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Report No: PP2391

PROJECT PAPER

ON A

PROPOSED GRANT

IN THE AMOUNT OF US\$4.50 MILLION

FROM THE STRATEGIC CLIMATE FUND

TO

WWF - WORLD WIDE FUND FOR NATURE

FOR A

MOZAMBIQUE DEDICATED GRANT MECHANISM FOR LOCAL COMMUNITIES  
PROJECT

November 10, 2017

Environment & Natural Resources Global Practice  
Africa Region

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CURRENCY EQUIVALENTS  
(Exchange Rate Effective November 3, 2017)

Currency Unit = Mozambique New Meticaís

US\$1 = MZN 60.70

US\$1 = SDR 0.71

FISCAL YEAR  
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AWPB	Annual Work Plan and Budget
CA	Community Agenda
CBNRM	Community-Based Natural Resources Management
CBOs	Community-Based Organizations
CCCs	Community Consultative Councils
CCF	Community Capacity Framework
CDAP	Community Development Action Plan
CGRN	Natural Resources Management Committee ( <i>Comité de Gestão de Recursos Naturais</i> )
CINRM	Community-Investor Natural Resource Management
CLUPs	Community Land Use Plans
CPF	Country Partnership Framework
CQ	Consultant Qualifications
CSOs	Civil Society Organizations
CTV	Centro Terra Viva
DCCs	District Consultative Councils
DINAF	National Forest Directorate ( <i>Direcção Nacional de Florestas</i> )
DNDR	National Rural Development Directorate ( <i>Direcção Nacional de Desenvolvimento Rural</i> )
ERP	Enterprise Resource Planning
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
FB	Fixed Budget
FIP	Forest Investment Program
FM	Financial Management
FMR	Financial Management Reports
FNDS	National Sustainable Development Fund ( <i>Fundo Nacional de Desenvolvimento Sustentável</i> )
FY	Financial Year
GDP	Gross Domestic Product
GEA	Global Executing Agency
GoM	Government of Mozambique
GRM	Grievance and Redress Mechanism
GRS	Grievance Redress Service

GSC	Global Steering Committee
IFR	Interim Financial Report
ILM	Integrated Landscape Management
ISA	International Standards of Audit
LCs	Local Communities
LCS	Least-Cost Selection
M&E	Monitoring & Evaluation
MITADER	Ministry of Land, Environment and Rural Development ( <i>Ministerio da Terra, Ambiente e Desenvolvimento Rural</i> )
MozBio	Conservation Areas for Biodiversity and Development Project
MozDGM	Mozambique Dedicated Grant Mechanism for Local Communities
MozFIP	Mozambique Forest Investment Project
MSLF	Multi-Stakeholder Landscape Forum
NCB	National Competitive Bidding
NEA	National Executing Agency
NRM	Natural Resource Management
NSC	National Steering Committee
NTFPs	Non-Timber Forest Products
PF	Process Framework
PIM	Project Implementation Manual
PNDS	National Sustainable Development Program ( <i>Programa Nacional de Desenvolvimento Sustentável</i> )
PPSD	Project Procurement Strategy for Development
PQG	Five-Year Government Plan ( <i>Plano Quinquenal do Governo</i> )
QBS	Quality Based Selection
QCBS	Quality and Cost Based Selection
REDD+	Reducing Emissions from Deforestation and Forest Degradation
SAP	Strategic Action Plan
SC	Social Capital
SDGs	Sustainable Development Goals
SPP	Social Preparation Process
SSS	Single Source Selection
STEP	Systematic Tracking of Exchanges in Procurement
tCO <sub>2</sub>	Metric Tons of Carbon Dioxide Equivalent
WB	World Bank
WBG	World Bank Group
WWF	World Wide Fund for Nature

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Task Team Leader:	Andre Rodrigues de Aquino



**MOZAMBIQUE**  
**Dedicated Grant Mechanism for Local Communities**

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# DATA SHEET

*Mozambique*

Dedicated Grant Mechanism for Local Communities (P161241)

## Project Paper

*AFRICA*

*Environment and Natural Resources Global Practice*

Report No.:PP2391

Basic Information			
Project ID P161241	EA Category B - Partial Assessment	Team Leader(s) Andre Rodrigues de Aquino	
Financing Instrument Investment Project Financing	Fragile and/or Capacity Constraints [   ]		
	Financial Intermediaries [   ]		
	Series of Projects [   ]		
Project Implementation Start Date 05-Dec-2017	Project Implementation End Date 28-Feb-2023		
Expected Effectiveness Date 05-Mar-2018	Expected Closing Date 28-Feb-2023		
Joint IFC No			
Practice Manager/Manager Magda Lovei	Senior Global Practice Director Karin Erika Kemper	Country Director Mark R. Lundell	Regional Vice President Makhtar Diop
Approval Authority			
Approval Authority Board Approval/AOB			
Borrower: WWF - World Wide Fund for Nature			
Responsible Agency: WWF - World Wide Fund for Nature			
Contact: Rito Mabunda	Title: Program Manager		
Telephone No.: 258840218926	Email: ritomabunda@wwf.panda.org		
Project Financing Data(in US\$ Million)			
Total Project Cost:	4.50	Total Bank Financing:	0.00

Financing Gap:	0.00						
<b>Financing Source</b>		<b>Amount</b>					
Strategic Climate Fund Grant		4.50					
Total		4.50					
<b>Expected Disbursements (in US\$ Million)</b>							
Fiscal Year	2018	2019	2020	2021	2022	2023	
Annual	0.01	0.59	1.00	1.00	1.00	0.90	
Cumulative	0.01	0.60	1.60	2.60	3.60	4.50	
<b>Institutional Data</b>							
<b>Practice Area (Lead)</b>							
Environment & Natural Resources							
<b>Contributing Practice Areas</b>							
Agriculture							
<b>Proposed Development Objective(s)</b>							
To strengthen the capacity of target communities and community-based organizations to participate in integrated landscape management							
<b>Components</b>							
<b>Component Name</b>				<b>Cost (US\$ Millions)</b>			
Component 1: Increasing Community and Community-Based Organizations' Participation in Integrated Landscape				1.40			
Component 2: Strengthening Capacity for Community-Based				2.47			
Component 3: Project Management, Monitoring and				0.63			
<b>Compliance</b>							
<b>Policy</b>							
Does the project depart from the CAS in content or in other significant respects?				Yes [ ] No [ X ]			
Does the project require any waivers of Bank policies?				Yes [ ] No [ X ]			
Have these been approved by Bank management?				Yes [ ] No [ ]			
Does the project meet the Regional criteria for readiness for implementation?				Yes [ X ] No [ ]			
<b>Safeguard Policies Triggered by the Project</b>				<b>Yes</b>		<b>No</b>	
Environmental Assessment OP/BP 4.01				<b>X</b>			
Natural Habitats OP/BP 4.04				<b>X</b>			



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
<b>Legal Covenants</b>			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Grievance Redress Mechanism		04-May-2018	
<b>Description of Covenant</b>			
The Recipient shall, not later than sixty (60) days after the Effective Date, develop, in form and substance satisfactory to the World Bank, and thereafter maintain throughout the implementation of the Project, a grievance redress mechanism. (Schedule 2, Section I, E.)			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Independent Auditor		01-Jun-2018	
<b>Description of Covenant</b>			
The Recipient shall, not later than ninety (90) days from the Effective Date, appoint an independent auditor under terms and conditions acceptable to the World Bank (Schedule 2, Section V).			
<b>Conditions</b>			
<b>Source Of Fund</b>	<b>Name</b>	<b>Type</b>	
CSCF	Grant Agreement	Effectiveness	
<b>Description of Condition</b>			
The execution and delivery of the Grant Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary corporate action. (Article V, 5.01a)			
<b>Source Of Fund</b>	<b>Name</b>	<b>Type</b>	
CSCF	Project Implementation Manual	Effectiveness	
<b>Description of Condition</b>			
The Recipient has adopted the Project Implementation Manual in a manner satisfactory to the World Bank. (Article V, 5.01b)			
<b>Source Of Fund</b>	<b>Name</b>	<b>Type</b>	
CSCF	NSC by-laws and operational procedures	Effectiveness	
<b>Description of Condition</b>			
NSC has approved by-laws and operational procedures regulating the activity and decision-making process of NSC. (Article V, 5.01c)			
<b>Source Of Fund</b>	<b>Name</b>	<b>Type</b>	
CSCF	Opinion	Effectiveness	

<b>Description of Condition</b>				
There shall be furnished to the World Bank an opinion satisfactory to the World Bank of counsel acceptable to the World Bank or a certificate satisfactory to the World Bank of a competent official of the Recipient, showing that the Grant Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon the Recipient in accordance with its terms				
<b>Source Of Fund</b>	<b>Name</b>			<b>Type</b>
CSCF	Refinancing			Disbursement
<b>Description of Condition</b>				
No withdrawal shall be made for payments made prior to the date of this Agreement except that withdrawals up to an aggregate amount not to exceed: (a) three hundred eighty seven thousand US\$ for Eligible Expenditures under Category 1; (b) sixty three thousand US\$ for Eligible Expenditures under Category 2 may be made for payments made prior to this date but on or after September 1, 2017.				
<b>Team Composition</b>				
<b>Bank Staff</b>				
<b>Name</b>	<b>Role</b>	<b>Title</b>	<b>Specialization</b>	<b>Unit</b>
Andre Rodrigues de Aquino	Team Leader (ADM)	Sr Natural Resources Mgmt. Spec.		GEN01
Amos Martinho Malate	Procurement Specialist (ADM)	Procurement Specialist		GGO07
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Alberto Coelho Gomes Costa	Team Member	Senior Social Developme		GSU04
Amelia Jose Cumbi	Team Member	Program Assistant		AFCS2
Angela Maria Lopes	Counsel	Senior Counsel		LEGEN
Arnela Da Celma Constantino	Team Member	Consultant		GEN01
Aurore	Team Member	Program Assistant		GEN01
Bruno Alberto	Environmental	Consultant	Safeguard Specialist	GEN01
Carmen Lahoz Rallo	Social Safeguards Specialist	Consultant	Safeguard Specialist	GSU07
Celine Lim Jialing	Team Member	Consultant		GEN01
Davi Cordeiro	Team Member	Consultant		GEN01
Dionisio Augusto Nombora	Team Member	Public Sector Specialist		GGO13

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Robert Mwehe	Team Member	Consultant			GEN01
<b>Extended Team</b>					
<b>Name</b>	<b>Title</b>	<b>Office Phone</b>		<b>Location</b>	
<b>Locations</b>					
<b>Country</b>	<b>First Administrative</b>	<b>Location</b>	<b>Planned</b>	<b>Actual</b>	<b>Comments</b>
Mozambique	Zambézia	Zambézia Province	<b>X</b>	<b>X</b>	
Mozambique	Cabo Delgado	Cabo Delgado Province	<b>X</b>	<b>X</b>	



## I. STRATEGIC CONTEXT

### A. Country Context

1. **Mozambique's economy has experienced some of the world's fastest growth rates since the end of its civil war in 1992**- an average rate of 7.9 percent per year from 1993-2013 largely driven by foreign investments in capital-intensive megaprojects focused on natural resources. Despite this growth, Mozambique remains extremely poor and has a high level of inequality. The rapid growth of the country did not generate significant gains in poverty reduction, employment or household income. Per capita income in 2014 was US\$586, approximately one-third of the sub-Saharan African average, and the country ranked 178 (out of 187 countries) in its Human Development Index. Poverty has fallen only slightly from 53 percent in 2002 to 46 percent in 2014. Though the poverty rate has fallen, the absolute number of poor people has remained relatively constant in the country (about 11.8 million people).

2. **The majority of poor people reside in the rural zones of the Northern and Central regions and their livelihood relies heavily on the management of Mozambique's substantial natural capital.** In these regions, rural people face high levels of individual and household vulnerability. Large differences in poverty and well-being remain and inequality and spatial differences have indeed increased. The gap between rural and urban areas remains large and persistent. Living conditions across almost all welfare dimensions are much worse in Central and Northern regions than those in the South, with Nampula and Zambézia having some of the highest poverty rates in the country, 64.8 percent and 61.8 percent respectively, against a national rate of 48.4 percent.<sup>1</sup> Forests, wildlife and agriculture contribute significantly to the livelihoods of rural communities. Agriculture is the largest sector in the Mozambican economy and contributes more than 25 percent to Gross Domestic Product (GDP). Wood and charcoal are critical to household energy needs, with more than 70 percent of the population depending on them for cooking. Non-Timber Forest Products (NTFPs) serve nutritional and medicinal needs and have income-generation potential.

3. **Ensuring the sustainability and resilience of the natural resource base is critical for sustainable development and poverty alleviation, but this base is being rapidly depleted.** Deforestation rates in Mozambique are high. Around 140,000 hectares of natural forests are lost every year mainly due to smallholder agriculture expansion (67 percent of total deforestation), followed by unsustainable commercial timber exploration (logging) and extraction of wood as biomass energy (fuelwood and charcoal). Chronically weak governance and inadequate law enforcement plague the forest sector and wildlife management.<sup>2</sup> Compliance with key forest management environmental and social standards remains low among forest operators and the government's capacity to enforce the law is limited. The forest licensing system is outdated and cumbersome; basic information on the sector is not publicly available; and low technical capacity of the private sector hinders sustainable forest management and wood value addition. Finally, the country is committed to the promotion of commercial agriculture, which, if not correctly planned, could significantly increase forest loss.

### B. Sectoral and Institutional Context

4. **Mozambique has progressive legislation for participatory planning and management of land rights and uses, forests and wildlife, and environmental issues.** The 1997 Policy and Strategy

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<sup>1</sup> From 1996 to 2014, the Gini index increased from 0.40 up to 0.47, but poverty declined 23.6 percent in the country. In 2015, 48.4 percent of the country's population lived in poverty. Poverty rates equaled 37.4 percent in urban areas and 50.1 percent in rural areas. The Alkire-Foster multidimensional poverty index equaled 14 percent among people living in urban areas and 59 percent among people living in rural areas. [*Poverty and Well-Being in Mozambique: Fourth National Poverty Assessment (IOF 2014/15)* – Mozambique's Economics and Finance/Directorate of Economic and Financial Studies.]

<sup>2</sup> A recent forest governance assessment [MITADER, *Evaluation of Forest Timber Operators – Preliminary Report (2016)*] identified the following challenges: widespread illegality, lack of transparency, incompliance with sustainable forest management rules, low institutional capacity, limited trust among stakeholders (government, local communities, private sector), and limited benefit sharing with local communities. Forgone tax revenues due to illegal trade and unreported wood exports were estimated at US\$540 million between 2003 and 2013.

for the Development of Forests and Wildlife stipulated the devolution of resources to local communities<sup>3</sup> on the assumption that clarity about the rights over the use of natural resources would stimulate their sustainable management and create opportunities for income generation. The 1999 Law on Forests and Wildlife incorporates the principle that the state should share revenues<sup>4</sup> derived from the use of resources in community areas, and those adjacent, through taxes and fees with the respective communities. The process for channeling these resources was established three years later, and mandated that local communities should be represented by a “management committee”, which later came to be known as the Natural Resources Management Committee (*Comité de Gestão de Recursos Naturais* – CGRN). The CGRNs have progressively taken on more expanded mandates related to the management of land and natural resources at the community-level.<sup>5</sup> However, the decentralized governance and institutional arrangements required for effective Community-Based Natural Resources Management (CBNRM) are often deficient in representativeness, social accountability and organizational management.

**5. Mozambique has been implementing a Reducing Emissions from Deforestation and Forest Degradation (REDD+) Program.** The National REDD+ Strategy informs the government’s approaches to confronting key drivers of deforestation and addressing institutional and capacity gaps. The Strategy sets out an ambitious goal to reduce deforestation by 40 percent and restore 1 million hectares of forests by 2030. The Strategy has six pillars: i) improvement of governance and land-use planning; ii) sustainable management of forests; iii) alternative sources of energy; iv) protection of conservation areas; v) forest restoration; and vi) sustainable agriculture. Participation of local communities in natural resources management is promoted by the Strategy.

**6. The REDD+ Program will be tested in two landscapes in the provinces of Cabo Delgado and Zambézia,** which encompass 16 districts (nine in Zambézia and seven in Cabo Delgado)<sup>6</sup>. The selection of these two priority landscapes for investment was led by the government and conducted in a participatory manner, based on a set of criteria to identify areas to test REDD+, including the potential to reduce deforestation and generate livelihood benefits to local communities. The lessons learned in these two landscapes will be used to scale up and replicate the landscape approach to other geographical areas as additional resources are mobilized.

**7. The integrated landscape management (ILM) approach, which aims to integrate policy and investment to promote sustainable natural resources management in a given geographic area, is a strategy that is used to promote REDD+.** ILM involves promoting activities across different sectors (forestry, agriculture, tourism, etc.) to address the major drivers of deforestation and rural poverty, and involves different stakeholders. ILM can promote better coordination and long-term collaboration of initiatives, including CBNRM, related to multiple objectives such as livelihood diversification, sustainable forest and land management, and climate change mitigation and adaptation. Participatory land-use planning, geospatial analysis, and other inclusive coordination tools such as multi-stakeholder platforms are essential elements of ILM. ILM will also entail a continued process of negotiation to seek complementary solutions to problems across several stakeholders with different interests. The approach recognizes that interventions need to be made at scale in a coordinated fashion to have an impact.

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<sup>3</sup> By law [Article 1(1) of the Mozambican Land Law], a local community is defined as: “A grouping of families and individuals, living in a circumscribed territorial area at the level of a locality or below, which has as its objective the safeguarding of common interests through the protection of areas of habitation, agricultural areas, whether cultivated or in fallow, forests, sites of socio-cultural importance, grazing lands, water sources and areas for expansion”.

<sup>4</sup> Decree no. 12 states that 20 percent of State revenues from fees related to the access and use forest and wildlife resources, as well as from the undertaking of contemplative tourism in parks and national reserves, should be reverted in favor of communities.

<sup>5</sup> Most CGRNs have not realized their full potential resulting from a combination of institutional weaknesses, low expertise and technological capacity, lack of partnerships and finance, and a lack of legal rights over wildlife and resources.

<sup>6</sup> Districts in Zambézia include Alto Molócue, Ile, Gilé, Pebane, Maganja da Costa, Mocubela, Mocuba, Gurue, and Mulevala. Districts in Cabo Delgado include Macomia, Meluco, Quissanga, Montepuéz, Ancuabe, Metuge, and Ibo (see Annex 7 for maps of the two landscapes).

8. **The current government is committed to changes that promote sustainable rural development.** The Ministry of Land, Environment and Rural Development (*Ministerio da Terra, Ambiente e Desenvolvimento Rural*, MITADER) was established in 2015 to bring together responsibilities that were previously spread across several ministries, facilitating the coordination needed to address challenges of a cross-sectoral nature. The government has also established the National Program for Sustainable Development (PNDS), which aims to promote the sustainable use of natural resources, spatial planning and environmental management. The PNDS aims to foster a grassroots local economy by complementing the provision of basic services and training, attracting investments, stimulating local capacities and innovation, and contributing to the resilience of communities to climate change. MITADER has also set up a National Sustainable Development Fund (FNDS), expected to raise, manage, and disburse domestic and international funds for implementation of the PNDS. Through its “Terra Segura” (Secure Land) program, the government aims to issue 5 million land use and benefit rights titles (DUATs) in the next five years and is committed to addressing the major risks<sup>7</sup> confronting land regularization.

9. **The regularization of land tenure rights is a key step in promoting rural development, but its regularization has not been systematic.** Mozambique’s land law holds several features that provide the basic framework for a participatory and inclusive model of rural development.<sup>8</sup> It builds upon the concept of “local community” and the formal recognition of land rights acquired through customary land management systems and through continual occupation, in good faith, of ten years or more. By law, community land delimitation is a process whereby the boundaries of a local community are identified and registered. This process involves the participatory preparation of local land use plans and Community Development Action Plans (CDAPs)<sup>9</sup>, as well as measures to strengthen local community capacity. Mandatory ‘community consultations’ must take place when investors want land, as investors are required to negotiate with local people and share the profits and benefits resulting from this investment. If carried out effectively, land delimitation can ensure the devolution of land and natural resources management functions to local communities, and can promote the sustainable use of natural resources and guarantee the rights of women to access and use land. On the other hand, after two decades of community land delimitation, only about 11 percent of the country’s land has been delimited and certified to communities<sup>10</sup>; there is lack of a clear strategy for aligning delimitation activities with opportunities that can benefit local communities<sup>11</sup>; unclear institutional arrangements lead to duplication in land registration, while land administration services are weak. In addition to this, there is pressure over land resulting from a rapidly increasing population, and increased investments in rural areas render smallholder farmers and communities vulnerable to losing their land, increasing social instability.

10. **Community land delimitation is critical for local communities to reap more benefits through CBNRM.** CBNRM could guarantee economic benefits to local communities without degrading the natural resource base.<sup>12</sup> Community and individual land rights encourage greater

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<sup>7</sup> These risks are: i) the capacity of the provincial and district offices to support the registration process, ensure good quality control and efficient registration; ii) the unreliability of the registration system with regard to data quality at all levels (central, provincial, district, and municipal); and iii) the urgent need of streamlining and simplifying the process.

<sup>8</sup> Constitutionally, all land is public, but there is simultaneous recognition of the bestowment of land user rights (*Direito de Uso e Aproveitamento da Terra* - DUAT) to communities [1995 *National Land Policy (NLP)* and 1997 *Land Law*].

<sup>9</sup> Also known as *Agenda Comunitárias*, these action plans express the aspirations of communities (including different social groups) about their development in a predefined period and prioritize the various possible initiatives the communities believe are possible within their delimited area. It is on this basis that a community negotiates its interests or intentions/plans with the different actors (e.g. NGOs and investors).

<sup>10</sup> World Bank, *Community Land Rights Delimitation and Community-Based Natural Resources Management in Mozambique: Recommendations for an Integrated Agenda*, (2017).

<sup>11</sup> World Bank, *Community Based Natural Resource Management: Strengthening current approaches in Mozambique*, (2016).

<sup>12</sup> CBNRM refers to community initiatives with the twin goals of positive environmental outcomes and improved livelihood development. CBNRM has been supported in Mozambique since the mid-1990’s, in forestry, wildlife and fisheries. Results (social, economic and ecological) have varied significant up to present. (Aquino et al, 2016).

investment in their lands.<sup>13</sup> Well-designed and implementable land use plans provide smallholders communities with the needed tools to make informed decisions about their land and to negotiate with investors.<sup>14</sup> However, to harness this potential, community land delimitation needs to be linked more systematically to a wider strategy to promote sustainable natural resource management and to contribute to local economies and livelihood diversification.<sup>15</sup> It also needs to provide long-term capacity building for communities, foster market linkages for forest and agriculture products, and promote long-term community-private sector partnerships.

11. **Several factors undermine the performance of CBNRM in Mozambique.** Most of the country's previous experiences stressed CBNRM as a means for the sharing of revenues from forests and wildlife, rather than to creating economic benefits and well-being through their active engagement in managing resources. They have underestimated the challenges that rural communities face, the insufficient benefits to compensate the costs of sustainable management and the weak capacity of local institutions (often with bad governance dynamics – elite capture, rent seeking behavior, and lack of transparency),<sup>16</sup> resulting in unreasonable expectations of what local people can do, especially at the early stages of a community project. They underestimate the extreme weakness of local communities in terms of *human and social capital*, including *financial literacy*. Often, the marketability of specific resources and potential private sector interest is overestimated. Initiatives lack a sustainable exit strategy and end before local institutions are strong enough to develop interventions into sustainable businesses or operationalize inclusive benefit sharing schemes.<sup>17</sup>

12. **Participation of local communities and community-based organizations (CBOs) in decisions related to natural resources management in Mozambique is not adequate.** At the community level, weak CGRNs have led to their limited influence in resource management.<sup>18</sup> Community Consultative Councils<sup>19</sup> (CCC) were established to increase the participation of local communities in sustainable development at different levels (District, Administrative Post, Locality and Community). Membership in these Councils includes community leaders, interest groups of varying economic, social and cultural nature and civil society representatives, including CBOs<sup>20</sup>. Some of the weaknesses identified within CCCs include a lack of representation of specific interest groups such as the youth, lack of transparency, and community representatives unable to perform their functions due to limited capacity.<sup>21</sup>

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<sup>13</sup> World Bank, *Community Based Natural Resource Management: Reformulating and strengthening current approaches in Mozambique* (2016).

<sup>14</sup> Although data is limited, there are good examples in Mozambique of the positive effects of community land delimitation. The delimitation process enabled the development of the Darue Community Development Action Plan (*Agenda Comunitária de Darue*), which resulted in construction of three new school classrooms and establishment of a partnership between the community and the organization *Centro Terra Viva* for development of cultural tourism in the area. Other frequently cited examples relate to land delimitation and community-investor partnerships include the Ndzou camp in Manica – an eco-tourism investment partnership established between the Mpunga community, in the district of Sussundenga, and the Mozambique Honey Company and its supply network, constituted partly by honey producing community associations with secured community business premises.

<sup>15</sup> Such activities include promotion of sustainable agricultural practices, production of NTFPs, sustainable management of forests and nature-based enterprises.

<sup>16</sup> Aquino et al., 2017, *Community Land Rights Delimitation and Community-Based Natural Resources Management in Mozambique: Recommendations for an Integrated Agenda*.

<sup>17</sup> Aquino et al., 2016, *Community Based Natural Resource Management: Strengthening current approaches in Mozambique*.

<sup>18</sup> Most CGRNs have not realized their full potential resulting from a combination of institutional weaknesses, low expertise and technological capacities, lack of partnerships and finance, and a lack of transfer of legal rights over wildlife resources.

<sup>19</sup> Law No. 08/2003 on State and Local Organs introduced Local Councils at the District, Administrative Posts, Locality and Community levels as citizen consultation bodies for local administration authorities.

<sup>20</sup> In MozDGM, CBOs are defined as institutions and organizations that aggregate local community members, implement activities to further local communities' interests, and/or represent local communities in relevant decision-making forums. CBOs include cooperatives, associations, producer and interest groups, civil society organizations and Natural Resources Management Committees (CGRN).

<sup>21</sup> Dias, et al., 2012, *Relatório - Avaliação da adequação e implementação do Guião sobre a organização e o funcionamento dos Conselhos Locais: Casos dos Distritos de Namaacha e Marracuene*.



13. **CBNRM also faces constraints due to the weak governance of the forest sector.** Weak governance hinders effective public participation and social accountability, leading to non-inclusive decision-making on natural resource use and the erosion of trust amongst stakeholders. *At the central government level*, there appears to be some reluctance or lack of political will to devolve authority over management of key natural resources to local communities, a dearth of willingness to include CBNRM activities in district planning priorities and to integrate them into wider development strategies. Inadequate law enforcement, lack of incentives for responsible long-term forest management and the protection of ecosystem services, and limited decentralization of forest management to local communities have all contributed to unsustainable rates of exploration. *At the district level*, CBNRM is normally not included in district development strategies, planning, and communities have limited participation in District Consultative Councils (DCCs). *At the community level*, communities are rarely well informed about the economic opportunities offered by the land rights they acquire with land delimitation and a prevailing misconception of community lands as lands where outside investment cannot take place.<sup>22</sup> This misconception is compounded by the limited negotiating power of local people when dealing with third parties. The outcome is community opposition to external investors and wasted opportunities to build win-win partnerships with the private sector. In addition, rights over natural resources are often conveyed without fully capacitating local communities to govern, manage and develop resources under their jurisdiction.

14. **CBNRM initiatives need to pay special attention to gender issues.** Historically, Mozambique presents negative patterns related to women's access to both natural and financial resources. Although women play a key role in activities such as food cultivation and fuel wood and water gathering, they are often not involved in decision-making regarding land use and financial resource allocation. Further, women have had limited legal rights to land resources. As a result, women and children suffer a disproportionate burden from resulting resource degradation. Technical assistance provided by the Government to local communities has often been "gender-blind" and does not target women's needs, which further exacerbates existing inequities. Furthermore, evidence suggests that conservation agriculture practices frequently lead to additional and disproportionate burden on women. To tackle issues of gender inequality, it is necessary to promote women's involvement in decision-making, devoting efforts towards monitoring and addressing any gender-biased negative impacts. It is also necessary to confront some of the social structures that disempower women in rural communities and give special attention to food security of women and children.

15. **An integrated landscape approach in CBNRM could better guarantee economic benefits to all concerned parties while integrating policy and investments without detriment to the natural resource base.** Natural resources-based livelihood activities carried out sustainably, and within an integrated approach, might provide not only alternatives for communities but also reduce pressure on the forests. Such alternatives could include agriculture and forest-related value chains, restoration, nature-based tourism and fisheries. However, to reap the benefits of this potential, CBNRM needs to systematically address constraints related to land tenure, financial literacy, institutional capacity, human and social capital, and the weak participation of local communities in decision-making about forest and landscape management. CBNRM projects need to be grounded on well designed and implementable Community Land Use Plans (CLUPs)<sup>23</sup>, which would equip landholder organizations, local communities and CBOs to make informed decisions about their land and to negotiate with investors. It should also include long-term capacity building for local communities and CBOs that addresses their needs in terms of human capital, institutional organization, financial literacy and coordination among

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<sup>22</sup> In contrast with the "Open Border Model" for community land delimitation envisioned by the Technical Secretariat to Mozambique's Land Commission, in 1998. This model would secure local rights and open up community land for inclusive and negotiated investments.

<sup>23</sup> The CLUP, developed during the delimitation process, maps intended/planned and actual community land-uses, and at the minimum, must include the following land classes: agricultural, pastoral, settlements, partial and total protection areas (according to Mozambican law), areas aimed at the exploration of multiple resources (e.g., timber and non-timber products, fauna), and areas for the development of new investments (including areas that communities would be prepared to grant negotiated access to external investors), with accompanying boundaries, in accordance with community members' aspirations

landscape actors. Finally, it should encompass further investments in building social capital and accountability, intra-community and inter-community cooperation and, community participation in decision-making arenas. On this foundation, entrepreneurial activities related to agriculture, forest-related value chains, nature-based tourism and fisheries and related value chains could be promoted through market linkages and long-term partnerships between communities and investors.<sup>24</sup> This can only be promoted over the long-term, through a consistent government strategy towards rural development, and the active involvement of several stakeholders from the local to the national level. MozDGM seeks to apply the ILM approach in order to achieve the DGM objectives.

16. **Multi-stakeholder forums at the national and landscape levels offer platforms through which community and CBO participation can be enhanced, giving voice to local communities in the management of Mozambique’s natural resources.** At the national level, the Land Consultative Forum<sup>25</sup>, composed of public and private sector institutions and actors, community organizations and individuals, offers an avenue for deliberation on issues related to land. Similarly, a National Forest Forum<sup>26</sup> existed in the past, and will be revitalized with support from the Mozambique Forest Investment Project (MozFIP, P160033). Participation of local communities and CBOs at the landscape level is being strengthened through Multi-Stakeholder Landscape Forums (MSLF). These MSLFs have been established in Cabo Delgado and Zambézia, and bring together stakeholders to discuss relevant issues in the landscape, promote better coordination of projects and other initiatives, and strengthen community participation in decision-making over natural resource management.

### C. Higher Level Objectives to which the Project Contributes

17. **The Dedicated Grant Mechanism for Local Communities Project (MozDGM) contributes to the World Bank Group’s (WBG) twin goals of ending extreme poverty and boosting shared prosperity.** MozDGM will contribute to enhancing economic opportunities and improving the well-being of some of the most-vulnerable rural households in the country. It will encourage forest-dependent communities and rural farmers to increase their human, financial, and social capital. It will contribute to diversifying livelihood options, boost CBNRM, and explore linkages to markets of agricultural and NTFPs for higher engagement of poor rural localities in the cash economy.

18. **The MozDGM also contributes significantly to the Country Partnership Framework (CPF) for Mozambique (FY17-FY21) (Report No. 104733),** which is organized around three pillars: (i) promoting diversified growth and enhancing productivity; (ii) investing in human capital; and (iii) enhancing sustainability. By promoting sustainable use and commercialization of forest and non-timber natural resources, and conservation agriculture techniques aimed at maintaining soil fertility, this Project will contribute to increasing agriculture growth, including growth in productivity and market participation (CPF Objective 1), while generating more-resilient and adaptive production systems equipped to deal with short-term weather variability and longer-term climate change (CPF Objective 10). Altogether, these efforts will boost benefits to local communities from management of natural resources (CPF Objective 9) while ensuring their sustainability.

19. **The MozDGM covers the three areas of intervention of the World Bank’s Forest Action Plan FY16-FY20 and is a key piece of Mozambique’s “Integrated Forests and Landscape Management Portfolio” financed by the World Bank.** The Project’s strategic involvement in the agriculture and forest sectors are aligned to strengthen the foundations for positive forest outcomes while improving life conditions and diversifying livelihoods among poor rural people. The Project fully covers the Forest Action Plan’s crosscutting themes of rights, participation, institutions and governance. The “Integrated Forests and Landscape Management Portfolio” includes several other projects in

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<sup>24</sup> See the policy brief *Community Based Natural Resource Management: Reformulating and strengthening current approaches in Mozambique* (2016) produced by the World Bank.

<sup>25</sup> This forum assembles private and public, organized and self-representing stakeholders and deliberates on land issues. The Forum is managed by the National Directorate of Land.

<sup>26</sup> The forum managed by the National Forest Directorate and will bring similar stakeholders to deliberate on issues within the forest sector.

support of the National Sustainable Development Program, including the Mozambique Forest Investment Project – MozFIP (P160033), the Agriculture and Natural Resources Landscape Management Project – Landscape Project (P149620) and the Conservation Areas for Biodiversity and Development Project – MozBio (P131965).

20. **As part of the global DGM initiative under the Forest Investment Program (FIP), MozDGM responds to the strategic objectives of the FIP.** The DGM aims to enhance the capacity of local communities and strengthen their role in REDD+ programs (and integrated landscape management more broadly) at local, national and global levels, and in so doing, supports efforts of countries to address the drivers of deforestation and forest degradation and promote sustainable forest management.

21. **The MozDGM is aligned with the government’s high-level priorities and targets expressed in Mozambique’s Five-Year Government Plan (*Plano Quinquenal do Governo 2015–19*) and the National REDD+ Strategy.** The PQG 2015-19 places a strong emphasis on promoting sustainable rural development and identifies agriculture and forestry as priority sectors for poverty reduction. The Project will support PQG 2015–19 by promoting livelihood diversification and increased productivity and competitiveness in rural localities, the sustainable and transparent management of natural resources and the environment (Priority V, PQG 2015-19), which includes improving land-use planning and strengthening the implementation of these land-use plans.<sup>27</sup> The Project also contributes to the provincial development plans of Cabo Delgado and Zambézia – Cabo Delgado’s Strategic Development Plan 2010-2020 and Zambézia’s Strategic Development Plan 2011-2020. The Project will contribute to the implementation of the National REDD+ Strategy.

22. **The Project’s approach embodies many of the new Sustainable Development Goals (SDGs).** The Project will enhance multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology, and financial resources in the targeted landscapes while encouraging and promoting effective public, public–private, and civil society partnerships (SDG-17). It will promote sustainable management of forests, reversal of land degradation, and climate change adaption measures that increase the resilience of the rural population to climate change (SDG-15, SDG-13). Overall, its interventions will contribute to poverty reduction, inclusive and sustainable economic growth (SDG-1, SDG-8).

## II. PROJECT DEVELOPMENT OBJECTIVES

### A. PDO

23. **The Project Development Objective of MozDGM is “to strengthen the capacity of target communities and community-based organizations to participate in integrated landscape management”.** MozDGM will achieve this development objective by: i) Increasing community and CBO participation in ILM; and ii) Strengthening capacity for CBNRM, leading to on-the-ground capacity building of local communities that are expected to contribute to improved livelihoods and reduced poverty in the target landscapes of Cabo Delgado and Zambézia, as well as sustainable management of natural resources.

24. **MozDGM aims to strengthen the human endowments, social capital and financial literacy of local communities and CBOs in the targeted landscapes, so that they can participate in ILM.** MozDGM will empower local communities to participate in decision-making related to natural resources management from the community, district, provincial and to the national level. It will create opportunities for knowledge exchange between local communities, CBOs and district and provincial administrative structures. Finally, as part of capacity building of local communities through “learning by doing”, it will finance CBNRM subprojects and accompanying technical assistance for the implementation of natural resources-based entrepreneurial activities and for the integration of local

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<sup>27</sup> Mozambique’s PQG 2015–19 describes land tenure security as key to promoting the rights of local communities and their livelihoods and a more business-enabling environment in Mozambique.

communities and CBOs in value chains with significant market potential, including the establishment of community-private sector partnerships<sup>28</sup> that are sustainable and mutually beneficial.

## **B. Project Beneficiaries**

25. **The direct beneficiaries of MozDGM activities are approximately 2,000 people.** These include people in key institutions at the local, landscape, provincial and national levels. Many local communities and CBOs will benefit from awareness raising and capacity building activities envisaged to strengthen civil participation and institutional performance in ILM. Other benefits include enhanced interaction among these institutions through participation in knowledge exchange and information sharing. At the community level, technical capacity training will increase CBOs' participation in the MSLFs and national forums.

26. **Local communities and CBOs, including women and youth, will receive capacity building and technical assistance included in the package of interventions, which is expected to have longer-term impacts beyond the life of the Project.** They will also benefit from the economic opportunities and improved productive inputs and access to markets potentially generated through the subprojects. Private investors may also benefit from opportunities created by the Project's support of communities and investors in win-win partnerships.

27. **The Project also reaches a significant number of indirect beneficiaries** through improved governance and sustainability in the forest and natural resources sectors with the enhanced participation of local communities; economic opportunities and improved livelihoods; reduced deforestation, protection and/or restoration of Mozambique's natural capital; and improved land use and sustainable forest management, enabling more productive landscapes. At the global level, there could be benefits from reduced emissions from deforestation and forest degradation and protected and restored habitat for biodiversity.

## **C. PDO Level Results Indicators**

28. **Project results will be measured by the following indicators:**

- Share of DGM participants supported by the Project with improved capacity to participate in ILM [percentage];
- Share of DGM participants with increased role in the FIP and other REDD+ processes at local, national and global levels [Common DGM indicator] [percentage].

## **III. PROJECT DESCRIPTION**

29. **The Dedicated Grant Mechanism (DGM) is a special global initiative under the FIP.** DGM was set up to enhance the capacity of local communities in FIP pilot countries and provide grants that support local community initiatives. The 5-year MozDGM is a stand-alone project that has strong synergies with the "Integrated Forests and Landscape Management portfolio" financed by the World Bank in support of Mozambique's National Sustainable Development Plan. MozDGM is consistent with FIP objectives and well aligned with the MozFIP project, complementing its aim to promote sustainable forest management by focusing on the community aspects of forest and land management.

30. **MozDGM has been prepared through a participatory process.** The government led consultations with local communities and CBOs in the southern, central and northern regions of Mozambique with a total of 546 participants, 28 percent of whom were women. These consultations led

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<sup>28</sup> These are formal arrangements whereby a local community (or their representative) or a CBO signs an agreement with another actor (such as a private sector company, an NGO) to jointly enter a market (agriculture, non-timber forest products, forestry, nature-based tourism, etc.). Subprojects could involve establishing or enhancing partnerships between communities or CBOs and private sector actors for mutual benefit, where such partnerships could boost a private endeavor while increasing market access and institutional support to the community or CBO. Currently the World Bank is facilitating partnerships between Uape Community and a private Forest Concession company in Zambézia province.

to the appointment of community representatives to the DGM National Steering Committee (NSC) (see Annex 5). Members of academia, civil society, the government and the World Bank were selected to the NSC but only have an advisory role. The NSC has subsequently held three meetings that guided the preparation of the MozDGM, the process of identifying the National Executing Agency (NEA) and initiated the establishment of internal governance mechanisms for the NSC, including electing the members and presidency, taking into account gender balance and the representation of communities. The NSC selected the World Wide Fund for Nature (WWF) as the NEA, tasked with MozDGM implementation.

**A. Project Components (Refer to Annex 2 for further details)**

31. **The activities will be organized under three components.**

**Component 1: Increasing Community and CBO Participation in Integrated Landscape Management (US\$1.4 million).**

32. **Component 1 aims to increase the participation of communities and CBOs in ILM at the national, landscape, provincial and local levels.** Institutional strengthening of communities and CBOs involved in natural resources management will increase their participation in decision-making. The aim is to improve their knowledge and understanding of the ILM approach and of options for sustainable natural resources management, contribute to addressing conflicts of interest related to competing land uses, as well as to build common views about land and resource use. This is expected to result in more active and well-informed participation of communities and CBOs in consultative multi-stakeholder platforms and key decision-making processes that deal with ILM issues.

33. **Capacity building activities will be tailored and targeted to the relevant stakeholders at each level (local, provincial, national) to strengthen institutions, increase their participation in decision-making and improve their knowledge in technical areas.** WWF, the NEA of MozDGM, will conduct capacity needs assessments and strategic planning of capacity building activities to this end. *At the local level*, the Project will operate within the targeted 16 districts, and target local communities and CBOs (associations, special interest groups and CGRNs) to support their participation in bodies such as the District Consultative Councils. *At the landscape (provincial) level*, the Project will train local communities, CBOs and support their participation in the MSLFs in Cabo Delgado and Zambézia, social and economic forums, and in public consultations. *At the national level*, the Project will promote enhanced participation of current members in national forums and the NSC in policy-making arenas to influence policy planning and build a strong constituency in support of the ILM approach and its scaling up. Topics for capacity building at all levels include technical knowledge on integrated landscape management as related to natural resources and the environment, relevant sectoral laws, gender inclusion, and practical skills training on leadership and negotiation. At the local level, trainings will additionally cover the national planning and budget cycle, business development, management, project planning and financial literacy skills.

34. **MozDGM will provide inputs into decision-making on sustainable rural development policies and legislation and lead to the development of a policy proposal to support CBNRM.** The identification, testing and evaluation of CBNRM models, cumulating in a policy proposal for decision makers at the national level, will draw on an assessment of existing technical assistance models applied to CBNRM, forest management and rural development<sup>29</sup>, as well as on lessons learned from the implementation of subprojects (under Component 2), and should be conducted in a participatory manner.

35. **The expected outputs from Component 1** include: (i) around 1,500 community and CBO members trained, with enhanced participation in decision-making; (ii) around 40 training events; (iii)

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<sup>29</sup> The development of culturally appropriate technical assistance and training models will take in consideration previous CBNRM experiences in Mozambique as well as the piloting of the Private Sector Led Smallholder Farmer Support Agent Model in Mozambique and other countries.

technical assistance models for CBNRM and ILM and a national CBNRM policy proposal; (iv) regular DGM National Steering Committee (NSC) meetings; and (v) a communication strategy considering 400 radio broadcasts, 20 theater plays and a series of communications and training materials.

36. **The component will finance** capacity-building activities, technical assistance, communication events and materials, operational costs for workshops, forums and networking events.

### **Component 2: Strengthening Capacity for Community-Based Natural Resources Management (US\$ 2.47 million)**

37. **This component aims to increase the capacity of communities and CBOs for CBNRM through “learning by doing” by implementing activities on the ground, and to pilot test the CBNRM approach. This will also contribute to reducing deforestation and sustainable management of natural resources and improve livelihoods.** Component 2 will bring the ILM approach to action by supporting CBNRM subprojects, leading to on-the-ground capacity building of local communities and CBOs through the implementation of these subprojects. To achieve these objectives, selected CBOs within priority landscapes will receive a package of incentives, comprising capacity-building, technical assistance and financing for CBNRM subprojects.

38. **It is expected that MozDGM will be able to support eight to ten CBNRM subprojects that contribute to increasing rural income and reducing deforestation.** CBNRM subprojects will be no-regrets activities related to agriculture, forestry, tourism and fisheries. These subprojects shall simultaneously foster sustainable land use and natural resource management, promote economic activities and rural livelihood development practices, and enhance climate change mitigation and adaptation. Subprojects could involve establishing or enhancing partnerships between communities or CBOs and private sector actors for mutual benefit, where such partnerships could boost a private endeavor while increasing market access and institutional support to the community or CBO. These partnerships are expected to enhance sustainability of the subprojects.

39. **Component 2 will include culturally appropriate training and *in situ* technical assistance to support the eight to ten financed subprojects.** This technical assistance aims to facilitate CBOs in the preparation and/or actual implementation of subprojects, and will therefore be tailored to ensure effectiveness in meeting beneficiary capacity needs as identified through the “Social Preparation Process”. Technical capacity enhancement will not only include managerial, financial, organizational and grant making competencies, but also means in which to increase the social and human capital (financial literacy, activities that increase social cohesion, bonding and local support structures) within communities.<sup>30</sup>

40. **The NSC and NEA will select the CBNRM subprojects for financing based on a selection process, including eligibility and selection criteria** (detailed in Annex 3). The NSC’s by-laws and operational procedures detail the procedures to be applied. The NEA will conduct a screening of the first round of simplified proposals based on the eligibility criteria. Shortlisted applicants will be invited to submit full project proposals, with the NEA to provide technical assistance where necessary. The NSC will deliberate on the full project proposals using the selection criteria, and make the final selection of the subprojects to be financed. The NEA will enter into a sub-grant agreement with subproject beneficiaries, but the NEA will procure goods and services for the subprojects on their behalf, including training and technical assistance as needed for implementation.

41. **The expected outputs of this component** include (i) eight to ten CBNRM pilot subprojects and (ii) four community-private sector partnerships signed.

42. **The project will finance** the pilot subprojects and technical assistance to beneficiary CBOs.

### **Component 3: Project Management, Monitoring and Evaluation (US\$ 0.63 million)**

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<sup>30</sup> These are not the exact areas of technical assistance that will be provided. Rather, the NEA will draft a strategy that considers which themes need to be covered.

43. **This component will support the management, coordination and monitoring of Project activities.** This component covers the incremental operational and managerial costs of the NEA to carry out its tasks and overall responsibilities, as well as the incremental costs for the design and implementation of a robust monitoring and evaluation (M&E) system and an efficient project-related Grievance and Redress Mechanism (GRM). The GRM will be culturally appropriate and able to address and resolve in a timely manner any project-related grievances as per request of the DGM Operation Guidelines. The GRM will build on the GRM implemented by other projects within the World Bank’s Integrated Forests and Landscape Management Portfolio.

44. **Expected outputs include** (i) the overall management of the project, (ii) M&E of project implementation, and (iii) a GRM. **The project will finance** staff, consultants, goods, and operational costs.

**B. Project Cost and Financing**

45. **The proposed operation is an Investment Project Financing** supported by a Strategic Climate Fund grant in the amount of US\$4.50 million and will be structured as detailed below.

<b>Project Components</b>	<b>Financing (US\$ Million)</b>	<b>Grant Financing (US\$ Million)</b>	<b>% Financing</b>
1. Increasing Community and CBO Participation in Integrated Landscape Management	1.40	1.40	100
2. Strengthening Capacity for Community-Based Natural Resources Management	2.47	2.47	100
3. Project Management, Monitoring and Evaluation	0.63	0.63	100
<b>Total Project Costs</b>	<b>4.50</b>	<b>4.50</b>	<b>100</b>

Note: Up to US\$450,000 in retroactive financing will be available for eligible expenditures made from September 1, 2017, in accordance with World Bank guidelines for payments made prior to the signing date.

**Lessons Learned and Reflected in the Project Design**

46. **An ILM approach is critical to achieving the Project’s goals of strengthening community capacity, while addressing the drivers of deforestation and degradation and generating benefits to local communities.** This approach recognizes the interdependence between forests and other land-use sectors and the conservation of natural resources. It seeks to increase rural households’ incomes while strengthening the resilience and sustainability of these natural resources. It also emphasizes the importance of land planning as the basis on which to allocate and monitor multiple land uses and integrates policy and investments within a given geographic area and, consequently, considers that effective tools to manage space are essential to integrate the goals of conservation of natural resources and improvement of well-being. The Project will integrate interventions in different land-use sectors as a means and an end to reducing deforestation. It will also engage all relevant stakeholders for better decision-making.

47. **Effective multi-stakeholder platforms can enhance cross-sectorial coordination, resolve trade-offs, and enable ILM.** ILM entails a continued process of negotiation across several stakeholders with different interests on how a given landscape should be used and managed. Experience has shown that a well-functioning forum that brings together the government, private sector, and civil society can provide the venue for stakeholders to build a common vision on how resources should be used and devise self-enforcing rules. MSLFs enable building a common vision about the management of the landscape (what areas should be protected or restored, what priority economic activities should

be pursued where, among others) across stakeholders and break down this ‘vision’ into implementable Strategic Action Plans (SAPs) that can be monitored. This requires facilitation, agreement on goals, and continued monitoring.<sup>31</sup> Resolving trade-offs and working toward shared sustainable development goals within the landscape is critical. In line with international best practices, MozDGM will contribute to strengthening the MSLFs in Zambézia and Cabo Delgado by enhancing the participation of communities and CBOs in their meetings and promoting social accountability.

48. **CBNRM has a longer maturation period and requires to be embedded in national rural development policies to succeed.** Lessons from implementation of CBNRM in Mozambique highlight the need for long-term engagement with local communities implementing CBNRM initiatives. This engagement requires the building up of the enabling environment through capacity building and training activities with the objective of moving the community initiative towards self-sufficiency and thus capable of attracting future investments and partnerships. Such enabling investments require long-term commitment as each CBNRM has varied levels of experience in management, organizational, financial and business development skills. At the national level, policies that advocate for these enabling investments could guarantee that capital investments aimed at CBNRM initiatives have the intended return of rural development, poverty alleviation and natural resource management. The number, scope and scale of CBNRM activities in both Botswana and Namibia have grown considerably to the extent that in each country there is a clearly identifiable national policy, with a strong focus on rural development. Within these, government provides an enabling framework for communities to manage their resources sustainably and provides certain services to communities, particularly focused on building local level institutions that can manage natural resources sustainably.

49. **Lessons drawn from MozBio and an NLTA analysis on CBNRM in Mozambique show that community initiatives do not stand on their own, but rather succeed when they have market access and engagement of the private sector.** These are so-called ‘Community-Investor Natural Resource Management’ (CINRM) projects, where the presence of an investor as implementer and manager of the business enterprise is a key factor. MozBio has several examples of well-functioning community-private sector partnerships around lodge management within protected areas, such as the Chemuane lodge in Maputo Special Reserve, and Covane lodge, around the Limpopo National Park. These projects treat land rights as the starting point and are ‘community-based’ in the widest sense, ensuring that any new entity – such as an Association, etc. – is run by local institutions, and that benefits flow to all members. Therefore, CBNRM/CINRM projects must have serious, committed and at least medium-term support as well as full political support. They also require a clear idea of the markets they aim for, and a good business plan to get there. Successful CBNRM/CINRM initiatives rely on the support of an experienced private sector partner on long-term capacity building programs to bring local people into management roles, and on a clear wider community structure identified before developing new entities and giving groups of community members control over collective resources. Taking into account that the playing field between local communities and private sector needs to be leveled, MozDGM will promote – as part of its broad capacity-building effort – business development trainings with a focus on partnership development and negotiations, and will monitor these partnerships (including benefit sharing arrangements). These lessons call for a coherent package of interventions rather than isolated activities and have been incorporated in project design. Experience from MozBio with regards to the ideal size and number of subprojects will be applied in MozDGM – a reduced number of sizeable projects (from US\$50,000 to US\$200,000) increases the potential for results, and allows for selectivity of beneficiaries with adequate capacity for implementation.

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<sup>31</sup> The success of Kenya’s Imarisha multi-stakeholder platform targeted at the Lake Naivasha basin was built on regular convening and an effective monitoring mechanism, enabling the showcasing of results and leveraging of additional resources to be invested in the region.



## IV. IMPLEMENTATION

### A. Institutional and Implementation Arrangements

50. **At the country level, the NSC will oversee the MozDGM implementation, with the NEA acting as implementing agency and the Executive Secretariat of the NSC.** NSC responsibilities are to review the NEA's annual work plan, make funding decisions on eligible subproject proposals, coordinate with and participate in the National FIP Steering Committee, raise funds whenever possible through other programs and mechanisms, report to the Global Steering Committee on national activities and mediate conflicts related to MozDGM-financed subprojects. The NEA will prepare an Annual Work Plan and Budget (AWPB) for approval by the NSC and the World Bank. Rules on the institutional arrangements between the NSC and the NEA are defined in the by-laws of the NSC.

51. **The NSC is composed of two chambers:** The Deliberative Chamber convenes CGRN members (6 seats) and local civil society representatives (5 seats); the Consultative Chamber convenes representatives from the Academia (2 seats), the government (5 seats), national and international NGOs (5 seats), and the World Bank (one seat as observer). Within the NSC, members of the Deliberative Chamber were elected through elections at the MSLFs (in Cabo Delgado and Zambézia). Vulnerable groups (women, youth and people living with disabilities) and territorial coverage have been taken into account. The Deliberative Chamber selected Consultative Chamber members using a numeric voting process following a list of previously validated criteria. The goal of the Consultative Chamber is to provide multidisciplinary advisory and advocacy support. The Southern, Central, and Northern regions of Mozambique are represented in the NSC. The NSC will approve by-laws and operational procedures regulating the activity and decision-making process of NSC.

52. **WWF was selected as the NEA by the NSC and will lead project implementation.** WWF will facilitate the work of the NSC, and provide operational and financial reporting to the World Bank, MozFIP Coordination Unit (within FNDS), and the DGM's Global Executing Agency (GEA), Conservation International. WWF will be responsible for disbursing funds to subprojects that the NSC selects, monitoring these subprojects, and ensuring appropriate use of DGM funds in accordance with the Operational Policies of the World Bank. They will also maintain documentation on MozDGM subprojects; follow the communication strategy in coordination with the GEA; manage grievances, complaints, and redress processes; respond promptly to queries; and coordinate with and send information as requested to the GEA.

53. **The NEA was selected through a competitive process led by the NSC.** The NSC reviewed and completed the terms of reference for the NEA selection process and a working group composed of five members of the NSC was responsible for conducting the process. Composition of the working group considered community representation and gender balance. They launched the expressions of interest to which several NGOs responded and prepared a short list of candidates, who then submitted technical and financial proposals. The final NEA was selected in July 2017. The World Bank followed the NEA selection process to ensure the DGM guidelines were followed.

### B. Results Monitoring and Evaluation

54. **Project M&E will be conducted by the NEA.** The DGM GEA, Conservation International, will monitor high-level indicators for the DGM program as a whole and incorporate results and lessons learned from each of the country level DGMs. At the country level, the NEA will be responsible for overall M&E and will establish an M&E system based on the indicators established in the Project results framework. This system will focus on data collection and reporting on results indicators and progress towards achieving Project objectives. The M&E plan will include at least two formal evaluations during the Project execution period – the mid-term and final reviews – whose parameters will be outlined in the Project Implementation Manual (PIM). The mid-term review will measure progress and identify strengths and weaknesses, with the aim of reinforcing positive aspects and making adjustments as needed. The final evaluation will assess, among other issues, the achievement of outcomes and the sustainability of results, and will identify lessons learned. The NEA is also

responsible for providing country-level information on higher common indicators of the Global DGM Program to the GEA. The M&E system is likely to encompass a wide range of tools and methodologies with the common denominators of greater accountability, local management capacity building and fostering an environment of partnership and collaborative learning. The results framework includes indicators, units of measurement, baseline values, annual targets, data sources, responsibility for data collection for calculation of annual progress and the frequency of data collection. Annual and end-of-program targets are set based on the baseline level and the institutional capacity for implementation of project activities.

### C. Sustainability

55. **The Project focuses on creating the capacity for ILM, which includes forest and land management, specifically by increasing community participation in decision-making.** MozDGM will promote various capacity building and institutional strengthening activities that will foster transparency, inclusion, and effectiveness in investments and decision-making, through skills, management, and organizational training. MozDGM aims to strengthen inclusive forest and natural resource governance platforms at all levels across its activities. The Project recognizes that strengthening the capacity of provincial, district and community forms and cross-sectoral MSLFs to promote ILM and governance is necessary for successful initiatives to take root and persist beyond the life of the Project. Therefore, MozDGM dedicates significant attention to promoting coordination and knowledge sharing among stakeholders at all these levels. A key dimension of the ILM approach is to ensure that the aggregate effect of the land-use practices it promotes is long-term environmental sustainability.

56. **The Project aims to promote financially viable and environmentally sustainable forest-based and agriculture production and the engagement of local communities in value-chains that lead to long-term environmental sustainability.** The Project will link community land security to investment opportunities that ensure that communities benefit, can continue investing in their land, and have incentives to manage the natural resources under their control in a sustainable way. To reach this goal, the Project will foster community engagement in win-win partnerships with the private sector. These partnerships have the potential of reducing local communities' dependency on donor finance and embedding communities in economic activities that can be sustained in the long term. The NEA will stimulate these entrepreneurial partnerships through a Partnership Identification Framework<sup>32</sup>, which will match community enterprises with a database of potential private sector partners interested in exploring partnerships with communities, and linked to markets for agriculture and NTFPs. The NEA, or a sub-contracted entity, will also provide relevant technical and managerial capacity development support to community initiatives, feasibility-sustainability analysis, and the preparation and monitoring of community business plans.

57. **The Project will support the development of a policy proposal for CBNRM,** through potential funds from the government, development partners, CBOs and others. MozDGM not only aims to pilot successful CBNRM initiatives, but also to ensure the lessons from those initiatives feed into a national-level CBNRM policy proposal. In addition, lessons from each activity in MozDGM will be used to develop effective methodologies to cater for various capacity needs in subsequent national and regional activities. Cumulatively, the lessons drawn over the lifespan of the Project on increasing financial, managerial or organizational capacities will generate a menu of needed capacity building and institutional strengthening activities as well as effective methodologies for their implementation and delivery. Lessons are expected to guide the expansion of capacity building activities to other landscapes nationally.

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<sup>32</sup> This framework draws from a methodology developed by DNDR, a department within MITADER.

## V. KEY RISKS AND MITIGATION MEASURES

### A. Risk Ratings from SORT

<b>Risk Category</b>	<b>Rating</b>
• Political and Governance	Substantial
• Macroeconomic	Substantial
• Sector Strategies and Policies	Moderate
• Technical Design of Project	Moderate
• Institutional Capacity for Implementation and Sustainability	Substantial
• Fiduciary	Substantial
• Environment and Social	Moderate
• Stakeholders	Moderate
<b>Overall Implementation Risk</b>	<b>Substantial</b>

58. **The overall risk rating for the Project is Substantial** due to its innovative character, complex implementation arrangements and contextual challenges. Key risks and proposed mitigation measures are outlined below.

59. **Political and Governance.** The basic design of the DGM poses significant challenges in Mozambique in terms of governance and representation. Local powerful interests benefit from the *status quo* in natural resource over-harvesting in community forests landscapes and may have reduced economic and political opportunities due to increased information flow, dissemination of knowledge, and potentially increased decentralization of decisions over natural resources use resulting from the implementation of the integrated landscape approach. These circumstances may generate conflict. The MozDGM places emphasis on influencing decision-making platforms at all levels (national, provincial / landscape and local levels) to empower local communities and CBOs. Resources will also be allocated for communication efforts to ensure the Project and the experiences of participating communities are widely disseminated and understood by other communities as well as to promote awareness raising and coordination among key stakeholders at different levels. There is a risk that NSC members favor their constituencies in the allocation of resources. The NSC's by-laws will set rules to ensure there will be no bias or conflict of interest in the selection of the beneficiary communities. Agreed criteria for prioritizing CBOs will contribute to provide a technical rather than political basis for the selection process. A significant political risk is that Mozambique continues to experience armed conflict, although the country has engaged in and stepped up international mediation that could lead to a lasting settlement. These constraints on the ground may affect the effective and timely achievement of the PDO. The security situation and the political economy dynamics will be monitored closely, and is beyond the control of the Project.

60. **Macroeconomic.** The increase in debt levels, depreciation of the metical, and external shocks (e.g. commodity prices) have heightened Mozambique's macroeconomic vulnerability and exposure to fiscal risk. A deteriorating macroeconomic context may affect investor appetite in Mozambique's forest and agriculture sector and create a difficult business environment for CBNRM. Macroeconomic instability coupled with low commodity prices could have a major effect on growth and opportunities in sectors such as forestry and agriculture. The Project will mitigate this by, where applicable, linking communities to local markets, as well as national and global ones. Subproject activities include establishing formal agreements with institutions to provide institutional support and/or provide access to markets.

61. **Institutional Capacity for Implementation and Sustainability.** The NEA, WWF, has been selected through a competitive process. The selected entity was required to be familiar with the World Bank's fiduciary, procurement, and safeguards procedures and have the capacity to provide technical assistance and training in all areas needed by key stakeholders. It was selected for its experience and capacity to develop and implement communication and advocacy strategies as well as M&E systems,

and for its proven experience in working with local communities, gender issues, ILM tools and CBNRM initiatives. To ensure that the NEA maintains the skills and capacity to effectively implement the Project and conduct quality monitoring, NEA staff will receive any necessary training from FNDS and the World Bank throughout the course of the Project. Uncertainty remains about the level of capacity of the beneficiary organizations at the local level for implementation. The low capacity of local communities and CBOs with regard to fiduciary issues could affect the quality of implementation. This risk will be reduced by NEA's provision of on-site training and technical assistance aiming for the institutional strengthening of CBOs as well as the development of individual, societal and entrepreneurial skills. An additional risk to the Project relates to the stage of maturity of the MSLFs at the provincial level. While the Zambézia platform is evolving well, the process in Cabo Delgado has been quite delayed, conflict ridden and coordination is not very forthcoming. MozFIP is providing support to the institutional strengthening of both MSLFs.

62. **Fiduciary.** Overall fiduciary risk is Substantial. A specific assessment on Financial Management (FM) arrangements for the Project resulted in an overall residual FM risk rating of Moderate. WWF is an experienced institution in handling donor funds and with adequate fiduciary capacity. However, to reduce risks, WWF should appoint a qualified accountant to be fully responsible for the FM aspects, the project should be added to the Oracle Enterprise Resource Planning (ERP), and WWF's FM specialist should obtain training in World Bank-financed Disbursements and FM procedures. The procurement capacity of the NEA has the overall risk rating of Substantial. NEA's procurement staff has limited procurement experience, inadequate exposure to complex contracting processes, and there is no procurement plan or specific procurement manual. To mitigate this low capacity, the NEA will recruit an experienced procurement consultant to assist the procurement unit. Procurement staff will undergo basic training to comply with World Bank Procurement Guidelines and standards and the NEA shall establish a procurement record keeping system supervised by the procurement staff and all activities subject to procurement shall be included in a procurement plan.

## VI. APPRAISAL SUMMARY

63. **The Project strategy has been designed to maximize sustainability and efficiency.** The Project will invest in no-regrets, demand-driven community initiatives that will generate an optimum combination of immediate and long-term benefits for beneficiary local communities. Under Component 2, the Project will respond to the demands of its target population. Subprojects are not yet known and thus it is not meaningful to conduct any kind of robust analysis so far. However, MozDGM can rely on economic analyses completed for two other World Bank-financed operations with which it has broad and strong synergies: MozFIP and the Landscape Project. These analyses show that the Project interventions in the provinces of Zambézia and Cabo Delgado are economically feasible and will generate significant and positive benefits that outweigh the costs. These analyses are evidence that the promotion of ILM tools and community-managed agroforestry systems bring economic benefits in terms of productivity gains in agriculture and the forest sectors, lower deforestation and increased forest area due to more sustainable agricultural practices and increased efficiency in charcoal production. This analysis also shows that annual crop gross margins are expected to increase by 20 percent under agroforestry. The analysis concludes that the economic benefits of the Project may match or exceed the costs leading to an overall economic benefit-to-cost ratio of 4.9, an estimated economic internal rate of return of 27.3 percent, and a lower financial rate of return at 8.9 percent. Less tangible benefits may include improved forest governance and the wider benefits of better landscape management. Other benefits not quantified here include the reduced costs, risks and uncertainty (to farmers and the wider society) due to weak land management regimes, conflict over resources and degradation due to poor incentive systems.

64. **MozDGM is informed by a robust set of analytical work.** In the context of the REDD+ Readiness process at the national and provincial (Zambézia and Cabo Delgado) levels, and MozFIP project preparation, a series of studies was carried out in both landscapes addressing issues related to the drivers of deforestation and forest degradation, the economic potential of the agriculture and forest

sectors and the performance of CBNRM. These studies include an assessment of CBNRM initiatives in Mozambique, the business environment for planted forests including for the establishment of outgrowers schemes, financial viability study of forest operations, a forest governance assessment, as well as studies on the market potential for key non-timber forest product value chains. Finally, the Project design draws from international experiences, inputs from experts, and traditional knowledge on forest and natural resources management held by local communities, whose representatives have actively taken part in the process of Project design.

65. **The proposed activities under MozDGM are anticipated to have positive social and environmental effects.** The implementation of MozDGM will apply the safeguards instruments developed under MozFIP, including the Environmental and Social Management Framework (ESMF) and the Process Framework (PF). When and where considered adequate, activities will be subject to Environmental and Social Management Plans (ESMPs) to address effects and risk mitigation. MozDGM will use the PF that was approved for the MozBio project (implemented by the same Ministry which will be facilitating MozDGM) in 2014 and updated by MozFIP in 2017, and targeting the same protected areas as those supported by MozDGM. No physical resettlement will be financed by the Project, and economic displacement will be avoided. Residual risks exist, ranging from restriction of access to legally designated protected areas (such as Parks), to non-inclusive investment practices, which could lead to the deterioration of rural livelihoods. Restriction of access to natural resources will be avoided, unless there is evidence that these restrictions have been agreed through transparent and inclusive participatory community decision-making processes, which provided for identification of measures to mitigate adverse impacts on the most vulnerable members of the community (if any) and lead to broad community support.<sup>33</sup> Any restriction of access to land and natural resources in legally designated protected areas (economic resettlement) will be dealt with through the PF.

66. **An Environmental and Social Safeguards capacity assessment was conducted to ascertain NEA's institutional safeguards capacity** in: (i) Carrying out Environmental and Social Impact Assessments and complying with ESMPs; (ii) Performing subprojects site supervision visits to confirm ESMP implementation; (iii) Monitoring overall environmental and social performance of subprojects including any critical mitigation measures taken and significant environmental and social incidents; and (iv) Reporting and communicating regularly and effectively the results of ESMP actions or major incidents at the institutional and individual capacity levels. The assessment, summarized in Annex 3, concluded that WWF has the fundamental environmental and social capacity and organizational structure to fully comply with the World Bank Operational Policies related to environment and social safeguards. The NEA will undergo further trainings, both at the institutional and individual levels, to strengthen this capacity.

67. **The assessment was divided into two categories** (i) *Institutional Capacity* – describes the policy and enabling conditions such as the institutional legal and policy frameworks, and work approaches, used for the manifestation of environmental and social safeguard capacities; and (ii) *Individual Capacity* – describes the competence, knowledge and skills of the individual responsible for the Environmental and Social Safeguards. The assessment concluded that, at the institutional level, WWF possesses various mechanisms and procedures that guide project implementation and that these guidelines are regularly used by the organization. Furthermore, these guidelines are in accordance with international best practices and are aligned with the World Bank Operational Policies (e.g. WWF's Policy on Environment and Social Assessments, Policy on Protection of Natural Habitats, Standard on Pest Management etc.). In addition, the safeguard specialist from the NEA of MozDGM showed the necessary and adequate knowledge on environmental impact assessments and broad understanding on emerging topics such as climate change and ecosystems services. Based on the individual capacity assessment, it was concluded that the safeguards specialist has the environmental skills and competencies to successfully implement the World Bank's Operational Policies.

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<sup>33</sup> Under these circumstances, OP 4.12 Involuntary Resettlement does not apply (OP 4.12, footnote 6).

68. **To further strengthen the NEA’s capacity, the assessment recommended the following:** (i) WWF staff working for MozDGM takes part in Environmental and Social Safeguards Training Seminars and Workshops organized by the World Bank whenever these are available. Furthermore, WWF should seek guidance from the FNDS safeguards team on the implementation of World Bank instruments, and whenever a problem or doubts arise, one-to-one clinic sessions should be had with the World Bank; (ii) WWF specify that the communications, mobilization and advocacy specialist and the Provincial Coordinators be dedicated to the application of the social safeguards, or add a social safeguards specialist to its team at least on a part-time basis; (iii) WWF includes in its final budget the hiring of a community lands expert to review each pilot subproject and provide any needed guidance; (iv) WWF, FNDS and the World Bank agree on the process to integrate: a) the MozDGM’s ESMF and PF with the environmental and social procedures of WWF, and the World Bank and FNDS approve of WWF’s internal Environmental and Social Due Diligence process; and b) WWF and MozDGM GRMs are coordinated to avoid duplication while ensuring World Bank policy requirements are met.

69. **The NEA will include a dedicated safeguards specialist,** who will ensure compliance of CBNRM subprojects against the World Bank’s Operational Policies on environmental and social safeguards as well as the Mozambican legislation on land, natural resources and communities. To ensure that the specialist has the necessary skills and capacity to conduct quality safeguards compliance and monitoring, he/she will receive safeguards training through workshops and clinics organized by senior safeguards specialists at FNDS and the World Bank.

70. **In accordance with the DGM Framework Operational Guidelines, a GRM will be established by the NEA.** The processes and procedures of the GRM shall ensure that all complaints received from local communities and other interested stakeholders related to project implementation would be addressed through a transparent, timely and fair process. The NEA will be able to use and adapt the common GRM that has been established for all projects included in the World Bank’s Integrated Landscape Management Portfolio in Mozambique – called the “Dialogue and Grievance Mechanism” to its specific needs. The Dialogue and Grievance Mechanism has been discussed with key stakeholders, including local communities, and has been tested in the Maputo Special Reserve to validate its procedures. The formal launching of this mechanism in all provinces took place in September 2017. A manual of procedures, a monitoring system and a communication strategy has been prepared. The NEA will use these instruments with adapted resolution levels. The GRM will be able to inform MozDGM management and the NEA about claims and conflicts, which would in turn guide peaceful and participatory resolution.

71. **An FM assessment was conducted in accordance with the Financial Management Manual that the Financial Management Sector Board issued in March 2010,** but retrofitted, on February 4, 2015. Its objective was to determine whether WWF has acceptable and adequate financial management arrangements to: (i) ensure that funds are used only for their intended purposes in an efficient and economical way while implementing agreed activities; (ii) enable the preparation of accurate and timely financial reports; (iii) ensure that funds are properly managed and flow smoothly, rapidly, adequately, regularly and predictably; (iv) enable the Project management to monitor its efficient implementation; and to (v) safeguard the project’s assets and resources.

72. **The FM review concluded that the overall residual FM risk rating of the Project is Moderate.** The WWF is an experienced institution in handling donor funds, and with adequate fiduciary capacity. However, some mitigating measures which include: (i) appoint a qualified and experienced accountant to be fully responsible for the FM aspects, (ii) adding the project to the Oracle ERP, (iii) obtaining training in World Bank-financed Disbursements and financial management procedures, and (iv) recruiting an independent auditor within three months of effectiveness will be required to ensure a smooth beginning to the implementation of project activities. The proposed FM arrangements, as summarized in Annex 3, meet the requirements for financial management under World Bank Policy Investment Project Financing and are therefore able to provide, with reasonable assurance, accurate and timely information on the status of the Project as required by the World Bank. In addition, WWF must ensure that the PIM (which will include FM procedures) is adopted by project

effectiveness. All procedures to be followed regarding FM will be documented in the PIM to ensure consistency of procedures, and the finance manager will be responsible for ensuring that the Project’s FM arrangements are adequate and satisfactory throughout the life of the Project.

73. **A procurement capacity assessment of the NEA concluded an overall risk rating of Substantial.** The objective was to ascertain WWF’s procurement capacity in providing reasonable assurance that the Grant will be used for its intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, accountability and all principles of fit for purpose to achieve value for money with integrity in delivering sustainable development. NEA’s procurement staff has limited procurement experience, inadequate exposure to complex contracting processes and has not attended any procurement training. The NEA also lacks dedicated procurement office space with procurement record keeping being handled by other personnel. In addition, WWF has no specific procurement manual. To mitigate this risk, the NEA will recruit an experienced procurement consultant to assist the procurement unit. Simultaneously, the procurement staff will undergo basic training to comply with World Bank Procurement Procedures and standards. The NEA shall establish a procurement record keeping system supervised by the procurement staff and all activities subject to procurement shall be included in a procurement plan. The World Bank and FNDS’s fiduciary teams will provide additional support and training to the NEA.

74. **Other Safeguards Policies Triggered**

Safeguard Policies	
Environmental Assessment OP/BP 4.01	Yes
Natural Habitats OP/BP 4.04	Yes
Forests OP/BP 4.36	Yes
Pest Management OP 4.09	Yes
Physical Cultural Resources OP/BP 4.11	Yes
Indigenous Peoples OP/BP 4.10	No
Involuntary Resettlement OP/BP 4.12	Yes
Safety of Dams OP/BP 4.37	No
Projects on International Waterways OP/BP 7.50	No
Projects in Disputed Areas OP/BP 7.60	No

**VII. World Bank Grievance Redress**

**Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB’s Grievance Redress Service (GRS).** The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB’s independent Inspection Panel, which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank’s attention, and World Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank’s corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org).

**Annex 1: Results Framework and Monitoring**

**COUNTRY: MOZAMBIQUE**

**DEDICATED GRANT MECHANISM FOR LOCAL COMMUNITIES**

<b>Project Development Objective (PDO):</b>												
<b>To strengthen the capacity of target communities and community-based organizations to participate in integrated landscape management</b>												
PDO Level Results Indicators	Core	Unit of Measure	Baseline	Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition etc.)
				YR 1	YR 2	YR 3	YR 4	YR 5				
<b>Indicator One:</b> Share of DGM participants with improved capacity to participate in ILM (disaggregated by (i) communities, (ii) CBOs)	<input type="checkbox"/>	Percentage	0	0	20 (20,20) [(i), (ii)]	30 (30,30) [(i), (ii)]	50 (50,50) [(i), (ii)]	60 (60,60) [(i), (ii)]	Annual	Field surveys. Review of attendance reports from the national forums, MSLFs and local councils	NEA	Refer to description table below
<b>Indicator Two:</b> Share of DGM participants with increased role in the FIP and other REDD + processes at local, national or global levels (disaggregated by (i) communities, (ii) CBOs)	<input type="checkbox"/>	Percentage	0	10 (10,10) [(i), (ii)]	20 (20,20) [(i), (ii)]	30 (30,30) [(i), (ii)]	50 (50,50) [(i), (ii)]	60 (60,60) [(i), (ii)]	Annual	Field surveys. Review of attendance reports from the national forums, MSLFs and local councils	NEA	Refer to description table below
<b>INTERMEDIATE RESULTS</b>												
<b>Intermediate Result (Component One): Increasing Community and CBO Participation in Integrated Landscape Management</b>												
<i>Intermediate Result Indicator One:</i> Share of DGM participants with enhanced knowledge and understanding of ILM (disaggregated	<input type="checkbox"/>	Percentage	0	0	20 (20,20) [(i), (ii)]	30 (30,30) [(i), (ii)]	50 (50,50) [(i), (ii)]	60 (60,60) [(i), (ii)]	Annual	Field surveys	NEA	Refer to description table below



by (i) communities, (ii) CBOs)												
<i>Intermediate Result Indicator Two:</i> Share of DGM stakeholders that perceive DGM governance and processes as transparent and inclusive	<input type="checkbox"/>	Percentage	0	0	0	50	50	80	Biennial	Field surveys	NEA	Refer to description table below
<b>Intermediate Result (Component Two): Strengthening Capacity for Community-Based Natural Resources Management</b>												
<i>Intermediate Result Indicator One:</i> Share of women among community subproject beneficiaries	<input type="checkbox"/>	Percentage	0	0	50	50	50	50	Annual	Review of NEA monitoring reports and evaluation of subproject implementation	NEA	Refer to description table below
<i>Intermediate Result Indicator Two:</i> Community-private sector partnerships signed	<input type="checkbox"/>	Number	0	0	1	3	4	4	Annual	Review of signed community-private sector partnership agreements	NEA	Refer to description table below
<i>Intermediate Result Indicator Three:</i> % of subprojects successfully completed and achieved their objectives (consistent with FIP objectives)	<input type="checkbox"/>	Percentage	0	0	5	20	40	70	Annual	Review of NEA monitoring reports and evaluation of subproject implementation	NEA	Refer to description table below
<i>Intermediate Result Indicator Four:</i> Grievances registered related to delivery of project benefits that are actually addressed	<input type="checkbox"/>	Percentage	0	40	50	60	70	80	Annual	Review of GRM monitoring platform	NEA	Refer to description table below

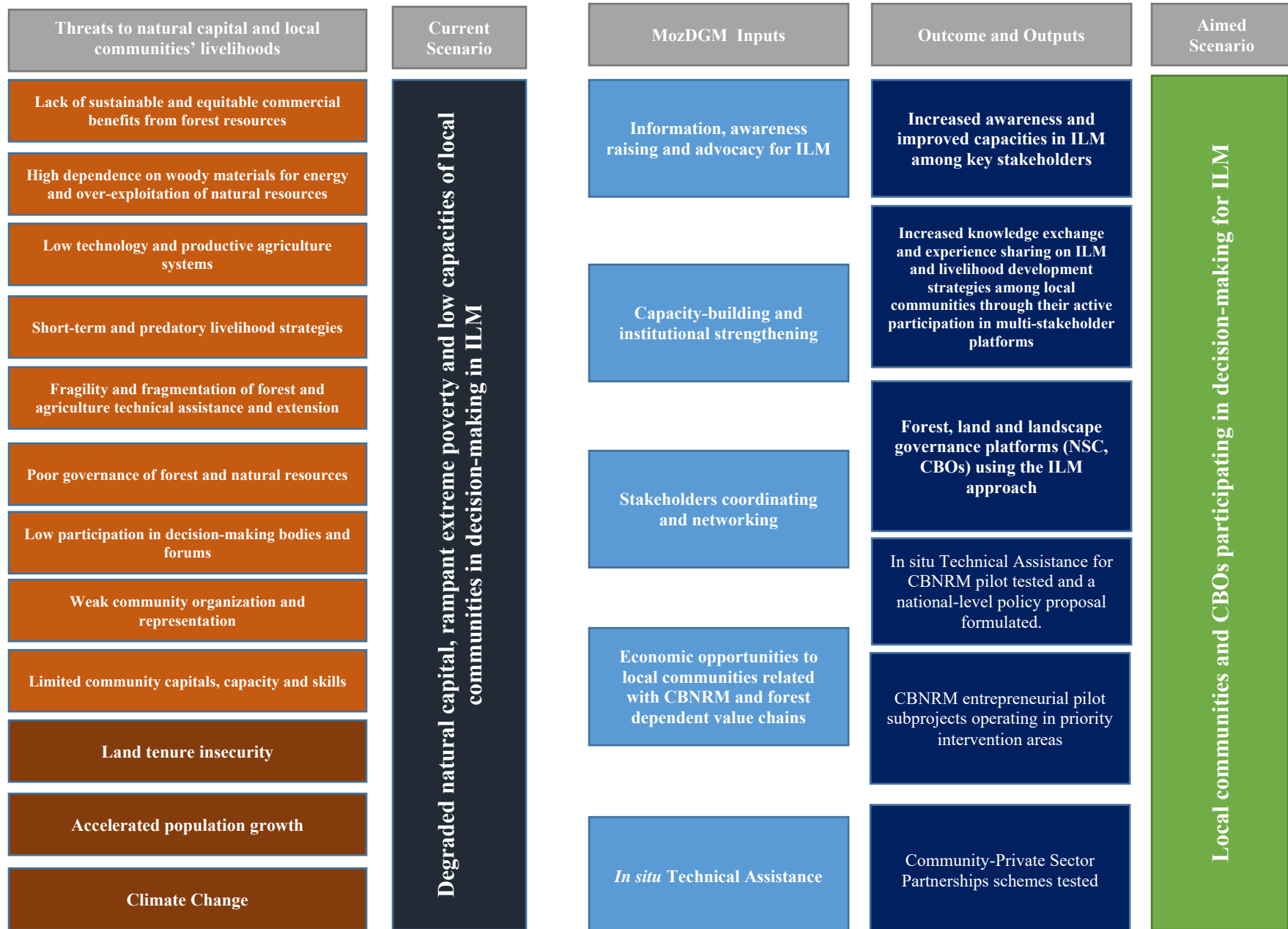
## Project Development Indicators Description

<b>Project Development Objective (PDO): To strengthen the capacity of target communities and community-based organizations to participate in integrated landscape management</b>	
<b>PDO Level Results Indicators</b>	<b>Definitions</b>
<p><b>Indicator One:</b> Share of DGM participants with improved capacity to participate in ILM (disaggregated by communities, CBOs)</p>	<p>Annual targets. The indicator is related to the capacity of beneficiaries to participate in ILM (including REDD+ related processes). The indicator measures the share of DGM participants that have participated in capacity building and other activities supported by the project that show improved capacity to participate in ILM.</p> <p><b>DGM participants</b> are defined as individuals from communities and CBOs who directly participate in MozDGM-funded capacity building activities and receive subproject financing (denominator). Participants with <b>improved capacity</b> to participate in ILM is measured by those who perceive their role or participation in ILM processes has increased as a result of the project (numerator). This perception will be captured through field surveys conducted by the NEA. <b>Participate in ILM</b> means participation in community subprojects and decision-making processes as <b>FIP and other REDD+ processes at local, national or global levels</b>.</p> <p><b>FIP and other REDD+ processes at local level</b> refer to the District Community Consultative Councils and the Multi-Stakeholder Landscape Forums in Zambézia and Cabo Delgado. The <b>Multi-Stakeholder Landscape Forums</b> refer to the established platforms in the targeted landscapes where multi-stakeholders are able to convene, mobilize and share knowledge, expertise, technology, and financial resources, while encouraging and promoting effective public, public-private, and civil society partnerships.</p> <p><b>FIP and other REDD+ processes national or global levels</b> refer to the National Forest Forum and the Land Consultative Forum. The <b>National Forest Forum</b> and <b>Land Consultative Forum</b> are managed by the National Forest Directorate and National Land Directorate respectively. They bring together private and public, organized and self-representing stakeholders across the forest and land sectors to deliberate on issues related to the sector.</p> <p><b>Disaggregation</b> is by communities and CBOs.</p>
<p><b>Indicator Two:</b> Share of DGM participants with increased role in the FIP and other REDD + processes at local, national or global levels (disaggregated by communities, CBOs)</p>	<p>Annual targets. This is a common DGM indicator which measures the effectiveness to increase the representativeness of DGM participants in national and local forums on ILM.</p> <p><b>DGM participants</b> are defined as individuals from communities and CBOs who directly participate in MozDGM-funded capacity building activities and receive subproject financing (denominator). Participants with an <b>increased role</b> is measured by the perception of those who participate in the forums and platforms (numerator). This perception will be captured through field surveys conducted by the NEA and a review of attendance reports from the forums and platforms.</p> <p><b>FIP and other REDD+ processes at local level</b> refer to the District Community Consultative Councils and the Multi-Stakeholder Landscape Forums in Zambézia and Cabo Delgado. The <b>Multi-Stakeholder Landscape Forums</b> refer to the established platforms in the targeted landscapes where multi-stakeholders are able to convene, mobilize and share knowledge, expertise, technology, and financial resources, while encouraging and promoting effective public, public-private, and civil society partnerships.</p>

	<p><b>FIP and other REDD+ processes national or global levels</b> refer to the National Forest Forum and the Land Consultative Forum. The <b>National Forest Forum</b> and <b>Land Consultative Forum</b> are managed by the National Forest Directorate and National Land Directorate respectively. They bring together private and public, organized and self-representing stakeholders across the forest and land sectors to deliberate on issues related to the sector.</p> <p><b>Disaggregation</b> is by communities and CBOs.</p>
<b>INTERMEDIATE RESULTS</b>	
<b>Intermediate Result (Component One): Increasing Community and CBO Participation in Integrated Landscape Management</b>	
<p><i>Intermediate Result Indicator One:</i> Share of DGM participants with enhanced knowledge and understanding of ILM (disaggregated by communities, CBOs)</p>	<p>Annual targets. This indicator measures the effectiveness of the training activities on ILM (including climate change, REDD+ and integrated NRM).</p> <p><b>DGM participants</b> are defined as individuals from communities and CBOs who directly participate in MozDGM-funded capacity building activities and receive subproject financing (denominator). <b>Knowledge and understanding of ILM</b> relates to technical capacity and skills, related on one hand to: business development and value chains, organizational management and finance, policy planning and advocacy; and on the other hand, to: sustainable resource management, agriculture, conservation and ecological issues.</p> <p>Participants with <b>enhanced</b> knowledge and understanding of ILM are measured by those who perceive an increase in capacity and skills as described above as a result of the Project (numerator), measured through field surveys conducted by the NEA.</p> <p><b>Disaggregation</b> is by communities and CBOs.</p>
<p><i>Intermediate Result Indicator Two:</i> Share of DGM stakeholders that perceive DGM governance and processes as transparent and inclusive</p>	<p>Biennial targets. This is a common DGM indicator that captures the level of representation, equity and transparency of the DGM governance structures and processes.</p> <p><b>Stakeholders include</b> subproject beneficiaries and recipients of capacity building activities, members of NSC and GSC, LCs that present proposals to DGM for funding and government representatives involved in the FIP and DGM. <b>Transparent</b> is defined in terms of timeliness, accessibility and scope of the disclosure of the DGM related information and materials to the public at the country and global levels. <b>Inclusive</b> is defined in terms of the intensity, frequency and accessibility of DGM related processes through the program cycle.</p> <p>This is measured through field surveys conducted by the NEA.</p>
<b>Intermediate Result (Component Two): Strengthening Capacity for Community-Based Natural Resources Management</b>	
<p><i>Intermediate Result Indicator One:</i> Share of women among community subproject beneficiaries</p>	<p>Annual targets. This indicator captures the percentage of women subproject beneficiaries. <b>Subprojects are</b> initiatives led by local communities or CBOs related to natural resources management (agriculture, forest-related value chains and restoration, tourism and fisheries, among others) and financed through grants managed by the NEA.</p> <p>This is measured through a review of the NEA monitoring reports and evaluation of subproject implementation.</p>

<p><i>Intermediate Result Indicator Two:</i> Community-private sector partnerships signed</p>	<p>Cumulative targets. This indicator measures the benefits to local communities and CBOs from enhanced capacity to manage natural resources and enter into partnerships.</p> <p><b>Community-private sector partnerships</b> mean formal arrangements whereby a local community (or their representative) or a CBO (for example, associations, CGRNs, cooperatives, etc.) signs an agreement with another actor (such as a private sector company, an NGO) to jointly enter into a business partnership (agriculture, non-timber forest products, forestry, nature-based tourism, etc.). <b>Partnerships signed</b> mean new formal arrangements or amending existing ones. Partnerships could be initiated or enhanced as part of the subprojects. Such partnerships could boost a private endeavor while increasing market access and institutional support to the community or CBO, enhancing the long-term sustainability of subprojects.</p>
<p><i>Intermediate Result Indicator Three:</i> % of sub-projects successfully completed and achieved their objectives (consistent with FIP objectives)</p>	<p>Cumulative targets. This is a common DGM indicator that measures the level of success of subprojects funded through DGM, promoting learning on what worked and what did not, and applying lessons learned to future project design and implementation.</p> <p><b>Subprojects</b> are initiatives led by local communities or CBOs related to natural resources management and financed by the Project through grants managed by the NEA.</p> <p><b>Successfully completed and achieved their objectives</b> will be measured and assessed based on the following criteria; (i) activity completed; (ii) results achieved. <b>Activities completed</b> refers to all activities presented in the proposal of the subproject that are completed within the project period. <b>Results achieved</b> refers to target(s) of indicator(s) on the subproject objective mostly achieved. <b>Mostly achieved</b> refers to 75% achievement of expected results.</p> <p>To be considered as “successfully completed and achieved their objectives”, the subproject needs to fulfill both criteria, as measured by reviewing NEA monitoring reports and its evaluation of subproject implementation.</p>
<p><i>Intermediate Result Indicator Four:</i> Grievances registered related to delivery of project benefits that are actually addressed</p>	<p>Annual targets. This is a common DGM indicator that measures the effectiveness of the accountability as well as transparency mechanisms established by the DGM and to help address stakeholder risk. It is a simple percentage of (a) the number of grievances made and (b) the number of these grievances that are resolved.</p> <p><b>Grievance registered</b> includes all local communities and other interested stakeholders’ grievances registered in the Project’s Grievance and Redress Mechanism related to a grant award decision, representation in the NSC or GSC, or the governance of the DGM.</p> <p><b>Actually addressed</b> are those grievances that are addressed in a timely manner, according to guidelines to be determined in the GRM Manual of Procedures that will be applied by the NEA. The Manual establishes the timeframe for each level of grievance resolution and the monitoring platform will register if the grievances are solved in a timely manner.</p>

## MozDGM's Theory of Change



## Annex 2: Detailed Project Description

### COUNTRY: MOZAMBIQUE

#### DEDICATED GRANT MECHANISM FOR LOCAL COMMUNITIES

##### Background

1. **The Dedicated Grant Mechanism (DGM) is a special global initiative under the Forest Investment Program (FIP).** DGM was set up to enhance the capacity of local communities in FIP pilot countries by providing grants that support local community initiatives for these communities to be more engaged and empowered to manage their locally articulated development needs. The DGM aims to strengthen the role of local communities in REDD+ programs (and integrated landscape management more broadly) at local, national, and global levels, and in so doing, support efforts of countries to address the drivers of deforestation and forest degradation and promote sustainable forest management. The DGM consists of DGM country projects and a global component for knowledge exchange and strengthening of networks.

2. **The 5-year MozDGM is a stand-alone project that has strong synergies with the “Integrated Forests and Landscape Management portfolio” financed by the World Bank in support of Mozambique’s National Sustainable Development Plan.** MozDGM is consistent with FIP objectives and well aligned with the MozFIP project, complementing its aim to promote sustainable forest management by focusing on the community aspects of forest and land management.

3. **MozDGM focuses on the priority landscapes of MozFIP: the Zambézia landscape, comprising nine districts in the province of Zambézia, and the Cabo Delgado landscape comprising seven districts in the province of Cabo Delgado.**<sup>34</sup> The choice of a small number of districts within a substantial geographical area, grouped into two coherent landscapes, allows the Project to test the approaches on a manageable scale and be able to achieve concrete results and subsequently apply this model in other places.

4. **To achieve the goals of MozDGM, the Project will work at three levels:**

- *At the national level*, the Project aims to: (i) expand the influence of community-based organizations (including associations, interest groups, cooperatives, NGOs and natural resources management committees) in policy planning and decision-making in natural resources management; and (ii) build a strong constituency in support of the ILM approach and its scaling up. These goals will be achieved through strengthening the participation of communities and CBOs in multi-stakeholder policy dialogue platforms (such as the Land Consultative Forum and the DGM National Steering Committee).
- *At the provincial/landscape level*, the Project will focus on the provinces of Cabo Delgado and Zambézia, where MozDGM aims to enhance the informed participation and influence of communities and CBOs in decision-making processes related with the sustainable management of natural resources, forest and rural development. This will be achieved by: (i) strengthening the institutional capacity of CBOs and multi-stakeholder platforms (such as the DCCs and MSLFs); and (ii) enhancing the transparency and social accountability of the decisions made by such committees and platforms.
- *At the local level*, the Project will operate within the targeted 16 districts of Cabo Delgado and Zambézia. The Project aims to increase the capacity of CBOs for CBRNM through “learning by

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<sup>34</sup> Districts in Zambezia include Alto Molócue, Ile, Gilé, Pebane, Maganja da Costa, Mocubela, Mocuba, Gurue, and Mulevala. Districts in Cabo Delgado include Macomia, Meluco, Quissanga, Montepuéz, Ancuabe, Metuge, and Ibo (see Annex 8 for maps of the two landscapes).

doing” through subprojects. Selected CBOs in the landscapes will receive support to implement subprojects. Supporting the implementation of on-the-ground activities is well within the scope of the global DGM Program, but a major objective of financing such activities is to pilot test the CBNRM approach in Mozambique, evaluate its results and outcomes and identify the drivers that make it effective, inclusive, fair and sustainable. This evaluation will contribute to the broader dialogue on CBNRM and ILM at the country level.

**5. Project Components. MozDGM activities are organized under three components:**

<b>Project Component</b>	<b>Financing (US\$ Million)</b>
1. Increasing Community and CBO Participation in Integrated Landscape Management	1.40
2. Strengthening Capacity for Community-Based Natural Resources Management	2.47
3. Project Management, Monitoring and Evaluation	0.63
<b>Total Project Costs</b>	<b>4.50</b>

**Component 1: Increasing Community and CBO Participation in Integrated Landscape Management (US\$ 1.40 million)**

**6. Component 1 aims to increase the participation of communities and CBOs in ILM at the national, landscape, provincial, and local levels.** Institutional strengthening of communities and CBOs involved in natural resources management will increase their participation in policy decision-making. The aim is to improve knowledge and understanding of the ILM approach and of options for sustainable natural resources management, contribute to addressing conflicts of interest related to competing land uses, as well as to build common views about land and resource use. Activities will be aimed at building capacity, broadening support, social legitimacy and sense of ownership by sector stakeholders to utilize tools related to ILM and CBNRM. This is expected to result in more active and well-informed participation of communities and CBOs in consultative multi-stakeholder platforms and key decision-making processes that deal with ILM issues at district, provincial and national levels, such as the DCCs, the provincial MSLFs and national forums (forest and land), among others. By improving the quality of participation, it is expected that there can be increased transparency and social control of decision-making processes, improved social accountability and institutional performance in integrated landscape management. These capacity building activities will target different types of communities and CBOs to strengthen their governance and operational management, enhance their member skills and contribute to their participation performance in decision-making processes.

**7. Capacity building activities will be tailored and targeted to the relevant stakeholders at each level (national, provincial, local) to strengthen institutions, increase their participation in decision-making and improve their knowledge in technical areas.** WWF, the NEA of MozDGM, will conduct capacity needs assessments and strategic planning of capacity building activities to this end. *At the local level*, the Project will operate in the targeted 16 districts, and target local communities and CBOs to support their participation in bodies such as the DCCs. *At the landscape (provincial) level*, training will be provided to local communities and CBOs and support their participation in the MSLFs in Cabo Delgado and Zambézia, social and economic forums, and in public consultations. Learning activities would seek to increase the technical knowledge and awareness of forest and land-related issues. *At the national level*, the Project will promote enhanced participation of current participating members in national forums as well as the NSC in policy-making arenas to influence policy planning and build a strong constituency in support of the ILM approach and its scaling up. Table 1 summarizes the target dialogue and decision-making spaces, intended beneficiaries, capacity building topics, and instruments to be used under Component 1.

<b>Level</b>	<b>Dialogue and decision-making spaces</b>	<b>Beneficiaries</b>	<b>Capacity building topics/issues</b>	<b>Capacity building instruments</b>
National	<ul style="list-style-type: none"> <li>• National Forest Forum</li> <li>• National Land Consultative Forum</li> <li>• CBNRM conference</li> </ul>	<ul style="list-style-type: none"> <li>• Deputies of specialized commissions of the National Assembly</li> <li>• Members of the National Forest Forum, Land Consultative Forum, provincial platforms</li> <li>• DGM National Steering Committee members</li> </ul>	<ul style="list-style-type: none"> <li>• Natural resources and the environment, agriculture, ecotourism</li> <li>• Access to information</li> <li>• Laws, policies and regulations on land, forests, conservation, environment</li> <li>• Forest sector reforms</li> <li>• Leadership and negotiations</li> <li>• Communications</li> <li>• Influencing decision-making</li> </ul>	<ul style="list-style-type: none"> <li>• Seminars; workshops</li> <li>• Campaigns</li> <li>• Courses</li> <li>• Plays/theater</li> <li>• Lectures</li> <li>• Exchanges</li> </ul>
Landscape/ provinces	<ul style="list-style-type: none"> <li>• Sustainable Development Platforms</li> <li>• Civil society provincial forums</li> <li>• Development Observatories</li> <li>• Social and economic forums</li> <li>• Government-civil society meetings</li> <li>• Public consultations</li> </ul>	<ul style="list-style-type: none"> <li>• Members of civil society (community and CBO members) who participate in platforms, consultations and other dialogue spaces</li> </ul>	<ul style="list-style-type: none"> <li>• Natural resources and the environment, agriculture, ecotourism</li> <li>• Access to information</li> <li>• Laws, policies and regulations on land, forests, conservation, environment</li> <li>• Forest sector reforms</li> <li>• Leadership and negotiations</li> <li>• Communications</li> <li>• Influencing decision-making</li> <li>• Gender inclusion</li> </ul>	<ul style="list-style-type: none"> <li>• Seminars, workshops</li> <li>• Campaigns</li> <li>• Courses</li> <li>• Printed materials in local languages</li> <li>• Plays/theater</li> <li>• Lectures</li> <li>• Exchanges</li> <li>• Sporting events</li> </ul>



District/ Local	<ul style="list-style-type: none"> <li>• Consultative Councils (District, Administrative Post, Locality)</li> <li>• District platforms</li> <li>• National Resource Management Committees</li> </ul>	<ul style="list-style-type: none"> <li>• Members of civil society (community and CBO members) who participate in platforms, consultations and other dialogue spaces</li> <li>• Minority groups (women, youth)</li> <li>• Community and religious leaders, professors</li> </ul>	<ul style="list-style-type: none"> <li>• Natural resources and the environment, agriculture, ecotourism</li> <li>• Access to information</li> <li>• Laws, policies and regulations on land, forests, conservation, environment</li> <li>• Forest sector reforms</li> <li>• Leadership and negotiations</li> <li>• Communications</li> <li>• Influencing decision-making</li> <li>• Preparation of projects</li> <li>• Leadership and negotiation</li> <li>• Management skills: financial management, financial literacy</li> <li>• Professional skills (e.g. computer skills)</li> <li>• Gender inclusion</li> </ul>	<ul style="list-style-type: none"> <li>• Social preparation process methodology</li> <li>• Awareness campaigns</li> <li>• Courses</li> <li>• Printed materials in local language</li> <li>• Plays/theater</li> <li>• Lectures</li> <li>• Exchanges</li> <li>• Expositions and fairs</li> <li>• Sporting events</li> <li>• Model schools</li> </ul>
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Table 1: Capacity building under Component 1

8. **In consultation with the NSC, WWF will develop a capacity building manual and annual capacity building plans, which will guide Project activities.** The capacity building manual will lay out a strategic roadmap for capacity building under MozDGM that takes into consideration capacity needs, institutional weaknesses and local level constraints that hinder local communities' and CBOs' participation in decision-making on ILM. It will be informed by past analytical studies, World Bank operations, the World Bank-funded Fifth CBNRM conference (led by MITADER, to take place in 2018), dialogue with local partners and government, and as identified in the Social Preparation Process. Capacity building plans should prioritize instruments that produce a deeper impact and meaningful opportunities for participants, such as medium-term courses or multiple trainings over time, rather than single events. Existing groups, such as youth or girls' clubs, will be leveraged as target groups for capacity building. To incentivize active participation and learning, capacity building plans will also consider linking demonstrable learning results to further opportunities for participants, such as exchange trips or access to scholarships.

9. **MozDGM will support regular meetings of the DGM NSC, which is expected to play an increased role in national-level decision-making.** These meetings will serve to deliberate about MozDGM activities as well as to enhance the knowledge and understanding, information sharing and cooperation of NSC members in issues related with advocacy towards the adoption of an ILM approach. MozDGM will also support the active engagement of the NSC in existing platforms dealing with ILM issues. Initially, the NEA will conduct an assessment on the NSC to determine their level of knowledge and awareness on the ILM approach and on land and forest-related legislation. On this basis, the NSC members will undergo trainings to enhance their decision-making in the national forums. Further, this training will be supplemented with managerial and leadership trainings.

10. **MozDGM will provide inputs into decision-making on sustainable rural development policies and legislation and lead to the development of a policy proposal to support CBNRM.** The identification, testing and evaluation of CBNRM models, cumulating in a policy proposal for decision makers at the national level, will draw on an assessment of existing technical assistance models applied to

CBNRM, forest management and rural development, as well as on lessons learned from the implementation of subprojects (under Component 2), and should be conducted in a participatory manner. MozDGM not only aims to pilot successful CBNRM initiatives, but also to ensure the lessons from these initiatives feed into a national-level CBNRM policy proposal for decision-makers.

**11. The NEA will develop a communications strategy to meet the awareness-raising and advocacy goals of MozDGM and allow for easy access to information on MozDGM** and its core themes and activities. Outreach will highlight the importance and benefits of reducing deforestation, elements of ILM and links to improving livelihoods and economic opportunities. Similarly, information on MozDGM's governance structure, criteria and process for selection and funding of subprojects and the GRM will be disseminated. Existing platforms and forums will play a vital part in information dissemination, knowledge sharing and learning exchanges. The strategy will rely on a website to disseminate information and materials, as well as radio programs and other culturally appropriate means of communication. The NEA and GEA will maintain open lines of communication and actively reach out to stakeholders and report to the NSC and GSC on actions taken. Implementation of the strategy will also assist the NSC to champion the interests and views of their constituents and build the authority of the NSC among other stakeholders.

**12. The expected outputs from Component 1** include: (i) around 1,500 community and CBO members trained, with increased participation in decision-making; (ii) around 40 training events; (iii) technical assistance models for CBNRM and ILM and a national CBNRM policy proposal; (iv) regular DGM National Steering Committee (NSC) meetings; and (v) a communication strategy considering 400 radio broadcasts, 20 theater plays and series of communications and training materials.

**13. This component will finance** capacity-building activities, technical assistance, communication events and materials, operational costs for workshops, forums and networking events.

#### **Component 2: Strengthening Capacity for Community-Based Natural Resources Management (US\$ 2.47 Million)**

**14. This component aims to increase the capacity of communities and CBOs for CBNRM through “learning by doing” by implementing activities on the ground, and to pilot test the CBNRM approach. This will also contribute to reducing deforestation and sustainable management of natural resources and improve livelihoods.** Component 2 will bring the ILM approach to action by supporting CBNRM subprojects, leading to on-the-ground capacity building of local communities and CBOs. To achieve these objectives, selected CBOs within priority landscapes will receive a package of incentives, comprising capacity-building, technical assistance and financing for CBNRM subprojects.

**15. It is expected that MozDGM will be able to support from eight to ten CBNRM subprojects that contribute to increasing rural income and reducing deforestation.** These subprojects will simultaneously foster sustainable land use and natural resource management, promote economic activities and rural livelihood development practices, and enhance climate change mitigation and adaptation. Subprojects could involve establishing or enhancing partnerships between communities or CBOs and private sector actors for mutual benefit, where such partnerships could boost a private endeavor while increasing market access and institutional support to the community or CBO. Such partnerships are expected to enhance sustainability of the subprojects. Subproject sizes are estimated to range between US\$50,000 to US\$200,000. Experiences from other community projects in Mozambique have shown this range to be appropriate, to both maximize potential results of each subproject and to allow selectivity of beneficiaries with adequate capacity.

**16. Subprojects are expected to:** (i) improve spatial planning and multi-stakeholder coordination for better management of land-use trade-offs; (ii) promote natural resource management and restoration of degraded lands; (iii) stimulate nutrition-sensitive, climate-smart and conservation agriculture; and (iv) advance community inclusion and partnerships with the private sector in value-chains with significant

market potential. MozDGM will support subprojects related to four thematic areas: i) agriculture; ii) forest-related value chains and restoration of degraded lands; iii) nature-based tourism; and iv) fisheries and related value chains. These themes are summarized in Table 2 below.

Thematic Areas	Comments
<b>1. Agriculture</b>	Subprojects related to agriculture may include conservation techniques (including agroforestry, contour farming, mulching, reduced tillage, crop rotation, integrated pest management, and water management), nutrition-sensitive, conservation and climate-smart agriculture – which may include food diversification and nutritious crops, drought-tolerant and short-maturing varieties. The Project will also prioritize market-oriented production systems for improving food security and health.
<b>2. Forest-related value chains and restoration of degraded lands</b>	Subprojects may include community-forest management, sustainable management of non-timber forest and timber products and development of these value-chains and their integration into markets. They may also be related with restoration of degraded land and may include assisted natural regeneration, <sup>35</sup> active enrichment planting with native and exotic species for conservation and domestic and commercial uses, other conservation techniques aiming to protect the productivity of topsoil, reduce erosion, and creation of biological corridors for biodiversity.
<b>3. Nature-based tourism</b>	These subprojects may include: development of community lodges and trails, camping and hiking, training of community guides, etc.
<b>4. Fisheries and related value chains</b>	These subprojects include management and development of community fisheries and aquaculture.

Table 2: Subproject thematic areas

**17. Component 2 will include culturally appropriate training and *in situ* technical assistance to support eight to ten financed subprojects.** This technical assistance aims to facilitate CBOs in the preparation and/or actual implementation of subprojects, and will therefore be tailored to ensure effectiveness in meeting beneficiary capacity needs as identified through the “Social Preparation Process” (SPP)<sup>36</sup> during land delimitation. This process identifies constraints and gaps in “community capitals”<sup>37</sup> as well as gender and generation inequalities that hamper the development of opportunities for local

<sup>35</sup> Assisted natural regeneration has low costs and is well suited for miombo forests given their regenerative capacity. Enrichment planting is needed in highly degraded areas or to ensure that certain species are part of the new emerging forests.

<sup>36</sup> The SPP uses participatory methods and tools to identify potentialities, opportunities and limitations linked to the management of land and other natural resources and participation in value-chain development and markets. This is through raising awareness on relevant laws (land, forestry and wildlife, benefit sharing mechanisms, forestry related, process of community consultations etc), analyzing the present sociopolitical and economic realities; identifying, mobilizing and opening ways for special interest groups to participate in decision-making, designing, implementing and monitoring local projects and; creating avenues for private-sector engagement with local communities.

<sup>37</sup> The Community Capitals Framework was first employed by Mary Emery and Cornelia Flora to “analyze community and economic development efforts from a systems perspective by identifying the assets in each capital (stock), the types of capital invested (flow), the interaction among the capitals, and the resulting impacts across capital” (Emery, M., and Flora, C., “*Spiraling up: Mapping Community Transformation with Community Capitals Framework*”, Community Development: Journal of the Community Development Society, Vol. 37, NO. 1, pp19-35, 2006). The CCF has been used over the years as an alternative strategic planning tool that analyses communities and community development from a system perspective (Corn Husker Economics, September 2, 2015, Institute of Agriculture and Natural Resources, University of Nebraska).

communities in their implementation. To support subprojects requiring *managerial and financial skills*, technical assistance may include: skills on business/enterprise identification and development; preparation of business plans and partnership development; networking and market identification; increasing knowledge of and access to credit and financial resource avenues; and organizational and grant making competencies. This could include facilitating negotiations with private sector actors in establishing partnerships and fulfilling the necessary procedures for formalizing the partnership. To support subprojects requiring *technical skills*, technical assistance may focus on: participatory land and resource management; social vulnerability mapping; planning and implementation of strategies for coping with and adapting to climate change; sustainable forest and land management practices, and forest-fire prevention; skills for the adoption of new technologies, and conservation agriculture and environmental conservation. Trainings will also enhance means in which participants can increase the social and human capital (financial literacy, activities that increase social cohesion, bonding and local support structures) within communities. Project proposals should identify the type of technical assistance requested where possible.

**18. The NSC and NEA will select the CBNRM subprojects for financing based on a selection process, including eligibility and selection criteria** (detailed in Annex 3). The NSC's by-laws and operational procedures also detail the procedures to be applied. The NEA will conduct a screening of the first round of simplified proposals based on the eligibility criteria. Shortlisted applicants will be invited to submit full project proposals, with the NEA to provide technical assistance where necessary. The NSC will deliberate on the full project proposals using the selection criteria, and make the final selection of the subprojects to be financed. The NEA will enter into a sub-grant agreement with subproject beneficiaries, but the NEA will procure goods and services for the subprojects on their behalf, including training and technical assistance as needed for implementation.

**19. Component 2 will also emphasize planning, monitoring, evaluation and dissemination of lessons learnt from CBNRM subprojects.** Taking into account that the inclusion into value chains may result in generating short-term economic benefits in detriment of sustainable use of natural resources, MozDGM will support the preparation of feasibility studies and business plans as a requisite for financing CBNRM subprojects. The implementation strategy of MozDGM will also reduce this risk because subproject financing will be complemented by training and technical assistance on ILM and land use planning. The results of these pilot subprojects will be assessed to identify the features that ensure CBNRM effectiveness and sustainability. In addition, knowledge exchange opportunities will be facilitated so that beneficiaries can learn from successful CBNRM activities within the country. The financing of CBNRM subprojects at the local level is expected to provide inputs towards the design of technical assistance models for CBNRM and ILM and a national CBNRM policy proposal.

**20. CBNRM subprojects supported under this component will pay special attention to gender issues.** To address issues of gender inequality, MozDGM will rely on the assessments made during the Social Preparation Process to define the strategy needed to promote women's involvement in decision-making. The social assessments will pay attention to the social, cultural and economic barriers facing women, and to gaps in access to agricultural inputs, community resources, capacity building, advisory services and finance. Efforts will be devoted towards monitoring and addressing any gender-biased negative impacts of MozDGM-supported activities, ensuring the participation of women in training and capacity building activities. Priority will also be given to CBNRM subprojects with a gender lens as well as those that give special attention to food security of women, and vulnerable social groups such as youth and people with disabilities. The Project aims to tackle some of the social structures that disempower women in rural communities. It will borrow lessons from in-country projects that have shown tangible positive results in confronting the systems of inequality facing rural women. The Project will also monitor its impacts by gender (by using disaggregated indicators, where feasible).

**21. MozDGM will not directly finance community land delimitation, but it is aware that it is critical for the success of CBNRM.** MozDGM will only finance subprojects in communities that have undergone the delimitation process. The delimitation process, which includes a Social Preparation

Process, is critical as it prepares communities for engaging in subprojects. It comprises the preparation of CLUPs and CDAPs and the strengthening of communities and CBOs to engage with outside interests such as incoming investors and other business opportunities.

**22. CBNRM subprojects should be aligned with the global DGM and FIP's core objectives.** All proposals within this component will be screened to ensure compliance with the World Bank's Operational Policies on environmental and social safeguards as well as the Mozambican legislation on land, natural resources and communities.

**23. MozDGM will not support:**

- a. Activities involving the purchase of land, carried out in lands under dispute or related to the adjudication of lands under dispute;
- b. Activities adversely affecting local communities, or where communities have not provided their broad support to such activities;
- c. Activities that may promote involuntary physical and economic displacement;
- d. Activities leading to restriction of access to natural resources, unless there is evidence that these restrictions have been agreed through transparent and inclusive participatory community decision-making processes, which provided for identification of measures to mitigate adverse impacts on the most vulnerable members of the community (if any) and lead to broad community support;
- e. Removal or alteration of any physical cultural property (includes sites having archeological, paleontological, historical, religious, or unique natural values);
- f. Conversion, deforestation or degradation or any other alteration of natural forests or natural habitats;
- g. Activities related to illegal timber and non-timber products for commercialization; purchase and use of formulated products that fall in WHO classes IA and IB, or formulations of products in Class II, if they are likely to be used by, or be accessible to, lay personnel, farmers, or others without training, equipment, and facilities to handle, store, and apply these products properly;
- h. Financing of elections or election campaigning;
- i. Construction and/or restoration of religious buildings;
- j. Purchase of tobacco, alcoholic beverages and other drugs; and,
- k. Purchase of arms or ammunition.

**24. The expected outputs of this component include:** (i) eight to ten CBNRM pilot subprojects and (ii) four community-private sector partnerships signed.

**25. The project will finance** the pilot subprojects and technical assistance to beneficiary CBOs.

**Component 3: Project Management, Monitoring and Evaluation (US\$0.63 Million)**

**26. This component will support the management, coordination and monitoring of Project activities.** This component covers the incremental operational and managerial costs of the NEA to carry out its tasks and overall responsibilities. WWF's responsibilities, as the NEA, include: i) financial management, procurement, and auditing; ii) technical coordination, monitoring and evaluation; iii) implementation supervision of community initiatives and results assessments; iv) reporting on technical progress, result indicators, fiduciary management and safeguards compliance to the World Bank, the NSC, the MozFIP coordination unit, the DGM GEA and the DGM GSC (on an annual basis); and v) design and implementation of the MozDGM GRM.

**27. The component also covers the incremental costs for the design and implementation of a robust M&E system and an efficient Project-related GRM.** The GRM will be culturally appropriate and able to address and resolve in a timely manner any Project-related grievances as per the DGM Operational

Guidelines. The GRM will build on the GRM implemented by other projects within the World Bank's Integrated Landscape Management Portfolio.

28. **Expected outputs include** (i) the overall management of the project, (ii) M&E of project implementation, and (iii) a GRM. The project will finance staff, consultants, goods, and operational costs.

### Annex 3: Implementation Arrangements

#### COUNTRY: MOZAMBIQUE

#### DEDICATED GRANT MECHANISM FOR LOCAL COMMUNITIES

##### Project Institutional and Implementation Arrangements

1. Each of the FIP pilot countries will have a National Steering Committee (NSC) and a National Executing Agency (NEA). The NEA and the Global Executing Agency (GEA) will support the NSC and GSC respectively, execute the program, and have fiduciary oversight. In accordance with the Global DGM guidelines, the MozDGM has developed a governance and management arrangement for coordination, partnership and synergies. The NSC oversees Project implementation and the NEA implements the Project. Fig 1 describes the institutional roles and responsibilities of these institutions.



Figure 1: DGM Institutional Framework

2. The NSC will provide overall governance for the MozDGM, with the NEA acting as Executive Secretariat of the NSC and implementing agency of the Project. The NSC is composed of two chambers: (i) the **Deliberative Chamber** formed by Natural Resources Management Committee (CGRN) members (6 chairs) and local civil society representatives (5 chairs); and (ii) the **Consultative Chamber** formed by Academy (2 chairs), GoM (5 chairs), national and international NGOs (5 chairs) and World Bank (1 chair). The Consultative members aim to provide a multidisciplinary advisory and advocacy support. Within the NSC, members from Deliberative Chamber were elected through landscape forum elections and considered CGRN and civil society representatives as candidates (vulnerable groups and territorial coverage were taken into account). Southern, Central and Northern Mozambique are represented in the NSC. The members of the Consultative Chamber were selected by the Deliberative Chamber through a numeric voting process following a list of criteria previously validated.

3. The first-term president and two vice-presidents (representing the two targeted landscapes) of the NSC have been acclaimed by its members.

4. The key roles and responsibilities of the NSC are:

- Decide on the annual working plans, annual capacity building plans and community and networking strategies;
- Advocate for the ILM approach, convening key stakeholders in support of this approach and creating momentum to support this approach in the country;
- Review and make funding decisions on CBNRM subproject proposals under Component 2;
- Report to the Global Steering Committee (GSC) on national activities on a semi-annual basis and represent the MozDGM in the ordinary meetings of the GSC;

- e) Review the implementation progress of CBNRM subprojects as compared with the results framework and discuss the lessons learned and apply them to future CBNRM design and implementation;
- f) Review the progress of activities in relation to the PDO against indicators and promote learning from the results among stakeholders;
- g) Mediate conflicts related to DGM-funded proposals and subprojects;
- h) Participate in the FIP National Steering Committee and ensure DGM lessons are transmitted to ongoing national processes;
- i) Actively seek feedback from local communities and CBOs on the DGM implementation;
- j) Identify needs, and collect and send ideas to the GSC for possible support by the Global Component.

5. **The World Wide Fund for Nature (WWF) was selected as the NEA in July 2017.** The selection of the NEA involved a competitive process organized by the NSC with technical support from FNDS<sup>38</sup>. The World Bank will enter into a Grant Agreement with WWF after Board approval, and WWF will begin operations following Project effectiveness. WWF will report back to the World Bank on the progress, safeguards and fiduciary aspects of the Project.

6. **As the NEA, WWF will be the Executive Secretariat of the NSC,** and will facilitate the NSC's work and provide operational and financial reporting to the World Bank. It will be responsible for implementing the Project, meeting Project objectives, and complying with the World Bank's Operational Policies.

7. **The main activities and responsibilities of the NEA include:**

- a) Serve as secretariat to the NSC and organizing its meetings and capacity-building events;
- b) Ensure timely implementation of all Project activities, monitor such activities and the Project's related indicators, prepare the draft proposal for the annual plan of activities, and sign the subproject agreements with implementing communities and CBOs;
- c) Prepare ToRs for the selection of consultants and technical specifications for the procurement of goods, works and services for specific activities and for capacity building, process their selection and procurement, and oversee contracts execution to ensure satisfactory implementation;
- d) Ensure appropriate use of DGM funds, report to the World Bank on the allocation and use of funds, and ensure that procurement is carried out in accordance with World Bank rules and procedures, including the preparation of procurement plans when applicable;
- e) Prepare technical assessments that will subsidize the NSC decision making processes such as the selection of priority intervention areas at the landscape level and the selection of CBNRM subprojects for financing;
- f) Maintain documentation on DGM subprojects, and prepare progress, results and financial reports (and other project-related documents as necessary) as agreed in the Grant Agreement;
- g) Ensure the World Bank's Operational Policies and related ESMF and PF are observed and complied with;
- h) Host and facilitate the World Bank's supervision missions, and work with the World Bank to optimize the operation's results and impact;
- i) Maintain communications and technical dialogue with stakeholders, and provide information and assistance to grantees;
- j) Manage the GRM;
- k) Respond to queries, coordinating and provide information for the GEA; and
- l) Provide information to the MozFIP Coordination Unit hosted under FNDS/MITADER.

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<sup>38</sup> See Annex 5



## Project Administration Mechanisms

8. **Under Component 2, the NEA will focus on fiduciary aspects and has the option to subcontract other technical aspects while maintaining overall responsibility for the Project.** With greater internal control over fiduciary and procurement management, the NEA should aim to minimize risks associated with disbursing funds.

9. **The NEA will prepare AWPBs that will be reviewed by the NSC and approved by the World Bank.** This AWPB will take into consideration the MSLFs, the nature of capacity building activities and previous, existing or planned activities within the sectoral scope of MozDGM. The NEA will conduct an initial technical assessment of communities, CBOs and organizations in the target landscapes<sup>39</sup>. The NEA will use this assessment to create or fortify existing institutional linkages in the target landscapes for knowledge and learning exchange, measures that ensure sustainability beyond the MozDGM lifecycle.

10. **Selection of Subprojects.** The NEA will apply the following procedures for the selection of CBNRM subprojects (see Figure 2 below for process).

- i) **Eligibility.** CBOs in the sixteen districts in the Zambézia and Cabo Delgado landscapes are eligible for submitting proposals for subproject financing, as long as they meet the eligibility criteria.
- ii) **Call for Proposals.** The NEA, following the NSC's approval, issues a call for proposals. It should include among other things: (i) eligibility criteria for applicants; (ii) eligible activities; (iii) decision-making procedure and timeline; and (iv) guidance for submission of proposals.
- iii) **Simplified Proposal.** Interested candidates submit a simplified proposal in response to the call for proposals (following the template in the PIM) to the NEA.
- iv) **Screening of Simplified Proposals by the NEA.** The NEA will conduct a screening of the proposals based on the list of eligibility criteria (Table 1) and against the World Bank's environmental and social safeguards. If there is insufficient information in the proposal for a decision, a request for additional information is sent to the applicant.
- v) **Full Project Proposals.** Fifteen of the best simplified proposals will be shortlisted and candidates will be invited to submit full project proposals, including a written consent from the representative of the community in which the subproject will be implemented. This proposal includes more technical and financial details on the proposed subproject. The NEA will provide technical assistance for the preparation of subprojects and the drafting of full project proposals, where necessary.
- vi) **Review and Selection by the NSC.** The fifteen full project proposals will be submitted to the NSC for deliberation, and the NSC will evaluate the proposals based on the selection criteria (Table 1) and follow the procedures laid out in the NSC's by-laws and operational procedures. The NSC will select the final 8-10 subprojects to be financed.
- vii) **Notification and Signing of Sub-grant Agreement.** A Sub-grant Agreement will be signed between the NEA and the recipient CBOs.

11. **The selected CBOs will be responsible for implementing the subproject, with the necessary technical assistance financed through the subprojects.** The NEA will manage and execute the funds on behalf of the CBOs, including conducting any procurement that may be needed, but the NEA should include and train the CBOs in financial management where appropriate to build their skills. CBOs will directly and independently manage a small fundo de maneio (management fund) for minor procurements and expenses. This fundo can be replenished based on conditions detailed in the PIM.

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<sup>39</sup> This assessment will rely on the SPP and the landscape / provincial multi-stakeholder platforms.

12. **Subproject activities should be in compliance with all relevant World Bank Operational Policies**, and the NEA will monitor implementation and evaluate results under the supervision of the World Bank and the NSC.

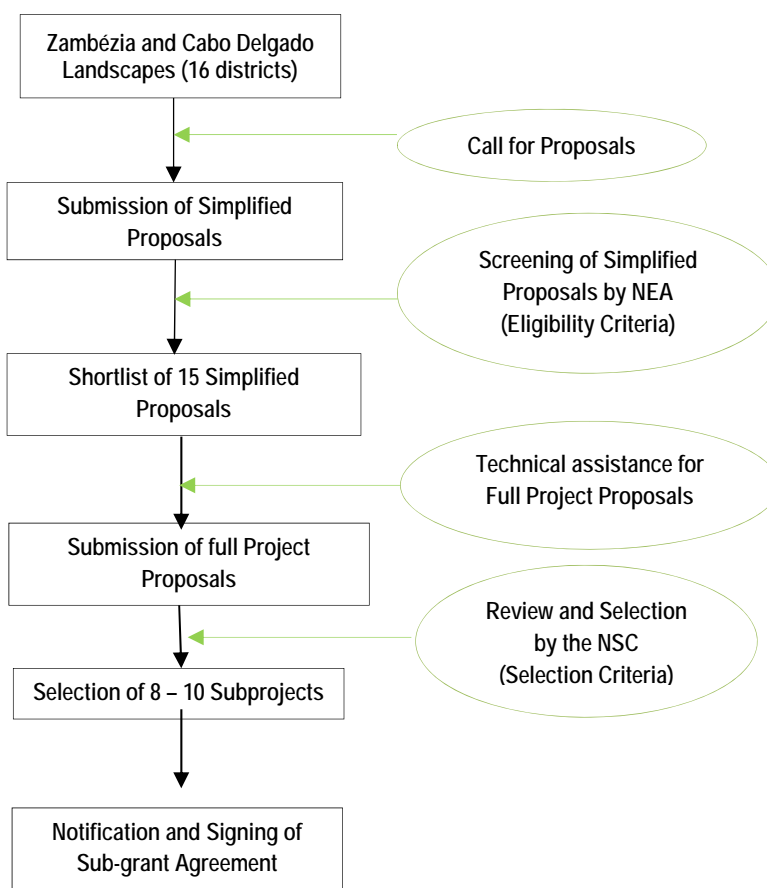


Figure 2: Procedures for the selection of subprojects, further elaborated in the PIM

Eligibility Criteria	Selection Criteria
<ul style="list-style-type: none"> <li>• Applicant must be a Community-Based Organization (Association, producer group, CGRN, interest group, etc.)</li> <li>• CBO has minimum membership of 10 people</li> <li>• CBO has minimum organization (with a leadership structure)</li> <li>• CBO has a natural resource management profile</li> <li>• Project area is delimited</li> <li>• Recognition of the CBO by the community in the project area, for at least one year</li> <li>• CBO must have legal status. If the CBO does not have legal status at the time of Full Project Proposal submission, request for technical assistance for the legalization process can be put to the NEA. CBO must be formalized by the time of signing of the Sub-grant Agreement</li> <li>• Fulfills DGM Program Criteria               <ul style="list-style-type: none"> <li>○ Aligned with the objectives of the DGM and FIP</li> <li>○ Aligned with one or more thematic areas of the</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Project has an integrated approach</li> <li>• Participation of women (minimum 40% of CBO members)</li> <li>• Ability to generate income</li> <li>• Promotes market access</li> <li>• Involves partnership with the private sector</li> <li>• Linked to other sustainable natural resource management initiatives</li> </ul>

<p>DGM</p> <ul style="list-style-type: none"> <li>○ Complementary to the FIP Investment Plan</li> <li>○ Designed and implemented under the initiative of local communities and directly benefits them</li> <li>○ Based on inclusive and accountable processes</li> <li>○ Compliant with the Operational and Safeguard Policies of the World Bank</li> </ul> <p>These criteria cover the <i>Basic Requirements for Country Grants</i> in the DGM Operational Framework Guidelines. It is worth noting that organizations that do not meet the financial management criteria stated in the Guidelines may still apply, as the NEA will be managing subproject funds.</p>	
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*Table 1: Eligibility and Selection Criteria for Subprojects*

**13. Members of the NSC are eligible for subproject financing, provided they recuse themselves from the selection process.** Such members shall also recuse themselves from any other decision that may affect or benefit them or any other organization or entity with whom they are affiliated. In the case that a NSC member represents an association or federation of organizations, then member organizations of the federation or association are not restricted from applying for the grants.

**14. The implementation arrangements for subproject financing will be further detailed in the PIM,** including the formats and frequency for reporting by sub-grant recipients. In addition, there may be peer group monitoring and learning visits. An independent review of the subprojects may also be carried out, if deemed necessary by the World Bank.

**Grievance and Redress Mechanism (GRM)**

**15. In accordance with the DGM Framework Operational Guidelines, a GRM will be established by the NEA.** The processes and procedures of the GRM shall ensure that all complaints received from local communities and other interested stakeholders related to Project implementation will: (i) have a properly written record; (ii) receive timely resolution of issues; and (iii) be publicly reported (with regard to complaints received and actions taken on each complaint). Regardless of the nature of the grievance, the NEA shall ensure that a transparent, timely and fair process is adopted to address each complaint.

**16. The NEA will use and adapt the common GRM that has been established for all projects included in the World Bank’s Integrated Forest and Landscape Management Portfolio in Mozambique – called the “Dialogue and Grievance Mechanism” to its specific needs.** A manual of procedures, a monitoring system and a communication strategy have been already prepared.

**17. The Project will use the same channels for the collection of grievances as the previously mentioned GRM,** but with a separate and exclusive phone number for MozDGM. The focal point for MozDGM’s GRM will be WWF’s safeguards specialist. The levels for resolution of grievances were discussed and agreed upon with the NSC. It is expected the NEA will resolve the majority of grievances filed. When the NEA cannot resolve the issue, the grievance will be escalated to the NSC. If the NSC cannot resolve the issue, it will be elevated to the GSC. If the complaint is related to the NSC’s decisions on grant applications, the complaint will be referred to the NSC. If it relates to World Bank policies, a World Bank staff member from the Mozambique office of the World Bank may be invited by the NSC to its meeting to interpret the relevant policy. If the complaint does not fall under the mandate of DGM operations at the country level, but relates to (i) the policies of the DGM (ii) the governance of the DGM in the country, or (iii) complaints that could not be resolved at lower levels, the matter will be taken to the GSC’s Grievance Subcommittee, which will be formed to handle escalated grievances upon request.

**18. The monitoring platform under the common GRM will be used.** The NEA will record all complaints received in a publicly accessible online system that will allow complaints to be tracked and monitored. All feedback and complaints received will be displayed on the DGM website with complaint

numbers to help the complainant in tracking progress. This information will be available in a culturally appropriate manner, depending on local circumstances.

**19. In each instance, the written response will indicate which entity** (i.e., NEA, NSC or GSC) will handle the complaint. That entity will then seek agreement on an approach with the complainant. The parties will engage in the process, implement the agreed actions, and record the outcome. Alternatively, the parties could be unwilling or unable to engage in the process. In this instance, the complainant will be offered the option of taking the matter to the next level (i.e., NSC or GSC), referring the issue for mediation, or closure. The appropriate entity will record all outcomes in writing. It is expected that resolution and closure should occur within 30 days of receipt of the initial complaint at the staff level.

**20. Regardless of where the complaint is handled (i.e., at staff level; at NEA, NSC or GSC level), the dedicated staff member will prepare a brief written note** on the options discussed with the complainant(s) and the agreed action(s) to be taken to resolve the issue. Following implementation of the agreed action(s), the outcome will be recorded (i.e., resolution and/or closure) and both parties will sign. Whether agreements are reached through direct conversations or mediation, all supporting documents of meetings needed to achieve resolution should be part of the file related to the complaint. At all stages of the process, the NEA will keep the World Bank team informed and maintain a comprehensive record of all correspondence and decisions on the issue. The above-mentioned grievance and complaint mechanisms are without prejudice to any additional mechanism established by the World Bank to address related issues of damage.

**21. The NEA will ensure easy access to culturally appropriate information about MozDGM and its GRM.** The contact persons and contact channels will be disclosed in the NEA and GEA websites. They will also be disseminated through information-sharing meetings organized by the NEA in each landscape, radio and other culturally appropriate means of communication. All documents and reports related with the implementation of MozDGM will be translated into Portuguese and available on the NEA website. The NEA will also maintain open lines of communication and actively reach out to stakeholders. The NEA will regularly review feedback received, respond to questions and comments on the websites, and report to the NSC and GSC on actions taken.

### **Financial Management, Disbursements and Procurement**

**22. The World Bank's FM assessment concluded that WWF's FM arrangements meet the World Bank's minimum requirements under OP/BP10.** The overall residual risk rating is Moderate.

**23. The objective of the assessment was to determine whether the FM arrangements were capable of:** (a) correctly and completely recording all transactions and balances relating to the Project; (b) facilitating the preparation of regular, accurate, reliable and timely financial statements; (c) safeguarding the Project's entity assets; and (d) being subject to auditing arrangements acceptable to the World Bank. The assessment complied with the Financial Management Manual for World Bank-Financed Investment Operations that became effective on March 1, 2010 but was issued (retrofitted) on February 4, 2015.

### **Financial Management Arrangements**

**24. Budgeting arrangements.** Budget preparation and monitoring will follow WWF's procedures. WWF will prepare AWPBs, which will be the basis for the Project's budget, and to be approved by the World Bank no later than December 31, of each year. The Country Director of WWF will also need to approve the AWPBs. The budget will be monitored through the unaudited quarterly financial reports, which will measure actual performance against targets for each period, through the Oracle ERP software that is already functional and has been used to prepare the latest annual accounts of WWF. Significant differences between planned and actual expenditures will also need to be documented on the quarterly reports, which will be submitted to IDA within 45 days after the end of each calendar quarter.

25. **Accounting arrangements.** WWF uses the Oracle accounting software. The system ensures that all users have segregation and sub-delegation of duties in compliance with WWF financial rules. The accounting software system allows for classification of expenditures by component or activity, chart of accounts and credit agreement, making it straightforward to assess the progress of each activity. Accounting will be on cash basis, a system that recognizes expenditures when they are effectively paid. The organizational structure of the accounting department enables monitoring and segregation of duties. Additionally, the accounting staff is qualified and experienced to cope with the requirements of the Project. However, to ensure familiarity with World Bank procedures, the World Bank will provide financial management and disbursements training.

26. **Internal control and internal auditing arrangements.** WWF has an internal monitoring system that enables early detection of deficiencies within the internal control systems, and which also takes corrective measures. There is an internal control body – Crowe Clark Whitehill – empowered to independently provide assurance on the policies and procedures of the institution. The Crowe Clark Whitehill internal control body, in accordance with *International Standards for Professional Practice of Internal Audit* (Standards), and at least once per calendar year, conducts an internal audit for the region as a whole according to the transparency policy governing relationships with partners. Guidelines have been developed and distributed internally to ensure common understanding of procedures and rules to be implemented and these remain updated. There is a Financial Management Manual that is currently being used and contains the main accounting procedures for approval of transactions, payroll, travel, per-diem, and procedures for assets.

### **Funds flow, Disbursement and Reporting Arrangements**

27. **Funds flow.** WWF will use a system under which funds will flow from the World Bank to a Designated Account (DA), as per the funds flow diagram below. The Designated Account, denominated in US\$ and to be managed by the WWF, will be opened in a commercial bank under terms and conditions acceptable to the World Bank.

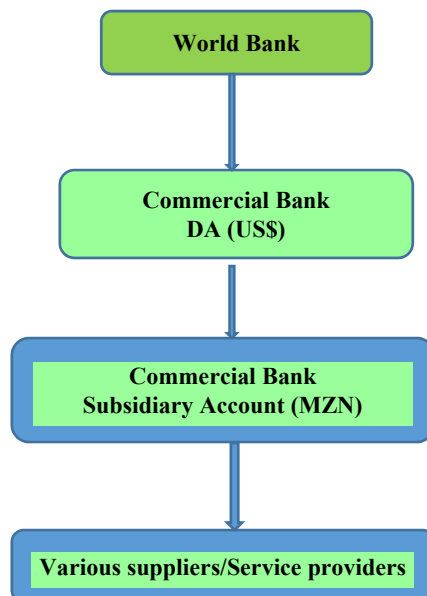


Figure 3: Flow of Funds

28. **Disbursement arrangements.** WWF will use the report-based disbursement method, mainly through the Advance Disbursement method. The funds will be disbursed through the submission of quarterly withdrawal applications. Other methods of disbursing to the Project will include reimbursements, direct payment, and use of special commitments (e.g., letters of credit). Further disbursement details will be provided in the Disbursement and Financial Information Letter.

29. **Financial reporting arrangements.** The objective of the reporting system is to enable the production of sufficiently detailed and regular information to assist in the management and monitoring of the implementation of the Project. Within 45 days after the end of each calendar quarter, WWF will produce and submit Interim Financial Reports (IFRs) in the format agreed to with the World Bank. The contents of the IFRs will include: (i) statement of sources and uses of funds, (ii) detailed statement of uses of funds by project activity/component; (iii) Designated Account Activity Statement (iv) Summary payments on contracts subject to prior review and (v) Summary payments not subject to prior review. The Project will also prepare annual accounts within three months after the end of each financial year.

30. **Auditing arrangements.** The Project will be audited on an annual basis by a private sector audit firm contracted to carry out the audit in terms and conditions acceptable to the World Bank’s guidelines on recruitment of consultants. The audit will be carried out in accordance with International Standards on Auditing (ISA). The audit report together with the management letter should be submitted to the World Bank within six months after effectiveness. The World Bank will publicly disclose the audit report in accordance with the World Bank’s disclosure policy.

<i>Action</i>	<i>Periodicity</i>	<i>By whom</i>
Submit audit report within 6 months of end of year	Annually	WWF

Table 2: Table of Audit Compliance Requirements

### Financial Management Action Plan

31. **As stated, the WWF’s FM arrangements meet the World Bank’s minimum requirements under OP/BP 10.** Given its residual risk rating, the Project will require at least once a year on-field supervision. The financial management action plan below outlines the mitigating measures that, if implemented, would strengthen the FM arrangements.

	<i>Action</i>	<i>Date due by</i>	<i>Responsible</i>
1	Agree to the format of Interim Financial Reports with the World Bank	Completed	World Bank/WWF
2	Hiring of Independent Auditor	Within 90 days of effectiveness	WWF

Table 3: FM Action Plan

32. **In addition to the above arrangements, NEA must ensure that the PIM (which will include financial management procedures) is adopted by Project effectiveness.** All procedures to be followed regarding FM will be documented in the PIM to ensure consistency of procedures, and the finance manager will be responsible for ensuring that the Project’s financial management arrangements are adequate and satisfactory throughout the life of the Project.

33. **Disbursement categories:** The table below shows the expenditure categories to be financed out of the Grant.

Category	Amount of the Grant Allocated (expressed in US\$)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consultants' services, Operating Costs and Training under the Project	3,870,000	100%
(2) Recipient Management Fees	630,000	100%
<b>TOTAL AMOUNT</b>	<b>4,500,000</b>	

Table 4: Disbursement Categories

a) **Operating Costs** means the reasonable incremental expenses, based on annual budgets approved by the World Bank, including office equipment and supplies, operation and maintenance of vehicles, maintenance of equipment, communication, rental, utilities, consumables, transport, accommodation, travel costs and *per diem*.

b) **Recipient Management Fees** means the costs incurred by the Recipient, serving as the National Executing Agency responsible for executing the DGM in the Member Country, on account of administration (administrative costs), and management of the Project activities, including its Operating Costs and time for staff of the Recipient that are assigned to work on a full-time basis on the Project.

c) **Training** means the reasonable costs, as shall have been approved by the World Bank, for expenses incurred on account of Project preparation and coordination consisting of: training and workshops conducted under the Project, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities; preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation (but excluding goods and consultants' services).

## Procurement

34. **Applicable procedures.** Procurement for the proposed operation will be carried out in accordance with the 'World Bank Procurement Regulations for Borrowers under Investment Project Financing' dated July 1, 2016, and the provisions stipulated in the Financing Agreement. The 'Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants,' dated October 15, 2006, and revised in January 2011 and as of July 1, 2016 will apply.

35. **Procurement strategy.** A simplified Project Procurement Strategy for Development (PPSD) was prepared during the Procurement capacity assessment of the project and defined the applicable procurement arrangements and procurement methods. The outcome of the PPSD is the Procurement Plan that was prepared, and discussed with the World Bank. The final version of the procurement plan will be entered by the borrower in the World Bank's Systematic Tracking of Exchanges in Procurement (STEP) and cleared by the World Bank.

36. **Procurement arrangements.** Considering the size of the activities, all of them small in value and complexity, the PPSD selected shopping, direct selection and consultant qualification selection as the main procurement methods to procure goods, works, and services for the project. Any other procurement methods will be used in accordance with the requirements set forth or referred to in the Procurement Regulations, with due consideration to the core principles of the World Bank’s procurement policy, value for money and fit-for-purpose.

37. **Training-related expenditures** mean the reasonable costs, as shall have been approved by the World Bank, for expenses incurred on account of Project preparation and coordination consisting of: training and workshops conducted under the Project, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities; preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation (but excluding goods and consultants’ services). Procurable items must follow the adequate procurement or selection process in accordance with the paragraphs above.

38. **Operating Costs** include the reasonable incremental expenses, based on annual budgets approved by the World Bank, including office equipment and supplies, operation and maintenance of vehicles, maintenance of equipment, communication, rental, utilities, consumables, transport, accommodation, travel costs and *per diem*. These contracts would be procured following the NEA’s administrative procedures.

39. **Procurement plan.** The NEA has developed a draft procurement plan, dated 21 October 2017, acceptable to the World Bank for the first 18 months of Project implementation with the basis for the procurement methods for each contract. Immediately upon approval of the Grant, with the Recipient’s agreement and following revisions if needed, the plan will be published on the World Bank’s public website and NEA’s intranet website. The procurement plan will be updated in agreement with the World Bank on an annual basis or as required, to reflect the actual Project implementation needs and improvements in institutional capacity. The recommended thresholds for the use of procurement and consultant selection methods will be stipulated in the Procurement Plan. The Procurement Plan will be managed through the World Bank’s tracking system, STEP.

40. **Review by the World Bank of Procurement Decisions:** The thresholds for the use of the various procurement methods as well as the World Bank prior review requirements are summarized in the table below. Direct Contracting and Single Source below the amounts indicated is also subject to Post Review by the World Bank. All procurement and legal positions are subject to prior review irrespective of the amount.

<b>PROCUREMENT TYPE</b>	<b>Amounts (US\$)</b>
Works	5,000,000
Goods, IT & Non-Consulting Services	1,500,000
Consultants (Firms)	500,000
Individual Consultants	200,000

Table 5: Thresholds for post review by procurement type

41. **Frequency of Procurement Implementation Support:** Procurement supervision will be carried out through a prior review supplemented by supervision missions with a post review once a year. In addition to the prior procurement review carried out by the World Bank, it is recommended there be at least one



mission every six months for the first two years and one mission every year for the next years to provide support to the implementation of procurement activities.

#### **Environmental and Social (including safeguards)**

**42. MozDGM is a Category B project as potential adverse environmental impacts on human populations or environmentally important areas will be minor, site-specific and few if any of them are irreversible.** In addition, they may be easily manageable and in most cases mitigation measures can be designed. The majority of the activities financed by MozDGM will have positive social and environmental impacts, as they will seek to promote sustainable management of natural resources in the lands of communities whose livelihoods depend on these resources. Although the nature and scale of the proposed activities are not expected to have significant adverse impacts as project activities are likely to take place in or around forest lands or its vicinity and/or protected areas or natural habitats, adverse impacts may occur that would require due safeguards attention. Consequently, **OP/BP 4.01 is triggered, and will be dealt with through an Environmental and Social Management Framework (ESMF).**

**43. OP/BP 4.04 Natural Habitats is triggered to ensure that all activities to be financed under MozDGM take into account the conservation of biodiversity,** as well as the numerous environmental services and products that natural habitats provide to human society. Activities under MozDGM are expected to have significant positive impacts on natural habitats and should allow critical natural habitats and their ecosystem services to remain preserved. However, project activities are likely to be undertaken in the vicinity of forests and/or protected areas or natural habitats, including two conservation areas: the Quirimbas National Park and Gilé National Reserve, as a way to reduce pressure on these areas. Hence, the ESMF includes detailed screening procedures to ensure that any endangered species or associated ecosystem will not be affected by project activities.

**44. MozDGM is expected to lead to improvements in forest and natural resource management practices.** As some MozDGM activities are likely to take place in or around forest lands, OP/BP 4.36 is triggered. Potential adverse impacts of MozDGM interventions on natural forests are identified, assessed and managed under the ESMF. The ESMF and subsequent site specific ESMPs will include detailed screening procedures and specific guidance to address this policy's requirements for MozDGM activities.

**45. Overall, MozDGM activities will have no association with pesticides. Nevertheless, OP/BP 4.09 is triggered as some amounts of pesticides might be used in the short term for activities associated with sustainable agro-ecological production.** The Project will assist beneficiary communities to manage pests using strategies that promote the use of biological or environmental control methods and reduce reliance on synthetic chemical pesticides. Even if the activities to be supported by the Project do not necessarily involve the significant use of pesticides, the ESMF includes pest management approaches, thus providing analysis of potential negative impacts resulting from the use of pesticides and the risks associated with the inappropriate handling or storing of their containers, and general guidance procedures to address OP/BP 4.09.

**46. OP/BP 4.11 is triggered in a preventative approach in case MozDGM activities promote actions in areas containing physical and cultural sites resources deemed sacred by communities living there** (e.g. holy sites such as sacred groves, sacred forests, etc.). Although it is not expected that beneficiaries under MozDGM perform activities in such areas, consultations with local authorities and communities will be required to identify these sites prior to activity implementation to determine eventual management measures. If it is the case, the ESMF may include physical cultural resources management plans, including measures for avoiding or mitigating any adverse impacts on physical cultural sites and provisions for managing chance finds.

**47. No physical resettlement will be financed by the Project, and economic displacement will be avoided.** OP4.12 is triggered because residual risks exist, ranging from restriction of access to legally designated protected areas to non-inclusive investment practices, which could lead to the deterioration of

rural livelihoods. Restriction of access to land and natural resources in legally designated protected areas (economic resettlement) will be dealt with through a PF. MozDGM will use the PF to provide guidance and tools to be used by implementers, beneficiaries and project-affected people to identify and mitigate any change in their living standards. The PIM will describe the measures it will take to ensure that community-based projects that may lead to restriction of access to natural resources fill all these guiding principles and requisites set by OP 4.12.

**48. The active engagement of women, youth, and vulnerable groups around natural resource management is a challenge.** This is especially true for rural women, who must ensure the sustainability of their households, but restrictions on participation in public consultations and decision-making spaces, customary laws, and lack of literacy limit the empowerment of women. As such, MozDGM will give greater priority to subprojects that envisage the promotion and participation of women, youth or other vulnerable groups (people living with disabilities), with commensurate emphasis on benefit accrual. In addition, the NEA, through the capacity building manual, will develop a suite of measures that create visibility of women, youth and vulnerable groups into the thematic topics approved by the NSC. Further, the CDAP is a valuable tool that facilitates inclusiveness and will be promoted in support of land delimitation.

**49. The NEA will be in charge of ensuring the quality of safeguards monitoring.** Therefore, they will maintain their own safeguards specialist and their staff will closely coordinate with the MozFIP Coordination Units, which have a senior safeguards specialist. The NEA safeguards specialist will also receive trainings from FNDS and the World Bank to ensure the necessary skills and capacity for quality safeguards monitoring. The NEA will screen all community proposals selected for funding according to the principles and procedures defined in the ESMF and PF to ensure compliance with World Bank Operational Policies. Adequate budget for field supervision will be set-aside in the NEA budget.

### **Monitoring & Evaluation**

**50. The Project's M&E system will generate timely information and analytical evidence** required for assessing and managing the Project's implementation performance and ensuring progress toward meeting the PDO and results.

**51. The Project's results framework defines the performance indicators and targets (at the outcome level) for each component.** These output indicators and targets provide the basis for monitoring priority activities for the Project to finance systematically.

**52. The Project's M&E reports will include:**

- **Biannual Progress Reports:** These reports will monitor and consolidate progress on key activities and outputs and will be produced on a biannual basis. These progress reports will provide useful inputs to support the six-month joint implementation support reviews that the World Bank will conduct. The World Bank will also request information, outside of the reporting schedule, should a conflict, grievance, or other event warrant it.
- **Yearly Progress Reports:** These reports will track and consolidate progress on key activities, outputs, and outcomes and will be provided annually to key stakeholder participants.
- **Mid-term review:** Towards year 2, an independent party, along with the WB and other implementing entities, will undertake a comprehensive mid-term review of the Project that will focus on assessing progress toward the impact and outcome targets and corresponding indicators (with special attention paid to assessing the key indicators outlined in the results framework). Selected thematic in-depth assessments will be identified (in year 2) and performed as evidenced-based inputs for the mid-term review (e.g., assessing the emerging viability of the business plans that the Project supports);

- Final Evaluation: Six months before Project completion, an independent evaluation will be conducted with special focus on identifying key operational lessons that can be used for designing the next project.

**53. Project M&E will be the responsibility of an experienced M&E specialist, who will be a core member of the NEA project coordination team.** The M&E specialist will work and coordinate closely with the relevant M&E specialists from the various departments and Directorates at the provincial and district levels. The M&E specialists will be strengthened through strategic capacity building activities under the Project. The key outputs of the M&E activities will be submitted to the members of the FIP Steering Committee (at the national level), the provincial MSLFs, and the district-level forums as key inputs for obtaining strategic guidance during their periodic meetings.

**54. To facilitate the M&E system, the M&E specialist will prepare a project-level M&E manual as part of the PIM.** The M&E manual will provide details on the definition of the results framework; methodology and instruments to be used for data collection; institutional arrangements and responsibilities for M&E functions, including at provincial and district levels; the GRM; and mechanisms and arrangements for disseminating information.

### **Role of Partners**

**55. The Project preparation team engaged in stakeholder consultations and dialogue to communicate Project objectives and approach to ensure that all stakeholders provided inputs that could facilitate improved implementation performance.** Consultations covered three provinces evenly distributed across the three main regions of Mozambique: Gaza in Southern, Zambézia in Central, and Nampula in Northern Mozambique. This included specific consultations at the community level within the Project landscapes. There were a total of 546 participants, 28 percent of which were women.<sup>40</sup> The discussions focused on the role of local communities in the integrated and sustainable management of natural resources, the integration of gender and vulnerable groups (youth and people living with disabilities), the structure and composition of the DGM National Steering Committee, sustainability of community subprojects and technical assistance models for local communities.

**56. Such consultations will continue during Project implementation** at the national, provincial, district, and local levels, and will aim at maintaining dialogue and information sharing about Project interventions. Stakeholders to be consulted will include CBOs; associations; local and international NGOs; private sector operators; development partners; and national-, provincial-, and district-level governments directly concerned with the Project.

**57. Project preparation has actively engaged with a variety of MITADER's sector agencies,** including FNDS and DINAF. This coordination and engagement will continue throughout Project implementation. At the landscape level, the government has also made considerable progress in developing channels of cross-sectoral communication, such as through the provincial multi-stakeholder forums.

**58. The private sector was closely engaged during Project preparation, given the Project's emphasis on support for partnerships with the private sector.** The WB team organized several separate consultations with companies working in forest operations, market chain development and rural agricultural development. Dialogue with these stakeholders has been critical in informing Project design. Communication with private sector actors will continue extensively during Project implementation to ensure that their inputs are received and contribute to improved implementation.

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<sup>40</sup> Consultation reports available at [www.redd.org.mz](http://www.redd.org.mz)

59. **The government also convened development partners during this process.** They attended national consultations related to the development of the Forest Investment Plan and participated in joint missions to Zambézia and Cabo Delgado.

## **Annex 4: Implementation Support Plan**

### **COUNTRY: MOZAMBIQUE**

#### **DEDICATED GRANT MECHANISM FOR LOCAL COMMUNITIES**

##### **Strategy and Approach for Implementation Support**

- 1. The strategy for implementation support will include formal supervision visits, including field visits** to the targeted provinces, districts, and landscapes and providing support to the implementing agency and NSC.
- 2. Implementation Support Plan.** Special focus will be placed on supporting the strengthening of NEA and NSC and monitoring their performance; carrying out proper assessments of project activities and results, and may engage experts in the areas of forest and climate-change adaptation, community-driven development and community forest enterprises, financial literacy, communication, outreach, knowledge-sharing strategies, and monitoring and evaluation; ensuring that service providers effectively deliver the content of technical assistance to recipients of subproject funding; monitoring the development implementation and performance of community nature-based business; reviewing the process and results of capacity building activities and technical assistance activities, including the effectiveness of service providers; monitoring the process and content of technical assistance that service providers provide and deliver to community-based organizations; monitoring the performance of MSLFs in Cabo Delgado and Zambézia; implementing a proactive communication and consultation strategy that requires stakeholder engagement; and monitoring overall Project implementation and performance, including its results indicators.
- 3. Fiduciary requirements and inputs.** The FM implementation support plan will be risk based, and will include review of the Project's FM system, including but not limited to accounting, reporting, and internal controls; beneficiary institutions; biannual statements of expenditures; and annual audited financial statements, as well as timely follow-up of concerns arising from the audit. The World Bank's FM team will participate in Project implementation support missions as appropriate. Review and monitoring of procurement activities, as guided by the procurement plan, will be undertaken to ensure compliance with World Bank procurement policies and procedures. The World Bank's procurement team will also participate in implementation support missions.
- 4. Environmental and Social Safeguards.** Implementation support will include supervision of social and environmental safeguards management at the central and provincial levels, including implementation of the ESMF and PF as well as provision of training and guidance to the NEA, service providers, and Project beneficiaries. As part of implementation support missions, audits and reviews will be undertaken to assess how the Project manages social and environmental concerns, including through adequate staffing and monitoring. The NEA will prepare a communications and public consultation action plan and will support the development of an adjusted GRM. This will also involve engagement with stakeholders, including CBOs, NGOs, farmer-based organizations, and local communities. The PIM will detail procedures, management plans, and checklists to further support environmental and social safeguard implementation requirements.
- 5.** The main focus of implementation support is summarized in Table 1.

##### **Financial Management Implementation Support Plan**

- 6.** The FM implementation support plan will be risk based and will include review of the Project's FM system, including but not limited to accounting, reporting, and internal controls and, review of beneficiary institutions. Other activities include review of biannual reports, review of annual audited financial statements and management letters as well as timely follow-up of issues arising and participation in

supervision missions as appropriate.

<b>TIME</b>	<b>FOCUS</b>	<b>SKILLS NEEDED</b>	<b>RESOURCE ESTIMATE SW*/Year</b>	<b>Number of trips</b>
First 12 months	Procurement implementation support, training, and process reviews	Procurement Specialist	4 SW	Field trips as required
	Verify if the risk mitigating measures implemented by project effectiveness are still functioning as intended. Identification of any potential problems early in the life of the project	FM Specialist	2 SW	
	Safeguard implementation support and compliance	Environmental Specialist Social Specialist	3 SW 3 SW	
	Technical experts on demand support	Diverse qualifications	8 SW	
	Project management, implementation support, supervision	Task Team Leader Operations Analyst	8 SW 12 SW	
12-48 months	Procurement and process reviews	Procurement Specialist	2 SW	
	Review the continuing adequacy of the financial management arrangements	FM Specialist	6 SW	
	Safeguard implementation support and compliance	Environmental Specialist Social Specialist	2 SW 2 SW	
	Technical experts on demand support	Diverse qualification	6 SW	
	Project management, implementation support, supervision	Task Team Leader Operations Analyst	8 SW 12 SW	

*Table 1: Implementation Support*

SW = Staff Weeks

## Annex 5: Overview of DGM Process and NEA Recruitment Process

### COUNTRY: MOZAMBIQUE

#### DEDICATED GRANT MECHANISM FOR LOCAL COMMUNITIES

- 1. The Government of Mozambique, through the Ministry of Land, Environment and Rural Development (MITADER), specifically the National Sustainable Development Fund (FNDS) is coordinating the implementation of the FIP in the country and supporting the implementation of MozDGM.**
- 2. The preparation of MozDGM encompassed dissemination, inclusion, transparency and adequacy of DGM Global guidelines to the local reality.** The preparation process was based on the active engagement, consultation and participation of key stakeholders: (i) Local communities, through CBOs; (ii) Non-Governmental Organizations (NGOs) whose activities are focused in the Cabo Delgado and Zambézia landscapes; (iii) Government, through MITADER.
- 3. The process of establishing MozDGM's NSC** began in September 2015. The process involved regional public consultations in Nampula (North), Zambézia (Central) and Gaza (South), There was a total of 546 participants, of which 28 percent were women.<sup>41</sup> The discussions focused on the role of local communities in the integrated and sustainable management of natural resources, the integration of gender and vulnerable groups (youth and people living with disabilities), the structure and composition of the DGM NSC, sustainability of community subprojects and technical assistance models for local communities. Through an election process, the Interim NSC was created and composed of: representatives from local NGOs and CBOs involved in community development, government representatives from the Department of Community Management within the National Directorate of Forests, and the World Bank. On the other hand, CGRN representatives in Zambézia and Cabo Delgado were identified through a public consultation process.

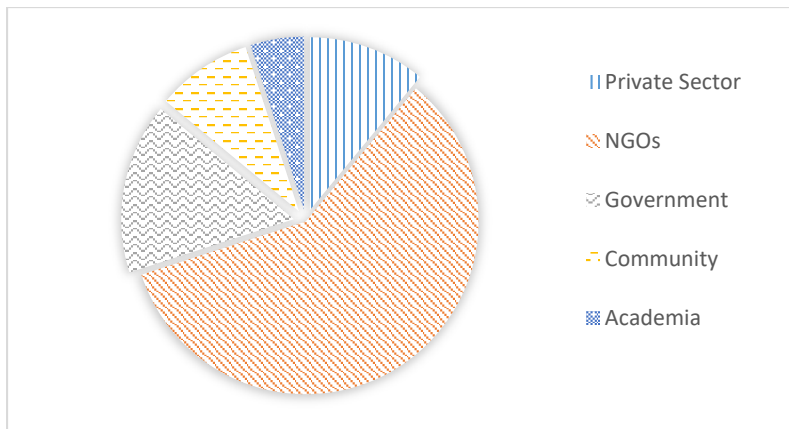


Figure 1. Registered participants in public consultations

- 4. Composition of the NSC.** The composition of the NSC was intentionally designed to ensure local community participation while seeking inputs from experienced institutions operating within Mozambique. Two chambers therefore constitute the NSC: a Deliberative Council and an Advisory Council.

<sup>41</sup> Consultation reports available at [www.redd.org.mz](http://www.redd.org.mz)

- **The Deliberative Council** functions as a decision-making forum, composed of local communities, represented by CGRNs, non-governmental organizations operating within the landscapes of Cabo Delgado and Zambézia, and an entity that represents women at the national level.
- **The Advisory Council** has the mandate to advise, train and advocate for local communities at the local, national and international levels and is composed of representatives of national and international non-governmental organizations, academy institutions with provincial presence (Cabo Delgado and Zambézia), government representatives, MozFIP coordinators, FNDS and the World Bank as an observer.

5. **Currently, MozDGM's NSC has a total of 25 members, of whom 4 are women.** The Mozambican Rural Women's Movement, (Movimento Moçambicano de Mulheres Rurais – MMMR), acts as a deliberative member of the NSC. The presidency of the NSC consists of one (1) chairman and two (2) vice presidents, all members of the Deliberative Council.

6. **WWF was selected as the NEA in July 2017 and will be responsible for the technical and administrative execution of MozDGM.** A working group composed of five members of the NSC, which considered the participation of CBOs from the two landscapes and gender balance, was responsible for conducting the selection process. The working group reviewed applications; five shortlisted applicants from an initial ten were requested to submit detailed technical proposals. WWF was selected as the NEA. The process took into account the DGM Framework Operational Guidelines.



## Annex 6: Economic/Financial and Co-benefits Analysis

### COUNTRY: MOZAMBIQUE

#### DEDICATED GRANT MECHANISM FOR LOCAL COMMUNITIES

1. **Project Strategy Analysis.** The Project strategy has been designed to maximize sustainability and efficiency. To this end, it will invest in activities that seek an optimum combination of immediate and long-term benefits and rely on support for no-regrets options for community activities of the local communities' choice. No-regrets options are by definition GHG emission reduction options that have negative net costs, because they generate direct or indirect benefits that are large enough to offset the costs of implementing the options. No-regrets options are adaptive measures that are worthwhile regardless of the extent of future climate change and can be justified from socioeconomic and environmental perspectives whether or not natural hazard events or climate change take place. These options are more likely to be implemented, generate obvious and immediate benefits with few or no tradeoffs, improve well-being, and provide experience upon which to build further assessments of climate risks and adaptation measures.

2. **Cost-Benefit Analysis.** Under Component 2, the project will respond to the demands of its target population. Subproject investments are not yet known and therefore it is not meaningful to conduct any kind of robust analysis so far. A detailed *ex-ante* cost-benefit analysis of the Project is not warranted, because too many assumptions would be made, resulting in an unreliable scenario with few or no meaningful results. However, MozDGM can rely on economic analyses completed for two other World Bank-financed operations with which it has broad and strong synergies: *MozFIP and the Landscape Project*.

3. **Cost-benefit analysis conducted during preparation of MozFIP indicates that the Project interventions in the provinces of Zambézia and Cabo Delgado are economically feasible and will generate significant and positive benefits that outweigh the costs.** Since similar landscape-level activities (such as agroforestry systems, sustainable charcoal production and woodlots) under MozFIP could be supported under MozDGM, the analysis can be applied to MozDGM. The Project will bring about large economic benefits to society through addressing many of the drivers of deforestation and forest degradation. These expected benefits may accrue to different groups of beneficiaries. The analysis suggests that the promotion of integrated landscape management tools and community managed agroforestry systems brings economic benefits in terms of productivity gains in agriculture and the forest sectors, lower deforestation and increased forest area due to more sustainable agricultural practices and increased efficiency in charcoal production. The analysis also shows that the annual crop gross margin is expected to increase by 20 percent under agroforestry. The analysis concludes that the economic benefits of the project match or exceed the costs leading to an overall economic benefit-to-cost ratio of 4.9, an estimated economic internal rate of return of 27.3 percent, and a lower financial rate of return at 8.9 percent. These estimates are highly dependent on carbon sequestration and its valuation in the market and the analysis stresses that the livelihood benefits of forest concessions, forest plantations, agroforestry and charcoal processing have a smaller impact than carbon sequestration. Nevertheless, compared to the significant challenges in the forestry sector in Mozambique, the livelihood benefits in the “without project” scenario are expected to deteriorate further. Thus, these livelihood benefits “with project” are likely underestimated. In short, the analysis of the two readily quantifiable benefits (carbon sequestration and livelihood benefits) shows that the overall project results will be economically feasible, hence the project should be supported.

4. **The economic analysis of MozFIP has also considered less tangible benefits that are similarly expected from MozDGM.** These include improved forest governance and the wider benefits of better landscape management. Other benefits not quantified include the reduced costs, risks and uncertainty (to farmers and the wider society) due to weak land management regimes, conflict over resources and

degradation due to poor incentive systems. The analysis concludes that increasing land tenure security, creating employment, protecting water sources and maintaining biodiversity have significant potential impacts on the lives of community members in the area, but due to measurement and attribution challenges their impact is not included in the calculations. Protecting the forest landscape will help communities secure access to resources they depend on, enhancing incomes, livelihoods and reducing poverty. Quantifying more of the benefits would raise the overall value of the project and the benefit-cost ratio. This raises the confidence that even at the low end of the quantifiable range, the Project costs are justified by the benefits achieved.

**5. The full economic analysis carried out during the preparation of the *Landscape Project* shows that a long list of agricultural and non-timber forest products value chains can benefit from development support and result in substantial poverty reduction benefits, while enabling livelihood diversification of small landholders.** This assessment refers to the provinces of Nampula and Zambézia. In agriculture, this list includes the value chains of poultry, maize, soya, horticulture, sesame, cashew nuts, beans and pigeon peas. It also includes the sustainable harvesting, processing, packaging, and marketing of non-timber forest products (including, among others, natural oils and honey products, mushrooms, medicinal plants/fruits, bamboo, baobab and other exotic fruits), which are highly valued in developing urban and international markets, particularly if certified (fair trade, organic, or carbon neutral). The analysis shows that the development of these non-timber forest-based value chains – including timber from planted forests and non-timber forest products – have higher relative risks due to limited in-country testing and scarcity of reliable data. The analysis emphasizes that Mozambique has good natural conditions to produce honey and beeswax, but production is in its infancy and the domestic market is largely undeveloped.

**6. Honey and beeswax products face barriers, but they also have good market opportunities.** The barriers include constraints in know-how and equipment, which lead to low levels and high cost of production, poor quality, packaging and labelling of products. They also include poor distribution channels in underdeveloped markets, because of a lack of awareness among national consumers about the benefits and uses of honey. The poor enforcement of quality control and official national certification standards and the lack of organized beekeeping unions and associations add to these constraints. Conversely, market opportunities for honey and beeswax production include a growing international demand for honey, a healthy market for secondary honey-related and value-added products and the untapped domestic market in which domestic competition that can produce quality honey is low. Hence, the MozDGM project may enable beekeepers to produce a consistently high-quality product, gain access to better markets by clustering informal groups at the district level, to jointly own and share beekeeping equipment and supplies, process honey collectively, and sell under a common brand. In doing so, the MozDGM project has the potential to develop livelihood in a gender-focused direction.

**7. While difficult to quantify at this point, many benefits of MozDGM can be qualitatively described.** The national and province level capacity building in integrated natural resource management will lead to improved forest and land management practices through the inclusion of the DGM participants into MozFIP activities and other REDD+ processes. The community level promotion of sustainable local community initiatives through training in landscape activities will result in increased income levels through diversified livelihood opportunities for local communities through partnerships between communities and private companies. As the CCCs are trained to coordinate development activities, the effectiveness and efficiency of subprojects will increase through synergies and reduction of overlap, resulting in higher returns to subprojects. The subprojects will thereby be able to reach more beneficiaries and/or achieve better development outcomes among a given number of beneficiaries, with the same level of investment. Community subprojects could increase incomes and food security of rural households, through increases in agricultural productivity, leading to both crop sales and increased auto-consumption, and off-farm income generation. Both community subproject financing and community-

private sector partnerships could also lead to increased skills, resulting in increased resilience of families through income diversification. These benefits are all difficult to measure in monetary terms. The economic benefits of the community subprojects to be financed would yield themselves most easily to measurement, but due to the demand-driven nature of this component, predicting what kind of subprojects will come forward and receive financing would require many assumptions to be made. This is not seen meaningful at this stage.

**8. The World Bank brings substantial value added through its key position in the REDD+ and rural development work in Mozambique.** The World Bank has built a strong partnership with the Ministry of Land, Environment and Rural Development, and created a strategic portfolio of rural development projects in the provinces of Nampula, Cabo Delgado and Zambézia, consisting currently of three other major projects: MozBio, MozFIP and the Landscape Project. The complementarity of these largely simultaneously implemented projects in the landscape creates strong synergies with the MozDGM. The World Bank is also, due to its leading position, able to convene stakeholders from civil society, academia, government and development partners around the theme, and attract financing from other donors to support these aims.

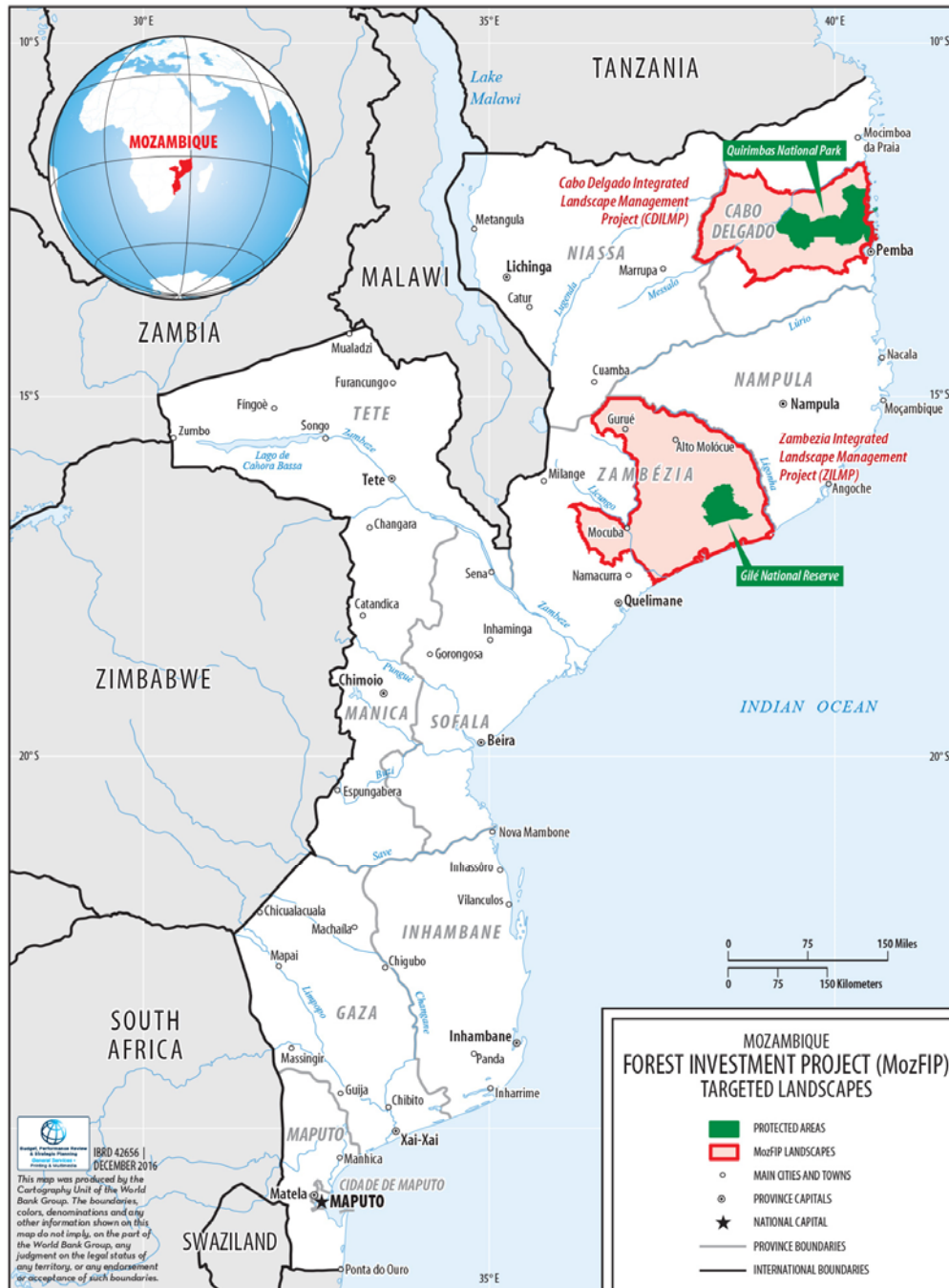
**9. Public financing is justified for this Project because it aims to improve environment, land and forest management to improve livelihoods, farmer household resilience, and support reduction of greenhouse gas emissions from land use change and deforestation.** The Project will contribute to social and economic empowerment of local communities and support their organization, enhancing their rights to land, participatory land governance and consequently the sustainability of land use. These results are mainly global public goods with substantial benefits accruing to Mozambique and Mozambican rural communities.

## Annex 7: Project Area Maps

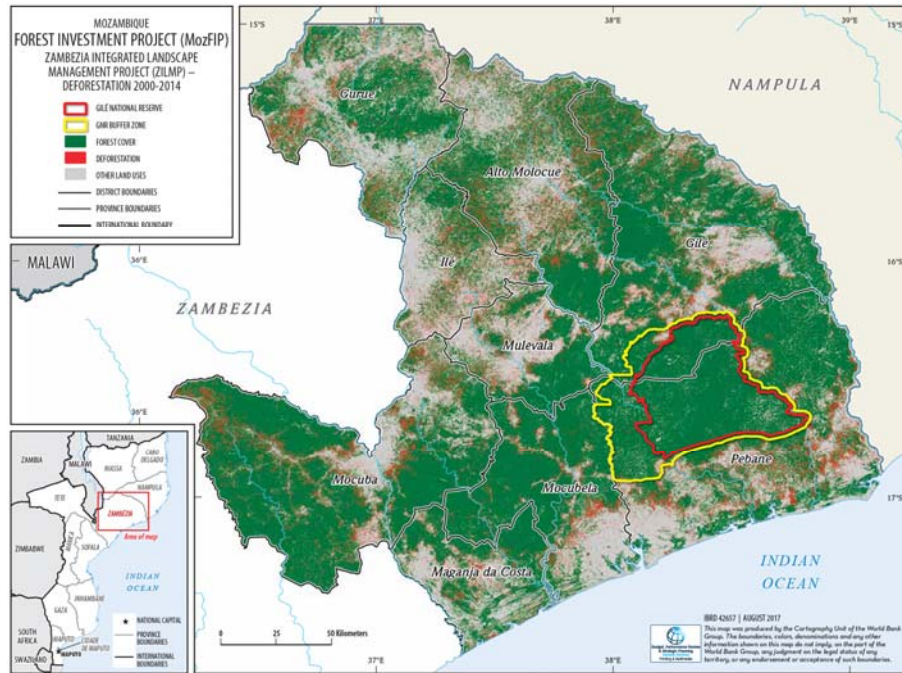
### COUNTRY: MOZAMBIQUE

#### DEDICATED GRANT MECHANISM FOR LOCAL COMMUNITIES

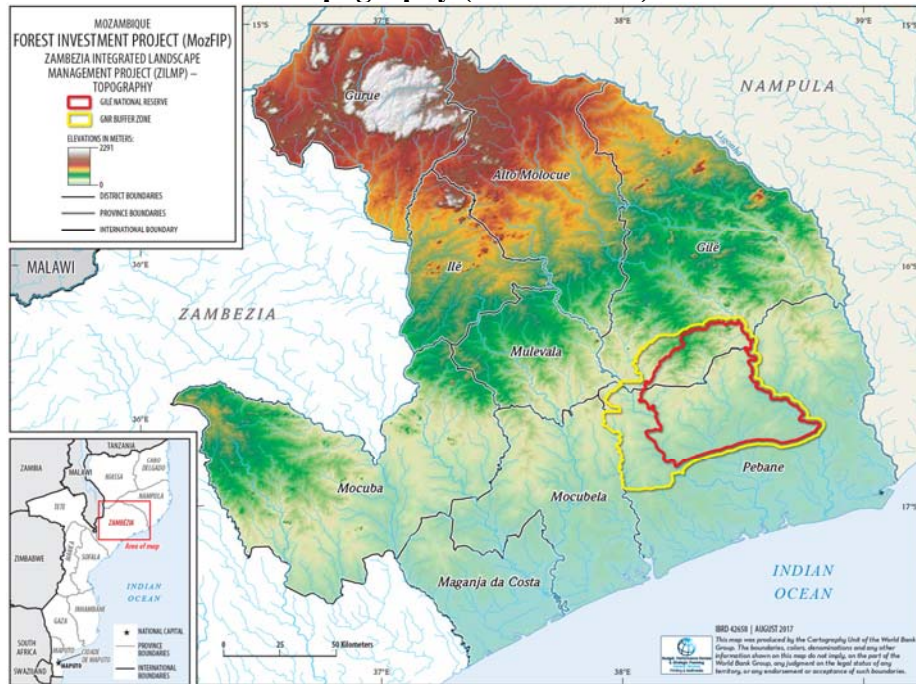
#### Targeted Landscapes – Districts/Provinces (IBRD 42656)



## Zambézia Integrated Landscape Management Program Districts, Provinces, and Deforestation 2000-2014 (IBRD 42657)

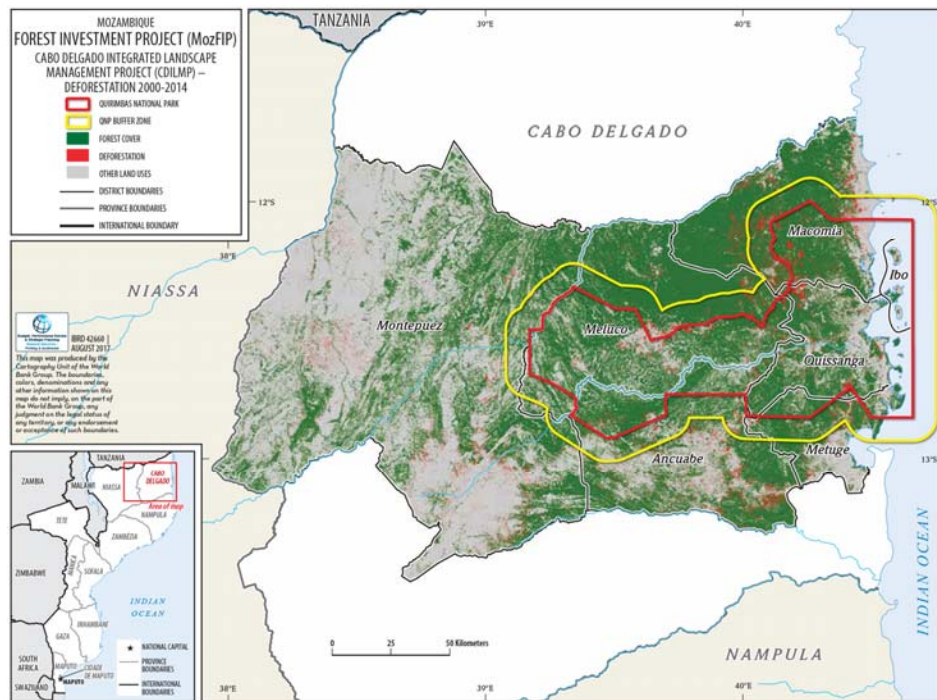


## Zambézia Integrated Landscape Management Program Districts, Provinces, and Topography (IBRD 42658)





## Cabo Delgado Integrated Landscape Management Program Districts, Provinces, and Deforestation 2000-2014 (IBRD 42660)



## Cabo Delgado Integrated Landscape Management Program Districts, Provinces, and Topography (IBRD 42661)

