven by illegal logging and other unsustainable practices in connection with international trade. A study commissioned by WWF shows that the gap between the data released by the governments of Mozambique and China in the period 2005-2013 translated in the total loss in revenue of US$540 million over that period.[22] This also entails a significant loss to communities, which are entitled to 20% of forest concession taxes. According to the same study, the amount of illegally harvested timber in the country and exported to China is 5.7 times greater than the volume declared officially by the forest department.[23] Improved incentives for compliance would result in a more consistent revenue base for funding government actions, as well as more sustainable use of the forest resource.

21. **The current Government has publicly recognized forest-related challenges and shown commitment to addressing them.** A Ministry of Land, Environment and Rural Development (MITADER) has been established, bringing together responsibilities that were previously spread across several ministries. This reorganization of mandates and responsibilities is expected to facilitate the coordination needed to address challenges of cross-sectorial nature. The package of strategic actions led by MITADER includes a review of all forest concessions, the suspension of new requests for exploration areas, a ban on log exports, the updating of forest policies and regulations, and an ambitious project called "*Floresta em Pé"*, which aims to promote sustainable integrated rural development though protection, conservation, valorization, creation and sustainable management of forests. The Ministry has also established an independent law enforcement agency, the National Agency for Environmental Quality Control (AQUA), which is in charge of forest law enforcement, among others. Aside from the restoration goals set for conservation in its National Restoration Plan, the GoM has also signed up to the African Forest Landscape Restoration Initiative (AFR100), a regional restoration initiative to restore 100,000 ha of land by 2030, part of the Bonn Challenge.

22. Mozambique is also in the process of developing and implementing a program for Reducing Emissions from Deforestation and Forest Degradation (REDD+) Program. The Government created the REDD+ Working Group in 2009 and developed a Readiness Preparation Proposal, which was accepted for funding by the FCPF in March 2012. The National REDD+ Strategy development is informing the Government's approaches to target interventions to key drivers of deforestation and address institutional and capacity gaps. The strategy, expected to be finalized in early 2016, will orient interventions targeting Mozambique's key drivers of deforestation in partnership with all relevant stakeholders, as well as highlight important institutional and capacity gaps that need to be filled. The World Bank supports REDD+ readiness through a grant from the FCPF Readiness Fund.

[21] Ibid.
[22] Evaluation of the loss of rent due to illegal exploration and trade in Mozambique from 2003-2013, Falcão et al., WWF, 2015
[23] Ibid.

Relationship to CPF

23. The Country Partnership Framework for Mozambique FY16-FY20 is organized around three pillars – (i) promoting diversified growth and enhancing productivity; (ii) investing in human capital; and (iii) enhancing sustainability. Subsistence, shifting agriculture has been recognized as a major driver of deforestation and forest degradation in Mozambique. By promoting the use of conservation and climate-smart agriculture techniques aimed at maintaining soil fertility, this Project will contribute to increasing agriculture growth including productivity and market participation (CPF Objective 1), while generating more resilient production systems equipped to deal with short-term weather variability and longer-term climate change (CPF Objective 10). Furthermore, techniques based on crop diversification and rotation will also reduce farmer's market/price risk, resulting in more sustainable livelihoods for the rural poor.

24. The promotion of sustainable natural and planted forest management, through the support to community-company partnerships and development of non-timber forest product value chains, will further contribute to agriculture growth. Moreover, in recognition of the potential role of forestry in boosting benefits to local communities from management of natural resources, the CPF program aims to reduce forest cover loss through both traditional grant financing and innovative performance-based payments (emissions reductions payments) (CPF Objective 9). Through the support to the development of planted forests, promotion of sustainable integrated rural development in areas overlapping with Portucel's investments,[24] this Project also enhances the synergies between IBRD and IFC. IFC also has a US$ 2 million project under the Forest Investment Program supporting its landmark investment, focused on promoting more sustainable livelihoods through Eucalyptus outgrowing, and generating improvements in the community management of remaining agricultural and forest areas within the area granted by the Government for Portucel's investment.

25. Moreover, this Project will play an important role in integrating the World Bank's Natural Resources Management portfolio in Mozambique by strengthening the link between sustainable integrated rural development and REDD+. The Bank is supporting Mozambique's REDD+ program through a three-phase strategic process of integrating financing from multiple sources for: (1) readiness preparation; (2) investment; and (3) performance-based payments. Readiness is being achieved with support from the FCPF Readiness Fund. Investment will require the integration of different financing vehicles, including the ongoing IDA/GEF MozBio project, the IDA Agriculture and Natural Resources Landscape Management project (under preparation), and the present project, which will channel funds from both the FIP and the Multi-Donor Trust Fund. Mozambique is also preparing an Emissions Reduction Program for the Zambezia Forest Landscapes Project, which has been accepted into the pipeline potentially to receive payments from the FCPF Carbon Fund. This FIP-financed project will enhance and complement this package of investments and contribute to improving the enabling conditions, the technical and institutional capacities, and the practical learning from pilot implementation that are needed to promote more sustainable management practices. In addition, the Project would be linked to the Dedicated Grant Mechanism (DGM) for Local Communities –a special window under the FIP to provide capacity support and grants to local communities. For further information on the FIP Investment Plan, refer to Annex 1.

[24] IFC's investment and advisory support to Portucel, a leading pulp and paper producer, to establish eucalyptus plantations in Zambezia and Manica provinces, is intended to set a US$3 billion investment program on a sustainable course. The investment is aiming to reach 130,000 rural poor and improve food security for 24,000 households, while developing 270,000 ha of sustainable eucalyptus plantations and sequestering 7.5 million tons of CO2 per year.

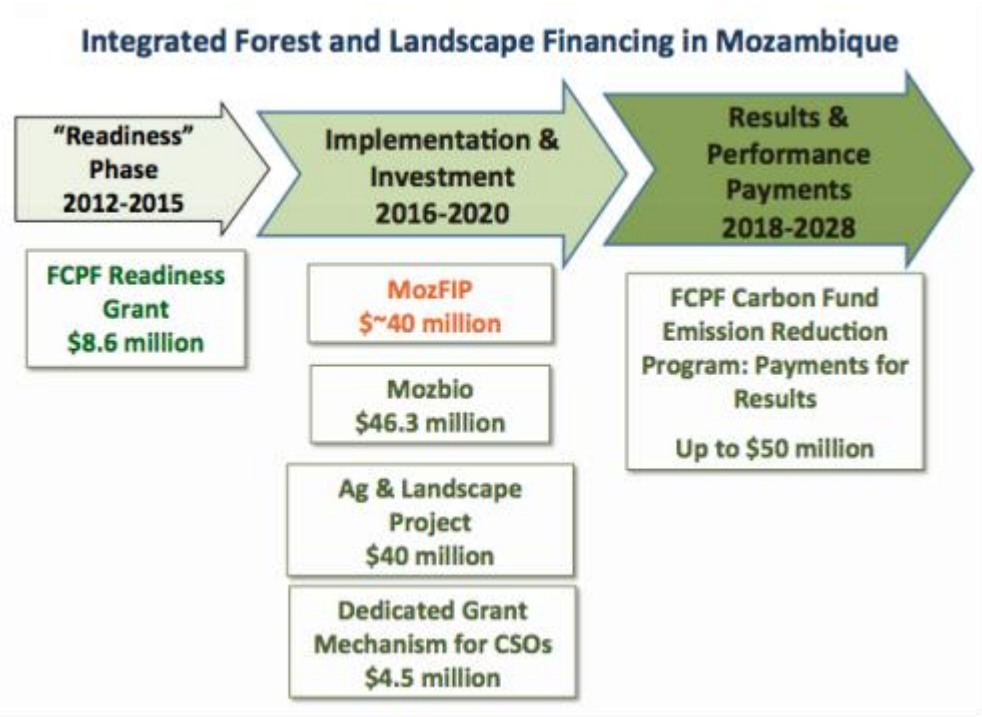


Figure 2. Integration of financing sources in forests and landscapes in Mozambique.

C. Proposed Development Objective(s)

The Project Development Objective is to improve the enabling environment for sustainable forest management and investments in Mozambique, and to promote sustainable forest and land management practices in targeted landscapes.

Key Results (From PCN)

26. The key results indicators are:

(i) People in targeted forest landscapes with increased monetary or non-monetary benefits from forests (disaggregated by gender); [Core]
(ii)Improved forest governance (measured through a survey under preparation);
(iii)Land area where sustainable landscape management practices were adopted as a result of project [Core]; and
(iv)Number of landholders adopting improved forest management and climate-smart agriculture practices in the project area (disaggregated by gender) [Core]

D. Concept Description

27. **The Project is designed as an IPF**, with financing from the IDA (*to be confirmed*), the Forest Investment Program (FIP), and from the Integrated Landscape and Forests Management Multi-Donor Trust Fund (MDTF).

28. **Mozambique was selected to receive financing through the Forest Investment Program.** In a new round of financing in 2015, based on a successful Expression of Interest, Mozambique was selected to develop a FIP Investment Plan. With the approval of the plan by the FIP Sub-Committee, Mozambique will be able to access US$ 24 million for investment. Mozambique has asked the World Bank to serve as lead MDB in this process, coordinating with AFDB and IFC. Mozambique will submit its Investment Plan to the FIP Sub-Committee for approval in July of 2016. Mozambique has also received $4.5 million for the Dedicated Grant Mechanism for Local Communities (DGM), which will support civil society initiatives and its involvement in the FIP.

29. **The Integrated Landscape and Forests Management MDTF will provide co-financing.** The MDTF is currently being set up to support integrated landscape and forest managements in Mozambique, including to this Project. Already, two development partners have expressed interest in providing financial support to the MDTF, including Sweden (US$ 12 million) and the European Union (tbc). The MDTF will support the GoM's strategic efforts to promote integrated landscape management, reduce deforestation and improve rural livelihoods, while also providing the opportunity to mobilize resources from other development partners.

30. **The Project has been informed by and designed based on several pieces of completed and ongoing analytical work in the country.** This includes studies done for the REDD+ Readiness process at the national and provincial (Zambezia and Cabo Delgado) levels, such as on drivers of deforestation, legal and institutional arrangements, safeguards, and the market potential for key agricultural value chains. Other studies that provided a rigorous, analytical basis for Project design include an NLTA on the business climate for planted forests and a series of policy notes on forest law enforcement, forest and environment information systems, and a national fund for sustainable development.

1. Description: Project Approach

31. The proposed Mozambique Forest Investment Project (MozFIP) is major part of Mozambique's overarching Forest Investment Plan (see Annex 1). Guided by the National REDD+ Strategy and the Government strategies mentioned above, the Forest Investment Plan represents the Government's ambition for transformational change to address the drivers of deforestation and achieve sustainable rural development. Mozambique's Forest Investment Plan is envisioned to be a large-scale, modular framework for implementing the National REDD+ strategy across the country, including ambitious reforms in the forest sector. The Investment Plan includes three projects: i) this Project, MozFIP, to be implemented with World Bank; ii) the second project, Emissions Reductions in the Forest Sector through Planted Forests, will be implemented with IFC and the private sector;[25] and iii) the Dedicated Grant Mechanism for Local Communities (DGM).

32. MozFIP is built on two levels of activity: (i) A national level focusing on policy and legal reforms, governance and strengthening of capacity that will create the enabling conditions for transformative change in the forest sector; and (ii) a sub-national level focusing on the implementation of activities on the ground in two landscapes and sectors. Interventions at these two levels form an integrated, national and sub-national, approach, creating conditions at the national level that allow activities on the ground in the two landscapes to generate results successfully. MozFIP is based on an integrated landscape management approach, which recognizes that forest and natural resource

[25] The second project, Emissions Reductions in the Forest Sector through Planted Forests with Major Investors, is managed by IFC. The IFC project is focused on leveraging the private sector to support community forest management and outgrower schemes around planted forests. See Annex 1.

management, agriculture development, and energy use are inextricably linked, both institutionally and at the local technical level, and that interventions need to be made at scale to have an impact on rural poverty and natural resources sustainability. The proposed operation would work across sectors (agriculture, forestry and biomass energy) to contribute to rural development and to reduced deforestation. The Project would address the most significant drivers of deforestation and degradation in targeted landscapes.

33. At the national level, a holistic effort to strengthen forest governance will tackle the critical problem of illegal logging that has plagued the forest sector and trigger a longer-term shift in the focus of the sector from resource exploitation towards sustainable management and adding value to the domestic timber sector. Policy reforms and improved practices should also have a positive and sustainable effect on people's lives and land uses and their economic opportunities. Clearer rules and incentives, embedded in guidance documents and training, will transform the working norms within the responsible management institutions and among the resource users on the ground. These reforms should also provide an effective platform for attracting investment into the sector, which should again contribute to the positive dynamic of creating more economic opportunities with less resource degradation.

34. At the sub-national level, the Project will contribute to improving rural livelihoods in two targeted landscapes by working with agriculture, biomass energy, and forest management. The Project aims to address the main drivers of deforestation and degradation (which comes from unsustainable agriculture) while generating rural development benefits by combining land-based economic activities with the management and conservation of natural resources. For farmers and communities, improved agriculture practices, including climate smart approaches, and other agroforestry management practices will help to improve yields and boost incomes, as well as resilience. Engaging the private sector and improving the enabling conditions will also help to strengthen forest-based and agriculture value chains and stimulate investment in sustainable forest management. This will help to generate local employment opportunities in planting, maintenance, seedling production, service delivery and out-grower arrangements. Consultations, communication and participatory land-use planning with communities will also contribute to more local ownership and responsibility for natural resource management and will increase communities' ability to capture and share locally generated benefits from natural resources. At the community level there is strong potential for coordination with the DGM activities and these links will be developed during implementation.

35. The sub-national component will be implemented in two priority landscapes selected by the GoM: the Zambezia Integrated Landscape, composing 7 districts in the Province of Zambezia, and the Cabo Delgado Landscape, composed of 7 districts in the province of Cabo Delgado.[26] The lessons from these landscapes will used to develop a landscape management model to be replicated in other parts of the country. The choice of a small number of districts within a substantial geographical area, grouped into two coherent landscapes, allows to apply the lessons learned in addressing deforestation and forest degradation, implementing the various thematic strategies defined during the elaboration of the REDD+ National Strategy, and testing the approaches at a manageable scale[27].

36. **Mozambique's forest investment approach recognizes the important need for private sector engagement, both small and large-scale enterprises.** MozFIP will be implemented by the Government and will work on improving the enabling conditions that allow both small and large companies (forest and agriculture companies, mainly) to integrate climate and forest considerations in their decision making processes. MozFIP will identify policies

[26] Districts in Zambézia include: Alto Molócue, Ile, Gilé, Pebane, Maganja da Costa, Mocubela and Mulevala. Districts in Cabo Delgado include: Macomia, Meluco, Quissanga, Montepuéz, Ancuabe, Metuge and Ibo Island.

[27] The selection of these two priority landscapes for investment was based on a set of principles that is being used by the GoM in selecting areas for testing REDD+, and will be used to extend landscape-based activities to other geographical areas when additional resources are mobilized. These principles for selection may be summarized as: large scale areas and emission reductions potential; existing technical and baseline information; existing institutional structures and partners; potential for transformational impact; opportunities for synergy, partnership and leverage; and active government participation.

and incentives that can help to improve governance and market access, and decrease barriers and incentives to catalyze the private sector's role in supplying goods and services that address the demand for reduced deforestation and improved landscape management practices. The IFC project under the FIP will directly work with larger scale firms on more specialized approaches to promote and enhance forest plantation enterprises in the country. IFC will work with large investors (Portucel), focusing on testing models of relationship between the company and community, such as through outgrower schemes.

2. Proposed project components

Component 1 – Enhancing Forest Sector Governance at the National Level

37. **Legal and Institutional Reform Support.** This will include activities to advance the legal and regulatory reforms being developed under the GoM's *Projecto Floresta em P*é. Activities would include (i) supporting the Government revising of the Forest Policy and Law through capacity building and analytical work and policy feasibility studies; (ii) public multi-stakeholders consultation; (iii) outreach events and dissemination of the new Policy and Law when completed.

38. **Strengthening Forest Governance.** This will include activities to strengthen institutions and systems for improving governance in the sector. The Project would support the following types of interventions:

- Reinforcing field monitoring and detection to improve compliance, such as providing training to inspection and control field staff, introducing ICT tools for communication and monitoring, improving communication systems, and inter-agency (i.e., Mozambique's National Agency for Environmental Quality Control (AQUA), the National Forest Directorate (DINAF) and Customs) information sharing channels needed to enhance controls at points of sale for timber;[28]

- Reviewing and strengthening forest information systems, concessions management systems and their integration with information systems across MITADER[29]. This could involve the migration to digital systems, implementing systems at the District or field level that are currently centralized, improving equipment and infrastructure, providing trainings to build technical capacity in data management, licensing processes and enhancing data sharing to the public.

39. **Promoting Sustainable Forest Management.** The Project would promote sustainable forest management by the domestic and international private sector through policies and regulations, certification, access to financing, technical assistance, and financing the linkage of smallholders to forest value chains. These activities would promote two sub-sectors: (1) sustainable management of natural forests; and (2) promotion of forest plantations. Activities would include:

(a)Reviewing and simplifying the administrative process for forest operators to obtain concessions for natural forests, designing administrative processes to facilitate the transition for verified legal operators from simple licenses to concessions, and developing strategies for the use of concessions revoked from non-compliant and illegal operators;

[28] The financing will categorically exclude support for activities that are prohibited by the Bank's policies and rules as outlined in "Legal Vice Presidency Annual Report FY 2013: The World Bank's Engagement in the Criminal Justice Sector and the Role of Lawyers in the "Solutions Bank"".

[29] Opportunities to be explored include SISFLOF and the Inter-Agency GIS database. The Forest and Wildlife management information system (Sistema de informação de Gestão de Florestas e Fauna Bravia, SISFLOF) has been under development since 2007. The information system is designed to store data on forest and wildlife licensing, inspection, enforcement and control contracts and elaborate reports. The Inter-Agency database is being implemented under the Spatial Development Program (SDP), and consists of a unit operating at Ministry of Transport and Communications (MTC), which gathers spatial data from all ministries, expected to be operational in early 2016.

(b)Supporting the development of national standards or certification standards for sustainable forest management, its dissemination and technical assistance for operators towards achieving the standards;
(c)Promoting Government-facilitated company-company dialogues to enable information exchange amongst planted forest companies, including on issues such as relations with local communities, forest technologies, among others.
(d)Identifying and implementing "Model Forest Concessions" as envisaged in *Projecto Floresta em Pé*, by supporting these companies adopt the best forest management practices, move towards forest certification, train local labor on forest management, facilitate market access to processed forest products;
(e)Training for forest operators in technical aspects for value addition to their products, such as processing techniques, value chains and market opportunities for niche products and use of lesser-known timber species. This can be done through the setting up of collaborative public-private partnerships of technological or joint processing centers. Technical support can also be provided for the development of forest concessions under some type of certification.
(f)Supporting the development of enterprises that have potential for income generation for rural populations through the production and extraction of NTFPs (such as fruit oils, art products, mushrooms and honey, particularly if certified as fair trade or organic).
(g)Establish a credit line for forestry firms (both natural forest management and planted forests).

Component 2 – Promoting Climate-Smart Agriculture, Sustainable Biomass Energy and Sustainable Forest Management in the targeted landscapes

40. **Activities would be implemented in the two targeted landscapes in the provinces of Zambezia and Cabo Delgado** (see maps in Annex 2) to address the most significant drivers of deforestation, while contributing to improving the livelihood of rural populations.

41. **Sub-component 2.1. Promotion of Climate-Smart Agriculture.** Smallholders would be supported to adopt climate-smart agriculture techniques, particularly conservation agriculture to increase their productivity and income, reduce the need for clearing new land and that would maximize environmental services and promote practices including agroforestry, restoration of landscapes, diversification to increase resilience to extreme climate events (including the quality of soil and the contribution to carbon sequestering potential). Activities would include:

(a)Provision of extension services on climate smart agriculture practices (agroforestry, inter-cropping, mulching, etc.) and woodlot establishment at the community and farm level, coupled with reinforcement of the capacity of government extension services, and link smallholders to medium and larger producers;

(b)Finance small infrastructure for market access, such as small dams and irrigation; and

(c)Matching grants for community-based enterprises and SMEs.

42. Sub-component 2.2. Sustainable Biomass Energy. This sub-component would promote the production, access to and use of sustainable energy and alternatives to charcoal. The Project would support:

On the demand side:

(a)Support and extend Mozambique's ongoing efforts to disseminate improved cookstoves in main urban centers (Quelimane and Pemba);
(b)Increase the efficiency of charcoal making through improved kilns;
(c)Adopt new energy technologies (such as natural gas or solar for cooking or biomass briquettes from forest waste); and
(d)Support SMEs in adopting these technologies through capacity building, marketing and access to finance.

On the supply side:

(e)Implement community woodlots and community projects for improved charcoal kilns for sustainable production; and

(f)To ensure coordination at the institutional level, support collaboration with the Provincial Directorate of Energy.

43. **Sub-component 2.3. Establishing New Multi-Purpose Forests**. These activities would support private sector companies and communities to plant new forests for different purposes (commercial, restoration of degraded land, biological corridors) in areas to be determined during project preparation. Activities would include:

(a)Assessment and spatial planning of restoration priorities, plantation areas and forest conservation areas, cost benefit assessment and capacity building;

(b) Establishment of a matching grant mechanism to promote smallholder / SME forest planting for different purposes (charcoal, poles, constructions wood, etc.);

(c)Promoting commercial links for outgrower communities to processing facilities, as well as local distribution networks for timber products and community forest nurseries;

(d)TA and financing towards restoration of priority degraded areas through different methods, including assisted natural regeneration, enrichment planting, intercropping of native and exotic species, among others;

(e)Support the convening of multi-stakeholder dialogues among planted forest companies, communities, government institutions and civil society organizations for improved relationships and increased transparency in negotiations, mediated through existing Provincial REDD+ Forums; and

(f)Supporting awareness building and training around fire management, including workshops on fire control techniques, the purchase of equipment, and educational materials.

44. Sub-component 2.4. Land Use Planning and Community Land Delimitation. Building on ongoing government-led work to systematically register community lands, the Project would support:

(a)Systematic community land delimitation in the targeted districts. This would include providing resources and technical assistance for the participatory micro-zoning of community areas through specialized service providers;

(b)Strengthening Natural Resources Management Committees' negotiation capacity with the private sector over land use rights with particular focus on how to engage with these companies and build win-win partnerships; and

(c)Implementing of "green development plans" in the districts, which aim to generate incentives for districts to achieve sustainable development targets. This would include financing the design, piloting and implementation of such a program, the specifics of which will be determined during project preparation.

Component 3 - Project Management, Monitoring, Safeguards Management, Inter-sectoral Coordination and Communications

45. This component would cover the costs of project management and oversight, including monitoring and evaluation, procurement, fiduciary management, safeguards application and management, and coordination with related forest and landscape initiatives of the GoM and development partners.

46. Project support would strengthen inter-sectoral communication and coordination within the Government. For example, collaboration with the Ministry of Transport and Communications could lead to integration of the system for forest and natural resource information into the unified, national database being prepared. Strengthened coordination will also be important to integrate new forest strategies into existing sectoral strategies and plans. For example, integrating conservation agriculture issues and learning into the national rural development strategy, or support for the National Biomass Strategy could be ways to leverage FIP resources to influence wider activities of the GoM.

47. **Communication, Consultations, and Outreach.** Communication, consultation and outreach at all levels of intervention will inform, prepare and involve stakeholders actively in all stages of the project. Communication and outreach activities would be important to disseminate information not only on the project, but also at the technical level during implementation, such as training materials to complement technical work and community engagement,

helping to improve field level outcomes. Activities would include development of content and appropriate dissemination methods to increase the supply and access to technical know-how in the target areas. Consultation is critical throughout the Project cycle, especially in the design and evaluation phases, and would include activities such as public dialogues, consultations and discussion forums from the national to the community level. As several activities of the Project involves encouraging communities to change behaviors and current livelihood practices, there is a need to use communication and training tools that are both carefully tailored and targeted to the various stakeholders, and that can be constantly improved and updated based on the project progress and reality on the ground. As such, the Project would support research such as consultations, surveys and studies to obtain feedback from target groups on their understanding of the proposed activities and to repackage the technical material as needed to ensure results in various areas. There is a strong potential that the DGM efforts will be helpful in this process and such linkages will be further explored as the DGM Project progresses. The proposed activities would be supported by the communication capacity provided by the MDTF.

SAFEGUARDS

A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project is built on two levels of activity: (i) a national level focusing on policy and legal reform; and (ii) a landscape level focusing on the implementation of activities on the ground. At the landscape level, the project will focus on two priority landscapes: the Zambezia Integrated Landscape, composing 7 districts in the Province of Zambezia, and the Cabo Delgado Landscape, composed of 7 districts in the province of Cabo Delgado.

B. Borrower's Institutional Capacity for Safeguard Policies

I. MITADER will lead the implementation of the proposed project. MITADER houses the national REDD technical unit (UT-REDD+), which is under the newly created International Financing Management Unit (UGFI). The UGFI, in turn, responds directly to the Minister. The day-to-day management of the FIP would be conducted by the UT-REDD+.

II. The National Directorate for Environmental Assessment (DNAB) at MITADER is responsible for development of policies, review environmental and social impacts studies and mitigation plans and issuing of environmental permits. Environmental and Social inspection and auditing is now being overseen by AQUA (National Agency for Environmental Quality) a statutory body under MITADER mandate. MITADER has long lasting proven experience and expertise in managing World Bank funded operations, particularly in climate change and natural resources management sectors. Overtime, the World Bank has been providing series of social and environmental safeguards training workshops that helped to improve both the perception of safeguards policies, as well as other crosscutting issues related to gender and vulnerable groups inclusion and way of adequately implementing them. Nonetheless, the ESMF and RPF to be adopted under FIP will specify supplemental training and capacity building needed to accompany MITADER and participating government agencies to adequately address safeguards recommendations. All participating government agencies will report to MITADER in all safeguards issues. During implementation of specific activities for which an ESMP or ESIA will be required as described in the ESMF, MITADER through UT-REDD will guide all participating agencies.

III. The UT-REDD+ has hired a Safeguards Specialist to oversee REDD activities, including those of MozFIP. This

specialist is working in close collaboration with another safeguards specialist at UGFI, in charge of other WB-financed operations (Agriculture and Natural Resources Landscape Management Project). These two specialists will be under overall guidance from the World Bank Safeguards Specialists. They will provide day-to-day supervision of the ESMF and RPF preparation and implementation and ensure that subsequent ESMP and RAP are fully addressed. Training workshops will be gradually organized for all actors involved in the implementation of social and environmental safeguards policies as well as gender and vulnerable groups inclusion at central, provincial, district and local levels.

C. Environmental and Social Safeguards Specialists on the Team

Alfredo Ricardo Zunguze, Paulo Jorge Temba Sithoe, Eden Gabriel Vieira Dava, Bruno Alcantara Cardoso

D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The Mozambique Forest Investment Project (MozFIP) is a Category B project owing to the anticipated potential negative environmental and social impacts, albeit minor, site specific and easily manageable. MozFIP proposed activities at local level aim at improving rural livelihoods in the targeted landscapes by promoting climate smart agriculture, biomass energy, and community forest management including land delimitation. These activities, particularly under component 2 will include financing small infrastructures, such as rural roads for market access and small dams for irrigation and may to lead to some adverse environmental and social impacts that would require due safeguards attention. The expected negative environmental and social impacts associated the aforementioned activities include soil erosion, soil disturbance, vegetation clearance and likely loss of water quality and quantity and loss of land and livelihoods. Consequently OP/BP 4.01 is triggered and basic principles and prerogatives need to be established and followed to comply with safeguards requirements. Since MozFIP activities will be complementary to the REDD+ strategy and operating in exactly same geographical area, MozFIP will adopt and update the same safeguards instruments (ESMF and RPF) that are being prepared and financed under Mozambique FPCP Readiness. A Strategic Environmental and Social Assessment (SESA) for REDD+ Readiness that is exploring possible social and environmental risks and impacts to ensure that relevant mitigation measures are captured in the

		ESMF and RPF preparation. The SESA has been prepared, consulted and ready for disclosure. Both the ESMF and RPF under preparation will be updated to include specific considerations for MozFIP activities. Both documents have been extensively consulted upon and will be disclosed both in-country and at Bank's InfoShop prior to appraisal. Likewise for each subproject a specific ESMPs will be prepared, consulted upon, and disclosed both in country and in the Bank's InfoShop. The ESMF will include procedures along with appropriate institutional arrangements for preparing, screening, reviewing, implementing and monitoring specific ESMPs to prevent adverse impacts as well as cumulative impacts.
Natural Habitats OP/BP 4.04	Yes	The application of this policy seeks to ensure that all activities to be financed under MozFIP take into account the conservation of biodiversity, as well as the numerous environmental services and products that natural habitats provide to human society. Overall, MozFIP activities are expected to have significant positive impacts on natural habitats, as the project will support legal and institution reform in order to tackle critical problem of illegal logging that has plagued the forest sector and trigger a longer-term shift in the focus of the sector from resource exploitation towards sustainable management and adding value to the domestic timber sector. Policy reforms and improved practices should also have a positive and sustainable effect on people's lives and land uses and their economic opportunities. Nevertheless, the project will contribute to improving rural livelihoods by working with agriculture, biomass energy, and community forest management, which may lead to adverse environmental impacts. The ESMF being prepared under for FCPF Readiness will include provisions for mitigation of impacts on natural habitats (forest) approaches, thus providing general guidance procedures to address OP/BP 4.04. Therefore both ESMF/ESMP will include specific considerations for MozFIP activities.
Forests OP/BP 4.36	Yes	Overall, MozFIP activities are expected to have significant positive impacts on forests in the targeted areas (landscapes), in that the main goal of the project is to improve forest and land management practices and strengthen institutional framework for

		sustainable forest management. The ESMF prepared under the FPCP Readiness program to address basic OP/BP 4.36 requirements. Potential adverse impacts of MozFIP interventions on natural forests will be assessed and results used to update the ESMF and any subsequent ESMP once specific activities to be financed are known.
Pest Management OP 4.09	TBD	This policy could be triggered depending on the final scope of the Forest Investment Project since the project will promote conservation agriculture (CA) and reforestation activities (such as developing community forest nurseries. The ESMF will include pest management approaches, thus providing general guidance procedures to address OP/BP 4.09 and promote the use of pest management methods.
Physical Cultural Resources OP/BP 4.11	TBD	This policy could be triggered if FIP 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.). The SESA of the REDD+ Strategy identified internationally important sites such as Manykeni – Chibune; and Vumba Mountain Range; natural site of Ponta de Ouro Protected Marine Area; cultural and natural site of Quirimbas Archipelago. However, these are not sites expected for project interventions. In addition to these internationally important sites, Mozambique has several sites that are important to local communities, including sacred sites. Consultation with local authorities and communities will be required to identify these sites prior to project implementation and determine the corresponding need to trigger this policy.
Indigenous Peoples OP/BP 4.10	No	The policy is not triggered because there are no such populations/communities that correspond to the definition of Indigenous Peoples as described per the policy in Mozambique.
Involuntary Resettlement OP/BP 4.12	Yes	MozFIP 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. The livelihood restoration of people

		affected by the Project might have to be ensured at equal or better level, taking into account land tenure, community assets access and/or replacement. 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	Yes	The project will support Smallholders to adopt climate-smart agriculture techniques, particularly conservation agriculture to increase their productivity and income, reduce the need for clearing new land. Related activities would include small dams and irrigation infrastructures. Since detailed project activities are unknown at this stage of project preparation and also considering the fact that agriculture to be promoted is summed up to adoption of agriculture practices such as agroforestry, inter-cropping, mulching, etc. OP/BP4.37 is preemptively triggered to set forth generic safety measures to be followed upon by qualified engineers during the small dam design and construction as to comply with basic Safety of Dams policy requirements. Those measures will be included in the ESMF/ESMP and will be bidding to the contractors' contract.
Projects on International Waterways OP/BP 7.50	No	Project proposed interventions are not expected to involve large scale irrigation activities that would adversely affect the quality or quantity of water flow within shared waterways. The project will promote conservation agriculture to address the main drivers of deforestation and degradation which comes from unsustainable agriculture. However, the location, scale and complexity of agricultural intervention are not well known at this stage of project preparation phase. Further assessments needs to be conducted to clarify the need to trigger the policy.
Projects in Disputed Areas OP/BP 7.60	No	This policy is not triggered. The area in which the Forest Investment Project will be implemented is not known to include any disputed areas.

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Sep 30, 2016

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

The ESMF and RPF are expected to be prepared by May 2016, then reviewed by the Bank and disclosed both in-country and at the InfoShop prior to appraisal.

CONTACT POINT

World Bank

Andre Rodrigues de Aquino, Werner L. Kornexl
Sr Natural Resources Mgmt. Spec.

Borrower/Client/Recipient

Ministry of Economy and Finance

Implementing Agencies

Ministry of Land, Environment and Rural Development
Momade Nemane
FIP Focal Point
momadenemane@gmail.com

FOR MORE INFORMATION CONTACT

The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: http://www.worldbank.org/infoshop

APPROVAL

Task Team Leader(s):	Andre Rodrigues de Aquino, Werner L. Kornexl

Approved By

Safeguards Advisor:	Johanna van Tilburg	04-May-2016
Practice Manager/Manager:	Sanjay Srivastava	27-May-2016
Country Director:	Mark R. Lundell	08-Sep-2016

Annex 1. Mozambique's FIP Framework and Investment Plan

1. Mozambique's Forest Investment Plan, recognizing the long term nature of sustainable forest management and emission reduction efforts, has been designed as a large-scale, modular framework for investment that goes beyond the initial allocation available from the FIP (demonstrated in Figure 2 below). The initial modules are comprised of the FIP projects managed by the World Bank and IFC, using currently available FIP resources, co-financing from the Multi-Donor Trust Fund and GoM financing for policy reform and to implement activities in the landscapes. Future modules, with potential additional financing sources, will build on positive policy reform and successes in on-the-ground interventions to disseminate and replicate efforts to new landscapes, or to deepen and sustain existing landscape activities in Zambezia and Cabo Delgado. While significant resources have already been dedicated to the Investment Plan, to implement it fully across the entire country would require additional resources of well over 500 million USD. The GoM therefore seeks to identify additional sources of financing moving forward, using the Investment Plan as a guide to attract future funding. Initial discussions with other partners have already determined interest.

1. The FIP Investment Plan in Mozambique represents the country's level of need and the GoM's level of ambition to implement the national REDD+ strategy across the country, including ambitious reforms in the forest sector. It will prioritize investment needs, which could be provided by potential development partners and other sources of climate finance, including the Green Climate Fund and bilateral donors. In line with this approach, the Investment Plan acknowledges existing partner-financed efforts and identifies opportunities for collaboration and synergies during implementation.

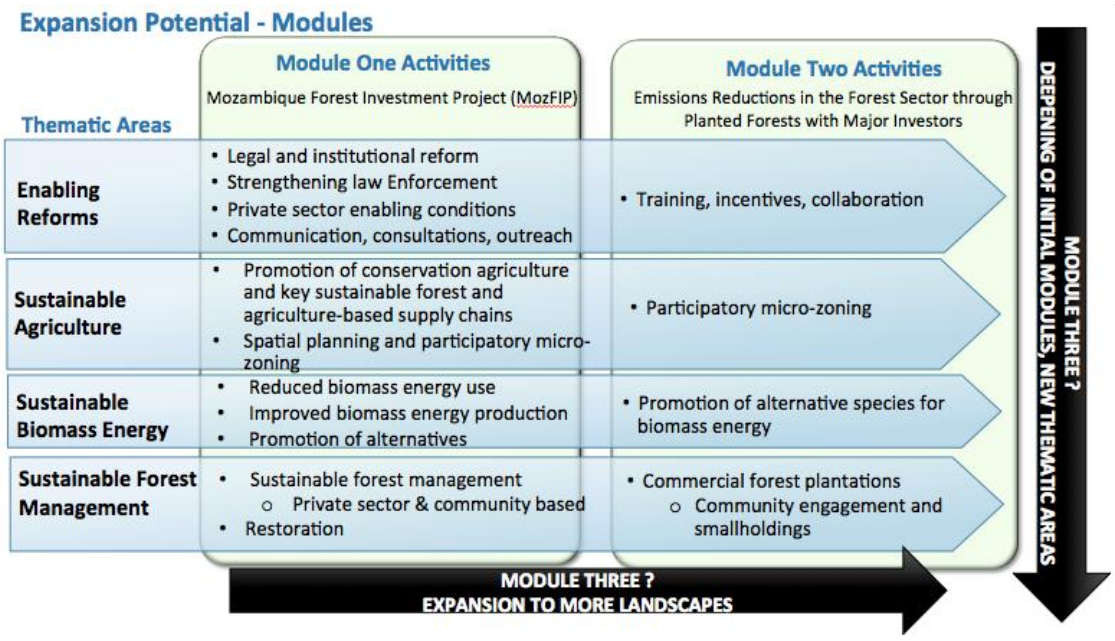


Figure 3 –Modular framework of the Investment Plan.Source: Mozambique FIP Investment Plan

1. The first project of the FIP IP is *Mozambique Forest Investment Project*, managed by the World Bank. The second project, *Emissions Reductions in the Forest Sector through Planted Forests with Major Investors*, will be managed by the IFC. The IFC project is focused on leveraging the private sector to support community forest management around planted forests, and will be implemented by the IFC in coordination with the private sector. The project will support forestry companies, SMEs and smallholder farmers to transform degraded landscapes into highly productive mosaics of forestry blocks, out-grower tree production, houses, agricultural fields and well managed natural forests. The expected benefits are improved food security, increased agricultural income and the creation of employment for communities living within the landscape, thereby enabling the sequestration of carbon across the landscape.

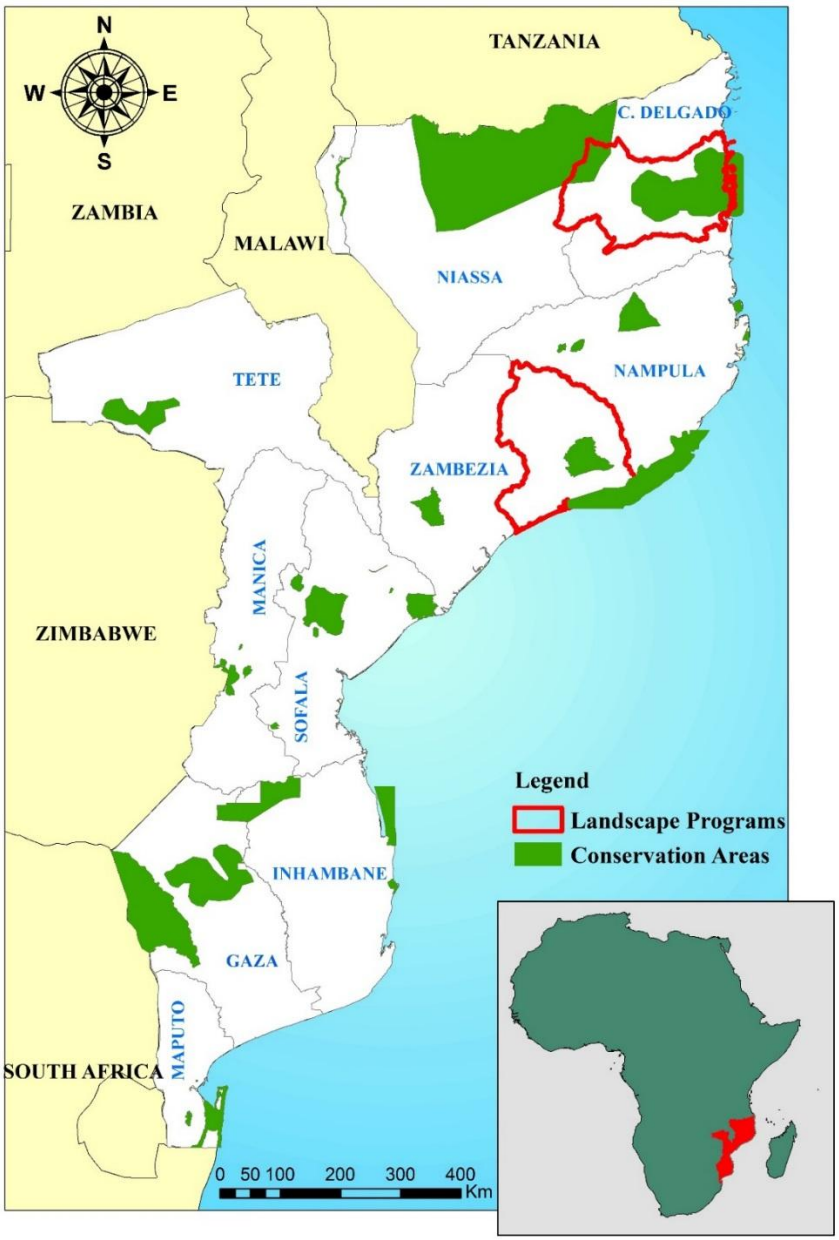
Forest Investment Plan

1. Mozambique's Forest Investment Plan preparation is well advanced and designed to address deforestation drivers and achieving livelihoods and biodiversity benefits. The process for the preparation of Mozambique's FIP IP began in July 2015 and is underway by the GoM. The IP will be submitted to the FIP Sub-Committee in July 2016.

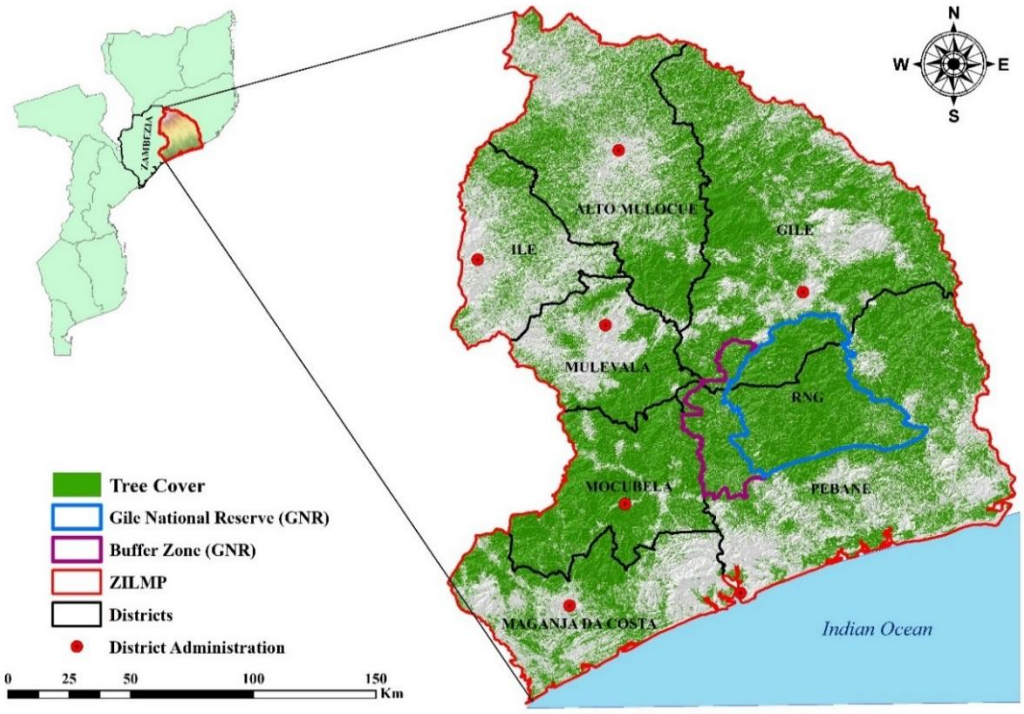
1. The design of the plan has been guided primarily by the National REDD+ Strategy, and other national strategies on integrated sustainable rural development, agriculture, forests and biomass energy. The IP is also informed by a series of analytical work conducted by international and national institutions, including those produced as part of the REDD+ Readiness process. These studies include but are not limited to: deforestation drivers; institutional arrangements; safeguards; forest and land information systems; sustainable forest product value chains; forest sector law enforcement; and the business climate for planted forests in Mozambique. Preparation of the Investment Plan has been a multi-stakeholder and participatory process, involving a variety of stakeholders in Mozambique, including governments, civil society, the private sector and development partners from the national

to the community level. A series of public consultations for the FIP have been conducted in conjunction with those for the National REDD+ Strategy throughout the preparation process.

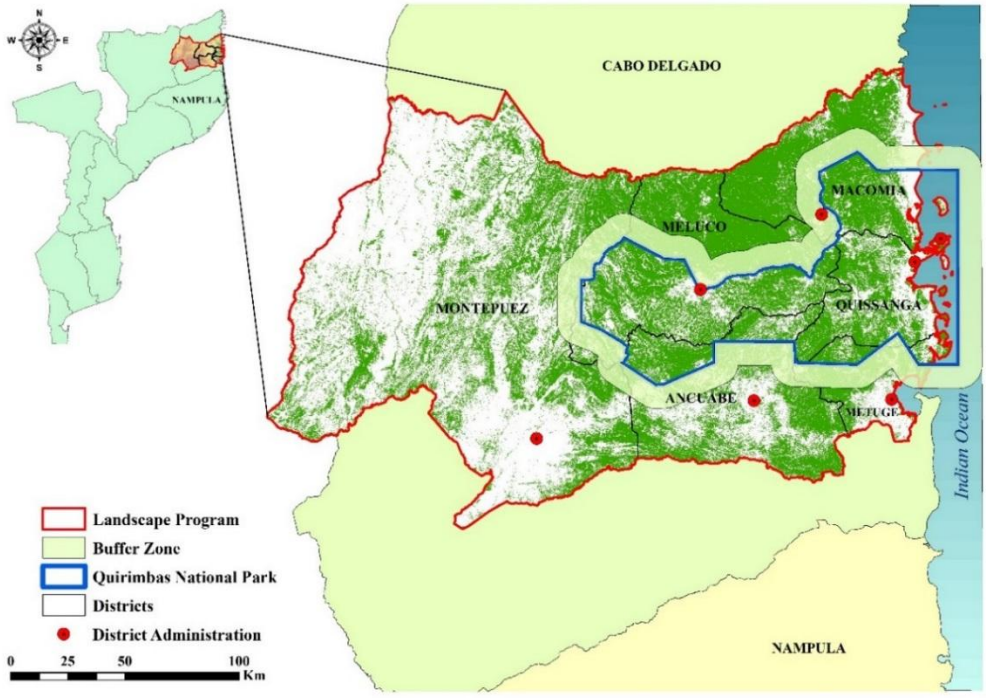
Annex 2: Maps of the FIP Target Areas



Map 1. The landscapes in Zambezia and Cabo Delgado provinces.



Map 2. 7 districts in the Zambezia Landscape



Map 3. 7 districts in the Cabo Delgado Landscape