



# Targeted analysis of the Emission Reductions Program Document (ER-PD) Zambézia Integrated Landscape Management Program (ZILMP) in Mozambique

Advanced Draft ER-PD - Date of submission to the FCPF:  
July 15th, 2017

September 2017



## Summary

<b>Acronyms</b>	<b>2</b>
<b>1. Introduction and objectives of the analysis</b>	<b>3</b>
<b>2. Synthesis of the TAP technical assessment report</b>	<b>3</b>
<b>3. Ambition of the ER Program</b>	<b>6</b>
<b>4. Impacts of the ER Program proposed activities</b>	<b>7</b>
<b>4.1. Socio-economic and developmental impacts</b>	<b>7</b>
<b>4.2. Impacts on the drivers of deforestation and degradation</b>	<b>9</b>
<b>5. Land and resource tenure regimes</b>	<b>10</b>
<b>6. Institutional anchorage of the ER Program</b>	<b>11</b>
<b>6.1. Responsible entities and partners</b>	<b>11</b>
<b>6.2. Institutional and implementation arrangements</b>	<b>12</b>
<b>7. Capacities of the Program managing entity</b>	<b>13</b>
<b>8. Relevance of the financial plan</b>	<b>14</b>

## Acronyms

AFD	French Development Agency
AQUA	National Agency for Environmental Quality Control
ANAC	National Agency for Conservation Area
CLUP	Community Land Use Plan
DINAF	National Department of Forests
DINAT	National Department of Land
DNDR	National Direction for Rural Development
DUAF	Legal rights to use and benefit from land and forests
DUAT	Right to use and benefit from the land
ER	Emission Reductions
ERPA	Emission Reduction Payment Agreement
ER-PD	Emission Reductions Program Document
ESMF	Environment and Social Management Framework
FCPF	Forest Carbon Partnership Facility
FGRM	Feedback and Grievance Redress Mechanism
FNDS	National Fund for sustainable Development
GNR	Gilé National Reserve
GoM	Government of Mozambique
MASA	Ministry of Agriculture and Food Security
MEF	Ministry of Economy and Finance
MF	Methodological Framework
MIREME	Ministry of Energy
MITADER	Ministry of Land, Environment and Rural Development
PAD	Program Appraisal Documents
PMRV	Participatory Measurement, Reporting and Verification
REDD	Reducing Emissions from Deforestation and Forest Degradation
SESA	Strategic Environmental and Social Assessment
TAP	Technical Advisory Panel
ZILMP	Zambézia Integrated Landscape Management Program

## 1. Introduction and objectives of the analysis

On the 15<sup>th</sup> July, 2017, the government of Mozambique (GoM) submitted to the Forest Carbon Partnership Facility (FCPF), an advanced draft of its Emission Reductions Program Document (ER-PD) for the Zambézia Integrated Landscape Management Program (ZILMP).

The 23<sup>rd</sup> August, 2017, the FCPF Technical Advisory Panel (TAP) issued a 50 pages technical assessment report of the ER-PD advanced draft.

As a participant of the FCPF Carbon Fund, the French Development Agency (AFD in French) was asked to analyze and comment the ER-PD advanced draft and the TAP assessment report. Therefore, the AFD has required the support of a consultant in order to analyze the following aspects related to the ZILMP ER-PD:

- Identification of the main issues highlighted by the TAP Review in a short note.
- Analysis of the credibility and relevance of the ER-PD concerning four criteria of the FCPF Methodological Framework (MF):
  - Criterion 1: The ER Program is ambitious, demonstrating the potential of the full implementation of the variety of interventions of the national REDD+ Strategy. It is implemented at a jurisdictional scale or programmatic scale.
  - Criterion 2: The program area (accounting area) matches a government-designated area that is of significant scale.
  - Criterion 27: Description of how the ER Program addresses key drivers of deforestation and degradation.
  - Criterion 28: Assessment of the land and resource tenure regimes.
- Analysis of the following issues:
  - Institutional anchoring of the Emission Reduction (ER) Program;
  - Proposed activities and their developmental impact;
  - Capacity of the program managing entity to implement the proposed activities;
  - Realism of the financing plan.

The following sections present the main findings and analysis of the consultant.

As a general conclusion, the document appeared to us to be comprehensive and consistent. Therefore, only few questions and needs for complements have been raised by this review.

## 2. Synthesis of the TAP technical assessment report

The TAP estimated the ER-PD of Mozambique was a good one (51 indicators was met, 12 not met and 15 not applicable). Especially, it underlines the quality of the sections on carbon accounting.

### Level of ambition

The area chosen is considered by the TAP as sufficiently large, representative of the drivers and stakeholders linked with the deforestation, with high historical levels of deforestation (1,07 %/year between 2010 and 2013). The programmatic and jurisdictional approach is ensured by the fact the ER Program area covers 9 districts. Additionally, the ER-PD describes exhaustively the different land tenures and the associated risks, as well as the existing frameworks concerning the right of carbon. The ER-PD underlines the will of the government to revise, update and implement the legal provisions.

### Carbon accounting

The TAP estimated this section as very good, with compliance to the FCPF methodological framework approaching 100%. The ER-PD covers only emissions from deforestation, justifications to exclude other activities are estimated by the TAP as detailed and acceptable. Only the above-ground biomass and below-ground biomass pools are included at this stage and the ER-PD proposes to include other pools later if they are significant, but this is not permitted by the methodological framework. The TAP estimated the emissions factors used (to be updated by the national forest inventory), were acceptable. Activity data estimations will be also be improved with new analyses for 2016. The treatment of the displacements and reversals is estimated as "good". Only the criterion 23 is estimated as unsatisfactory (see the details in the next section)

### Environmental safeguards

The ER-PD provides a lot of (and sufficient) information on the existing legal context on safeguard, as well as the compliance with the World Bank and Cancun safeguards.

### **Sustainable Program Design and implementation**

Detailed descriptions are provided concerning the assessment of the main drivers of deforestation, challenges for each one of the land and resource tenure regime, and major barriers to REDD. Concerning benefit sharing arrangements, some information is given but some of the critical elements: type of benefits are presented, options are proposed, based on an existing “20% Benefit Sharing Rule Mechanism” to distribute benefits from investments made on land where communities are situated, but no benefit sharing plan is finalised. The non-carbon benefits are detailed with sufficient information. Finally, if information is given on the feedback and grievance redress mechanisms, the procedures to create and implement the mechanism need to be finalized.

### **ER Program Transactions**

Some critical elements are missing, concerning the transfer of title: the Ministry of Economy and Finance, designated to sign the Emission Reduction Payment Agreement (ERPA), is not allowed to transfer titles to the CF for the moment, notably because of the existence of customary and legally recognized rights on lands and forests. New legal dispositions (REDD decree under revision) has to be taken to address this issue. Finally, the data management and registry systems are missing.

### **Detailed assessment - criteria listed in the ToR (1, 2, 27, 28) or assessed as not met by the TAP**

#### **Criteria 1 and 2: MET**

The area chosen is considered by the TAP as sufficiently large, representative of the drivers and stakeholders linked with the deforestation, with high historical levels of deforestation. The programmatic and jurisdictional approach is ensured by the fact the ER Program area covers 9 districts.

Additionally, the ER-PD describes exhaustively the different land tenures and the associated risks, as well as the existing frameworks concerning the right of carbon. The ER-PD underlines the will of the government to revise, update and implement the legal provisions.

#### **Criterion 23: NOT MET**

Two projects already exist in the area of the ER Program: a REDD+ pilot project in the Gilé National Reserve, in validation under the VCS and a Project for improved cookstoves in the Gilé Reserve Zambezia, aiming to get the Gold Standard certification. Even if the ERP states these projects will be terminated before the signature of the ERPA, the TAP recommends executing now the arrangement needed.

No rule, guidance, database platform and transaction registry exist to avoid double-counting of ER. The TAP recommends developing such tools to account for ER generated inside and outside the ER Program area. The draft ER-PD states that a Project Data Management System will be developed (administrative procedures and responsible institutions clarified) and decisions on the ER Transaction registry will be taken (national registry/registry managed by a third party, hosting of the registry, management arrangements, operational guide) before the submission of the final ER-PD draft.

#### **Criterion 27: MET**

The TAP estimates the identification of direct and indirect drivers of deforestation is exhaustive and coherent with reality. Key direct drivers are identified (small scale agriculture, charcoal production and illegal logging), while other direct drivers are presented but considered as insignificant. Indirect drivers are discussed. Existing policies for conservation and enhancement of C stocks are listed, barriers for REDD and means to address them are highlighted.

Deforestation, degradation and (a)orestation will be monitored through a participatory MRV system including a national forest inventory, permanent plots and forest mapping. The decision on the inclusion of degradation and enhancement of stocks will be taken based on inventory results (2018).

The ER-PD proposes measures, whose impacts on the key drivers are explained. The ER Program also identifies how ongoing or expected programs or projects complement the ER Program measures.

Finally, institutions responsible for the implementation of the actions are identified. The TAP welcomes the creation of the Ministry of Land, Environment and Rural Development (MITADER) because of its cross sectorial approach and the National Fund for sustainable Development (FNDS) as a tool to coordinate the funding of development initiatives.

#### **Criterion 28: MET**

The document presents a complete assessment of the land and resource tenure regimes, based on the assessment carried out during the readiness phase with additional assessments when needed.

Constitution (2004): Article 109: “land is the property of the State” ; Article 110: “The right to use and benefit from land shall be granted to individual or corporate persons, taking into account its social or economic purpose” (-> DUAT/ DUAF, legal rights to use and benefit respectively from land/forests) ; Article 111: “In granting titles for the use and enjoyment of land, the State shall recognise and protect rights acquired through inheritance or by occupation [...]”

New National Land Policy (1995) and New Land Law (1997): full recognition of rights acquired through customary systems.

Concerning indigenous people: “officially, there are no indigenous peoples in Mozambique using the official guidelines provided by the UN Permanent Forum on Indigenous Issues”. But 102 communities are identified in the ERP area, whose customary rights are recognized.

Potential conflicts related to contested claims or rights are analysed. The ER program addresses the insufficient implementation of community land rights recognition by the Sustenta and MozFip projects.

The links between land and resource tenure regimes (Public land ownership principle, DUAT and DUAF, community public domain) and the ability of the ER Program entity (Ministry of Economy and Finance – MEF) to transfer title over ERs to the Carbon Fund are described in an exhaustive and detailed way. Therefore, the country recognizes that regulatory procedures to establish the ability of the MEF are missing: the State may not have an automatic right to freely transfer ER titles in every part of the ER Program area. Additionally, the State sector responsible for this transfer is not designated -> a revision of the REDD+ Decree is ongoing.

**Criterion 29:** Two contradictory conclusions from the TAP

- In the summary assessment: Series of options proposed, based on an existing rule (20% Benefit Sharing Rule Mechanism to distribute benefits from investments made on land where communities are situated), type of benefits detailed but no BS Plan finalised -> **NOT MET**
- In the detailed assessment: BS Plan being designed and not yet available. A separate document outlining the latest thinking on the BS Plan was provided to the TAP team -> **MET**

**Criterion 33: NOT MET**

The Benefit sharing plan is not finalized and presented. The ERPD describes the “20% mechanism” (Ministerial Diploma 93/2) for channelling 20% of the benefits from investments on land where communities are situated to them. This mechanism is insufficient for the needs of the ERP.

**Criterion 36: NOT MET**

The Ministry of Economy and Finance, identified as the Entity of the ER Program, may not have an automatic right to freely transfer ER titles in every part of the ER Program area. A revision of the REDD+ decree is ongoing to establish its ability. The proposed provisions have to be finalized to meet the criterion.

**Criterion 37: NOT MET**

The country decided to maintain its own comprehensive national REDD+ Program and Projects Data Management System. However, some elements are missing: the Data Base structure and important definitions on management, administrative guidelines and procedures for the audit of the operations by an independent third-party. The ER-PD acknowledges these lacks and the country states to take those decisions in a short period of time. Moreover, even if the country demonstrates a clear will to make available the information to the public via the Internet, this is not the case for the moment.

**Criterion 38: NOT MET**

The country has not yet decided whether to maintain its own comprehensive national ER Transaction Registry or to use a centralized ER Transaction Registry managed by a third party on its behalf. Several options are being analyzed and the government intends to take a decision soon. For the moment, there are no Transaction Registry, neither operational guideline on accounting methods, independent auditing, roles and responsibilities and operation of the registry.

### 3. Ambition of the ER Program

The criteria 1 and 2 of the FCPF Methodological Framework (MF) refers to the level of ambition and scale of the ER Program. According to the TAP assessment report on the ER-PD, these two criteria are met.

Indeed, the ER Program was designed at a jurisdictional scale, as an up-scale of a previous REDD+ pilot project launched in the Gilé National Reserve (GNR) and its periphery in 2014. The ER Program is ambitious in that it focus on **9 districts of the Zambézia Province** that have a total area of 5,3 million ha (Mha) with a **forest cover of 2.6 Mha** which represents 48% of the ER Program area. (Table 7, p 43 of the ER-PD).

In addition, these 9 districts have suffered significant deforestation over the last 10 years with a **mean annual deforestation of 23,658 ha per year between 2005 and 2014**. The deforestation rate has increased from 0.71% per year between 2005 and 2010 to 1.07% per year between 2010 and 2013. The **average annual deforestation rate is 0.89% between 2005 and 2013**.

According to the National REDD+ Strategy, it is estimated that emissions from deforestation and forest degradation could reach 39 MtCO<sub>2</sub>e/yr by 2030 in Mozambique. The overall National REDD+ Strategy's target in terms of ER is to reduce those emissions to 3 MtCO<sub>2</sub>e/yr in 2030, through reducing deforestation and increasing carbon stocks. This represents an overall objective of avoiding 170 MtCO<sub>2</sub>e during the reference period going from 2016 to 2030.

The ER Program is expected to significantly contribute to this objective, **its ambition being to achieve a total of 10.0 MtCO<sub>2</sub>e of ER between 2018 and 2025**, which corresponds to reducing deforestation in the area by 15% in the first 4 years (2018-2021) and 20% in the following 4 years (2022-2025). **The ER Program should therefore contribute to 5.8% of the National REDD+ Strategy's ERs objectives.**

According to the criterion 1 of the FCPF Methodological Framework (MF), the ER Program has to reflect a variety of interventions from the national REDD+ strategy in a coordinated manner. The ER-PD fully meet this point since **the ER Program planned interventions are all related to one or more of the six Strategic Objectives (SO) of the national REDD+ Strategy:**

1. Cross-cutting actions: establish an institutional and legal platform for inter-agency coordination to ensure the reduction of deforestation;
2. Agriculture: promoting alternative sustainable practices to shifting cultivation, which ensure increased productivity of food and cash crops;
3. Energy: increase access to alternative sources of biomass in urban areas and increase the efficiency of production and use of biomass energy;
4. Conservation Areas: strengthen the system of protected areas and find safe ways of generating income;
5. Sustainable Forest Management: promote the system of forest concessions, community management and strengthening forest governance;
6. Restoration of degraded forests and planting trees: establishing a favorable environment for forest businesses, restoration of natural forests and planting of trees for various purposes, production and use of biomass energy.

The Table 17 of the ER-PD (p74 to p80) summarize le relation/articulation between the SO of the REDD+ Strategy, the ER Program planned interventions (ERI) and the drivers and underlying causes of deforestation and forest degradation that are addressed.

The ambition of the ER Program is summarized in Section 2.2, p 29 of the ER-PD:

*« The program is expected to contribute to long-term sustainable management of forest in the province of Zambézia by addressing the main drivers of deforestation and forest degradation while implementing innovative measures aiming to increase rural communities' income in the area. All in all, the ER Program aims to initiate a virtuous circle reconciling economic development and environmental preservation. »*

#### Specific comments:

- ➔ The ER Program is ambitious in terms of scale (jurisdictional), ER objectives and diversity of interventions (programmatic approach).
- ➔ The ER Program has been well designed, articulating its planned interventions with the Strategic Objectives of the national REDD+ Strategy.
- ➔ No question have been raised concerning the issue of ambition

## 4. Impacts of the ER Program proposed activities

### 4.1. Socio-economic and developmental impacts

The criterion 34 of the FCPF-MF requires that ER Programs fully integrate Non-Carbon Benefits (NCB). The criterion 35 requires that the ER Programs indicate how information on the generation and/or enhancement of priority NCB will be provided during the implementation, as feasible. According to the TAP assessment report on the ER-PD, these two criteria are met.

#### Non carbon benefits in the ER Program

It is clearly stated in the ER-PD that the focus group for the ER Program is the population who lives in and directly uses and/or benefits from the forest. The ER Program is supposed to bring them two categories of benefits: the carbon benefits (through benefit-sharing arrangements) and the non-carbon benefits.

According to the ER-PD, the ER Program is expected to have positive impacts in the long run on social and development aspect through non-carbon benefits also called "co-benefits". The ER-PD specifies that the expected NCB mainly result from the overall improvement of rural population's livelihood, the strengthening of forest management and governance, as well as long-term environmental benefits.

The table 74 presented in Section 16.1, page 270 of the ER-PD (see below) presents the potential NCB related to the national REDD+ strategy and associate projects that have primarily been identified during consultations with stakeholders at national and provincial level (the consultation process is detailed in pages 118 to 123 of the ER-PD). The NCB are classified in three categories and presented in detail in p270-273.

<b>Direct non carbon benefits improving rural population's livelihood</b>
◆ Sustainable use and long-term access to forest resources
◆ Increase and diversification of income and employment opportunities
◆ Alternative and sustainable energy sourcing and health benefits
◆ Adaptation of agricultural practices to climate change to increase agricultural production
◆ Clarified land tenure
<b>Strengthening of forest management and governance</b>
◆ Increased transparency in the forest sector
◆ Long-term engagement of multiple stakeholders in forest management with strong role of Local Communities
◆ Reduction of unsustainable practices and illegal logging
◆ Improvement of business environment in forestry sector
<b>Long term environmental benefits</b>
◆ Soil conservation
◆ Protection of ecosystems
◆ Maintenance of high-value biodiversity
◆ Rehabilitation of degraded lands

The table 75 (p 273) pasted below presents the 5 priority non-carbon benefits (NCB) associated with the ER Program. They have been classified in two main categories: (i) the improvement of rural population's livelihood and (ii) the strengthening of forest governance and forest resources management.

<b>Improvement of local livelihood through securing long-term access to forest resources and environmental benefits</b>	
Priority NCB n°1	Increase of land areas under sustainable landscape management practices
Priority NCB n°2	Long term adoption of sustainable land use practices
Priority NCB n°3	Clarified land tenure
<b>Forest Governance and Management</b>	
Priority NCB n°4	Improved forest governance and transparency
Priority NCB n°5	Enhanced participatory forest and land use management

The table 76 of the ER-PD (p 277 to 279) presents more in-depth each priority NCB, their associated sub-NCB and makes the link with the ER Program interventions that will generate or enhance these NCB. This table provides the necessary explanations to understand how the ER Program interventions will directly or indirectly generate NCB.

The NCB named “increase and diversification of income and employment opportunities” in Table 74 is not considered has a priority NCB in the Table 75 of the ER-PD. However, it has been included in the table 76 under a broad category named “others”. According to the ER-PD (Table 76), the two main ER Program interventions that will directly participate to increase and diversify the local population livelihood and to bring employment opportunities are the:

- Support to the establishment of commercial agriculture in areas with no forest cover, especially to the cashew and sesame sector;
- Value chain development of non-timber forest products (NTFP) and of cash crops, including through agri-business finance.

#### **Specific comments and questions:**

➔ It is not perfectly clear how the Priority NCB for the ER Program (Table 75) have been identified among the potential NCB associated with the ER Program (Table 74). It could be useful to present more clearly the process and criteria that have been used to prioritize these five NCB.

➔ The impact of REDD+ projects on the population livelihoods is a well-known issue that have been broadly debated. The final evaluation of the project “Reducing deforestation and degradation in the Miombo forests of the National Reserve of Gilé and its periphery” pilot project estimates that the agricultural techniques appear to have led to higher farmer incomes. In the case of the ER-PD, it has to be noted that the “increase and diversification of income and employment opportunities” is not directly considered as a priority NCB in the ER-PD. However it appears in the Table 76 (p 279) under a broad category named “others”. Why not to present it as a priority NCB then?

#### **Information on the generation and/or enhancement of priority NCB**

According to criterion 35 of the FCPF-MF, information on the generation and/or enhancement of priority NCB should be provided during ER Program implementation. At this stage, it is recognized in the ER-PD (section 16.2, p 275) that there is no specific communication strategy for NCB. We understand then that it will have to be designed and implemented at a later stage.

However, the ER-PD presents the main instruments planned to be used for collecting information on NCB:

- Multi-stakeholders platforms such as the Zambézia MSLF (Annex 5 p325 and annex 6 p331).
- The Feedback and Grievance Redress Mechanism (FGRM), which is also expected to be useful in analyzing the impacts of the ER Program on local population (Section 14.3, p 245).
- The Participatory Measurement, Reporting and Verification (PMRV) system that is expected to be useful to get environmental and social information and impacts of REDD+ implementation directly from local population (Section 14., p 240).
- The Safeguards Information System (SIS), which will also be used to provide relevant information on how safeguards are handled and respected to enhance NCB. The proposed SIS indicators actually are good indicators of NCB (Section 14.2, p 241, Table 70, p 242).

#### **Specific comments and questions:**

➔ The ER Program seems to have strong and relevant instruments to collect information on NCB. These instruments could be used to cross-check the information and identify potential weaknesses.

➔ It seems that the SIS do not include any indicator directly related the local population livelihoods or employment. Is it because livelihoods and employment are not considered as priority NCB? Are there specific difficulties to include this kind of indicators?

#### **Social (and environmental) safeguards**

The table 65 of the ER-PD (Section 14., p 232) presents a list of the safeguard plans that have been developed for the ER Program and associated projects. There are three main safeguard documents approved for the ER Program that include social and development issues:

- The Strategic Environmental and Social Assessment (SESA)



- The Process Framework (PF) for National REDD+ initiatives, MozFip and MozDGM ;
- The Environment and Social Management Framework (ESMF) for MozFip and MozDGM.

The SESA analyzed the strategic objectives and options for REDD+ in Mozambique and assesses them with a complete opportunity and risk analysis, comprising social impact, environmental impact and mitigation measures.

The ESMF helped to screen the proposed ER Program interventions, to ensure that they do not negatively affect natural and social environment. More precisely, the ESMF ensures that relevant World Bank Safeguard Policies and GoM environmental and social applicable regulations are strictly respected in the ER Program.

The PF was conducted in order to ensure that involuntary resettlement is avoided or minimized where feasible. The PF mainly deals with the restrictions of access and use of resources to be associated with the project, especially by components dealing with land and forests resources use planning and delimitation.

**Specific comments and questions:**

- ➔ It appears that strong social and environmental safeguards have been developed in accordance with the relevant World Bank Safeguard policies and GoM environmental and social regulations.
- ➔ Both the ESMF and the PF were approved in January 2017, whereas the SESA was still pending RSA approval. When the SESA will be approved, the ER-PD will have to be updated.

**4.2. Impacts on the drivers of deforestation and degradation**

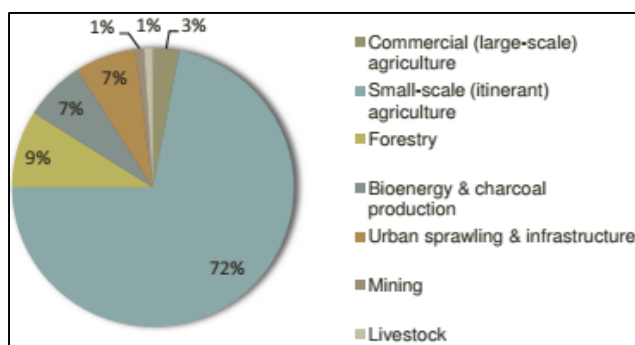
According to criterion 27 of the FCPF-MF, the ER-PD has to clearly describe how the ER Program addresses key drivers of deforestation and degradation. The TAP assessment report estimates that the criterion 27 is met by the ER-PD.

**Identification of key drivers of deforestation and degradation**

The Analysis of drivers and underlying causes of deforestation and forest degradation and existing activities that can lead to conservation or enhancement of forest carbon stocks are presented in section 4.1 of the ER-PD (p52 to p68). All the relevant data and analysis presented in the section 4.1 of the ER-PD are mainly based on two studies:

- A study on the drivers of deforestation and forest degradation realized in 2015 during the Readiness phase by Winrock International and CEAGRE<sup>1</sup>.
- A background study for the preparation of the Zambézia Integrated Landscapes Management Program (MERCIER et al., 2016)<sup>2</sup> for the ranking of the main drivers of deforestation and forest degradation in the ER Program area more specifically.

The Figure 6 of the ER-PD (p52) presented below shows the main drivers of deforestation and forest degradation in northern Mozambique, based on the model of Winrock International and CEAGRE (2015). It has to be noted that it was assumed in that model that the impact of forest degradation is captured in the estimates of deforestation.



<sup>1</sup> Winrock International and Centro de Estudos de Agricultura e Gestão de Recursos Naturais. 2015. Identificação e Análise dos Agentes e Causas Directas e Indirectas de Desflorestamento e Degradação Florestal em Moçambique.

<sup>2</sup> Mercier C., Grinand C., Randrianary T., Nourtier M., Rabany C. 2016. Background study for the preparation of the Zambézia Integrated Landscapes Management Program. Report for the Government of Mozambique and FCPF. Etc Terra.

The Box 1, page 53 of the ER-PD presents a clear summary of the main direct drivers of deforestation and forest degradation in the ER Program area and how they inter-relate.

It is explained that small-scale agriculture based on slash and burn techniques is, by far, the first driver of deforestation in the ER Program area. Deforestation practices linked to slash and burn agriculture are also serving charcoal production. Thus, in the ER Program area, small-scale agriculture and charcoal production are highly linked. It is then considered that charcoal production does not have any additional impact on forest cover. The forestry sector is also, and especially, an important driver of forest degradation, due to misrespect of concessions management plans and illegal logging. Large scale agriculture and others drivers are also briefly presented and analyzed.

#### **Identification of activities that can lead to conservation or enhancement of forest carbon stocks**

In the sub-section page 65 to page 68 of the ER-PD, the main existing national policies and national and international programs that can lead to conservation or the enhancement of carbon stocks are well presented. In particular, four relevant internationally funded programs are described:

- MOZFIP - Mozambique Forest Investment Project – 2017-2012 - USD 47 million
- MOZDGM - The Dedicated Grand Mechanism in Mozambique – 5 years - USD 4.5 million
- "Sustenta" project - Agriculture and Natural Resources Landscape Management project – 2016-2021 - USD 40 million
- MOZBIO - Conservation Area for Biodiversity and Development Project (2016-2018) - USD 46.32 million

In section 4.3 of the ER-PD (p72), the Figure 11 provides a simple and general representation of the cross-cutting interventions and topics that will be covered in the ER Program. In particular, it clearly links the drivers of deforestation/forest degradation, their underlying causes and the barriers to REDD+ with the relevant ER Program planned activities.

Then, the ER Program planned interventions are presented in general in Table 17 (p74) and in detail in the Table 18 (p81). The descriptions explain how the different interventions will address the several drivers and underlying causes of deforestation and degradation and/or barriers to REDD+ that are addressed.

#### **Specific comments and questions:**

➔ The model of Winrock International and CEAGRE (2015) used to identify the drivers of deforestation and forest degradation assumes that the impact of forest degradation is captured in the estimates of deforestation. We know that this hypothesis could be acceptable in some situation/contexts and not in others. It could be useful to provide additional details on the model used by Winrock International and CEAGRE in order to argue on its reliability.

➔ Small scale agriculture is responsible for 72% of the deforestation and forest degradation in northern Mozambique. The activity ERI-D2 “Structuring of key sustainable value chains for cash crops and support to the establishment of commercial agriculture” is the most costly intervention of the ER Program with a budget representing 38% of the total costs over the period 2017-2025. The ER-PD may clarify how the food security issue is managed under the ER Program.

➔ The final evaluation of the project “Reducing deforestation and degradation in the Miombo forests of the National Reserve of Gilé and its periphery” pilot project estimates that artisanal mining is a large scale threat which is not being accorded the importance it deserves. However in the ER-PD, mining is not considered as a significant driver of deforestation at the scale of the ER Program.

## **5. Land and resource tenure regimes**

According to criterion 28 of the FCPF-MF, the ER-PD has to present a clear assessment of the land and resource tenure regimes in the area of the ER Program that are critical to the successful implementation of the ER Program.

According to the TAP assessment report, the ER-PD provides a complete assessment of the land and resource tenure regimes, based on the assessment carried out during the readiness phase and additional assessments when needed.

In the section 4.2 (p71), the ER-PD identifies the weakness in land zoning and tenure rights as a major barrier to REDD+. Then, community land delimitation is presented as a key instrument to reduce land conflicts and increase communities’ land tenure security. It is also considered that land zoning and secured tenure rights are essential for reducing deforestation because they enable stakeholders to invest in other practices on their own lands, and to assess performance with regards to emissions reduction.

Consequently, the ER Program includes several interventions related with these issues. The component B of the Program is named "Land Planning". It includes two main categories of planned interventions:

- ERI – B1: Regularizing land tenure
- ERI - B2: Improvement of districts land use planning & promotion of community level land use planning

These two categories of interventions are quite important since they have a planned budget of 7.25 MUSD over nine years (18% of the total implementation costs). Indeed, land tenure regularization and especially community delimitation, is considered as an important pre-requisite for most of the others interventions. Improved accountability and sense of « ownership » on forest areas through collaborative management and participatory forest monitoring is considered as a key to the ER Program success.

This land and resource tenure regimes issue is explained in the section 4.4 of the ER-PD that provides a detailed assessment of land and resource tenure in the accounting area. The information presented are based on the assessment carried out during the Readiness phase including in (i) the legal and institutional study done by BETA and NEMUS (2015)<sup>3</sup> ; (ii) the SESA; and (iii) the ER-PIN (UT REDD+, 2015)<sup>4</sup>. An additional assessment was also led by TANNER (2017)<sup>5</sup> for the specific purpose of the ER-PD.

The legal framework of land tenure in Mozambique is clearly presented in p96 to p103. The section presents the 1995 National Land Policy and the 1997 Land Law and provides analysis on important issues such as individual rights at sub-community level, community land use plan (CLUP), the link between land rights and natural resources, the issue of Legal rights to use and benefit from land and forests, etc.

In the ER Program area, there are essentially three "categories" of rights-holders: (i) Local Communities; (ii) "good faith" occupants (individuals); and (iii) holders of new Right to use and benefit from the land (DUAT) requested for commercial activities. The ER-PD clearly documents the extent and location of rights acquired by occupation or by formal request in the ER Program Accounting area.

Land tenure issue is considered as a major risk to the ER Program if it is not adequately dealt with. It seems that the ER Program has properly assessed the associated risks and planned relevant interventions in order to minimize and prevent them.

#### **Specific comments and questions:**

➔ The ER-PD mentions a review of land policy and legislation led by MITADER that could be on the agenda of the next Consultative Forum on Land. If the review have been done, did it bring some useful and additional information related to land governance that should be included in the updated ER-PD?

➔ The ERI-B1 of the ER Program includes ambitious goals in terms of community land delimitation. The "Sustenta" project aims to secure land tenure rights of 270 rural communities and 150,000 individuals. The MozFip project aims to support the land delimitation of approximately 160 communities and the issuance of approximately 3,100 DUAT. Which mapping methodology will be used? How the intra and inter-communities conflicts related to this process will be prevented?

## **6. Institutional anchorage of the ER Program**

### **6.1. Responsible entities and partners**

The section 1 of the ER-PD (p 22) presents the entities responsible for the management and implementation of the proposed ER program:

- **The Ministry of Economy and Finance (MEF)** is the national entity that is expected to sign the Emission Reduction Payment Agreement (ERPA) with the FCPF-CF.
- **The National Fund for Sustainable Development (FNDS)** created by governmental decree in February 2016 (Decree n°6/2016) is the organization responsible for managing the proposed ER Program. It is an independent body with administrative and financial autonomy, under the sectorial tutelage of the Ministry

<sup>3</sup> BETA, NEMUS. 2015. Análise do Quadro Legal e Institucional para Implementação doREDD+. Moçambique: FUNAB.

<sup>4</sup> UT-REDD+. 2015a. Zambézia Integrated Landscapes Management Program. EmissionsReduction Project Idea Note (ER-PIN). Mozambique.

<sup>5</sup> Tanner, C. 2017a. Land Tenure Assessment for the ER-PD. Support to the Preparation of the Zambézia Integrated Landscape Management Program. CTC Consulting Report for Etc Terra. Wales, United Kingdom.

of Land, Environment and Rural Development (MITADER) and the financial tutelage of the Ministry of Economy and Finance (MEF).

- **A list of partner agencies and organizations** involved in the ER Program is given in the section 1.3 of the ER-PD. It includes:
  - **Government related organizations:** The MITADER, the MEF, the FNDS, the Ministry of Agriculture and Food Security (MASA), the National Administration of Conservation Areas (ANAC) and the Zambézia Provincial Government
  - **Landscape Management Unit (LMU)**
  - **Representatives from the private sector:** The Confederation of Economic Associations of Mozambique (CTA), several Zambézia Timber Associations (AMOMA, AMAZA, APAMAZ) and the Zambézia Timber Association.
  - **Several Development partners organizations:** the NGO Etc Terra, the International Institute for Environment and Development (IIED), the Food and Agriculture Organization of the United Nations (FAO), the Adventist Development and Relief Agency (ADRA), the Rural Association of Mutual Help (ORAM), the Community Lands Initiative (ITC), the Network of Environment and Community Sustainable Development Organizations in Zambézia Province (RADEZA), World vision, the International Foundation for Wildlife Management (IGF), Pedagogic University (GADEC) and the Uni-Zambeze (FEAF).

#### **Specific comments and questions:**

➔ The ER Program appears to have a strong institutional anchorage including a strong political commitment at national and provincial level with the active participation of four Ministries, the ANAC and the Zambezia Provincial government.

➔ The ER Program benefits of the support and participation of several representatives from the private sector and development partners organizations. Their core capacity and role in the ER Program are briefly presented in the Section 1.3 (p 24) of the ER-PD. However, it is not easy to link each stakeholder to the specific interventions/activities that they will participate to. It may be clarified in one of the Tables presenting all the planned interventions?

➔ The timber sector is represented by several Zambézia Timber Associations. Are there equivalent associations in Zambézia Province for the agricultural sector that should be involved as partners in the Program?

## **6.2. Institutional and implementation arrangements**

One of the main concrete and positive measure to addresses the potential institutional and governance weaknesses problems related to REDD+ at the national level has been the creation of the MITADER that gathers into one single institution the management of cross-sectorial issues that are relevant to REDD+ (land, environment, rural development).

The MITADER is responsible of the overall supervision and coordination of the ER Program at central level. The MITADER is the primary actor responsible for the REDD+ process in Mozambique and the main point of contact with the FCPF.

Within the MITADER, the FNDS and its Directorate for the Mobilization of Funds (PMR) are the key entities managing REDD+ national supervision in Mozambique. Thus, the MITADER will primarily rely on its FNDS and the PMR to supervise and coordinate the ER Program at central level. They will work in close coordination with the Ministry of Agriculture and Food Security (MASA) and the Ministry of Energy (MIREME) and their associated Directorates.

### **National and provincial management, local implementation**

The table 30 of the ER-PD (p 137) presents the national management of the ER Program led by the MITADER. It includes a description of the respective roles and responsibilities of all the Ministries and their sub-entities (Directorates, Directions, Departments, Agencies, etc.). This table is very clear.

The table 31 of the ER-PD (p 141) presents the Provincial Management of the ER Program. It clearly describes the respective roles and responsibilities of the Provincial government of Zambezia, the Provincial Direction of Land, Environment and Rural Development (DPTADER) and the Landscape Coordination Unit (LCU). It also presents the responsibilities of the District governments through their District Services for

Economic Activities (SDAE). The table also explains the coordination, promotion and consultation role of the Zambézia Multi-Stakeholder Landscape Forum (MSLF).

The table 30 of the ER-PD (p 142) presents the local implementation of the ER Program activities. It specifies the fundamental role of the Landscape Coordination Unit (LCU) and the ways it coordinates with the local administration and State bodies, the service providers and the local communities, civil society and smallholders.

In general, we can see that the ER Program will be implemented through a cooperative approach combining national policies components, programs and projects activities across various levels of the government and multiple stakeholders. This approach aims to maximize funds and institutional capacity.

#### **Specific comments and questions:**

➔ Page 131 of the ER-PD: *“At the time of writing, Decree No. 70/13 was being revised by the GoM in order to clarify and ease the implementation of REDD+ in Mozambique...”* Do the Decree No. 70/13 have been revised and approved by the GoM? What are the main consequences on the institutional arrangements? The section 6.1 should be updated on these aspects.

➔ The Figure 17 of the ER-PD (p 133) shows the coordination of the FNDS with MITADER's and other ministries' relevant directorates for REDD+. The figure should be revised to be perfectly readable on the pdf document.

➔ The Figure 18 of the ER-PD (p 136) presents the implementation scheme for the ER Program. However, the figure is not very clear, some parts are unreadable on the pdf document. The Figure should be revised.

➔ In page 135 of the ER-PD, it is explained that the staff and functions of the REDD+ Technical Unit (UT REDD+ - created in 2013 by the Decree 70/13) have been placed inside of the FNDS after 2014. However, the FNDS organogram and PMR structure do not show clearly how and where the UT REDD+ staff and functions have been incorporated to the FNDS. It could be useful to detail this point.

## **7. Capacities of the Program managing entity**

**The FNDS** is responsible for the technical and financial coordination of the ER Program and works closely with some of MITADER's technical directorates, mainly the National Department of Forests (DINAF), the National Department of Land (DINAT), the National Direction for Rural Development (DNDR) as well as with the National Agency for Environmental Quality Control (AQUA) and ANAC. The FNDS also liaises with other ministries such as MASA and MIREME and their associated Directorates and agencies. This is presented in the Figure 18 of the ER-PD (p 136).

Within the FNDS, **the Directorate for the Mobilization of Funds (PMR)** carries out the ER Program implementation at central level. The PMR is tasked with the technical supervision and coordination, overall planning, quality oversight, communication, safeguards management, reporting, procurement, financial management, monitoring of activities and monitoring and reporting of progress on a regular basis.

The capacities of the FNDS and the PMR to insure an efficient coordination and management of the ER Program will be supported through activities comprised in the interventions ERI-A1 and ERI-A2. In the table 18 of the ER-PD (p 81), it is specified that:

*“As part of ERI-A1 activities, support will also be given to both PMR and FNDS to coordinate and monitor the activities and manage financial and human resources in an efficient, results-oriented manner. Additional costs of FNDS related to activities management will especially be guaranteed by the MozFip program. This includes support for project coordination and management, including fiduciary and safeguards management and communications. Activities of ERI-A1 also encompass support for monitoring, evaluation and reporting, including collecting baseline data, contracting service providers for data collection and reporting on indicators and conducting analyses when needed for supervision and evaluation. (...) ERI-A2: Financing the additional costs of FNDS related to project management, including the costs of the LCUs at the provincial level.”*

#### **Specific comments and questions:**

➔ The FNDS was created in February 2016. It is a relatively young entity which may have a limited experience on similar Programs. It could be useful to provide additional information in the ER-PD on its organizational, technical and human capacity to coordinate and manage the ER Program at the national level.

➔ We have consulted an undated draft of ToRs issued by the World Bank for the recruitment of a consultancy firm to provide organizational support to the FNDS<sup>6</sup>. The mission aims to provide strategic guidance and prepare materials towards the operationalization of the FNDS, and ensure its functioning meets international standards in terms of public financing management. Are there any reports available that analyze in detail the capacity of the FNDS and/or present the achievements of this technical assistance that could be summarized in the ER-PD?

## 8. Relevance of the financial plan

The ER Program budget is presented in Section 6.2 of the ER-PD (p145 to p148).

### Sources of finance

It is important to note that the ER Program builds on five already designed and funded World Bank programs. The financial contributions of these five programs to the ER Program are detailed in p148 of the ER-PD and summarized here below:

- Sustenta 1 (2017-2021, 15.5 MUSD)
- Sustenta 2 (2022-2025, 15.5 MUSD)
- MozFip (2017-2021, 15.98 MUSD)
- MozDGM (2017-2021, 1.6 MUSD)
- MozBio (2017-2018, 1.41 MUSD)
- **Total international source of finance: 51 MUSD (2017-2025)**

Consequently, all the activities and their costs (excepting few of them) presented in the ER Program were defined and assessed in the five Program Appraisal Documents (PAD) that have been already accepted. All the ER Program interventions are part of, and financed by these five programs, but those programs also extend beyond the ER Program area.

### Analysis of the costs

The total costs of the ER Program is about 51 MUSD over nine years (2017-2025). The total annual costs of the ER Program are between 7.32 MUSD (in 2017 and 2018) and 4,123 MUSD (2022 to 2025). The implementation costs represents 78.6% of the total costs, the institutional costs 17.8% and the transaction costs 3.6%. It appears to be consistent in comparison with others international programs and ER Programs (e.g. ER-PD of RD Congo: implementation costs=72%)

The implementation costs represent 75% of the total costs during the first five years of the program and increase to 88% between 2022 and 2025. It is mainly linked to the significant decrease of the institutional costs after 2021. Indeed, the institutional costs represent 22% of the total costs between 2017 and 2021 but decrease to 8.5% between 2022 and 2025.

### Financial gap

The ER-PD indicates in page 145 that the total identified sources of funding represent 50 MUSD while the total costs are about 51 MUSD. However, until 2022, there is no identified financial gap because the MozFip Program is expected to help cover any potential shortfall linked to institutional and transaction costs of the ER Program.

According to the ER-PD, the 1 MUSD gap from 2022 to 2025 is mainly due to running costs of the MRV system and other institutional mechanisms linked to the FCPF carbon fund requirements. It indicates that this gap could be reduced through additional projects forecasted, through national budget allocation or from the revenues of the sale of ERs.

### Financial risk

The financial risk for the ER Program has been properly assessed and prevented. It is presented in the section 11.1 about the “identification of risk of reversals and ER Program”. The sub-risk called “difficult mobilization of up front finance to implement activities” is almost entirely prevented in the case of the ER Program since most of the funding is already identified and secured.

---

<sup>6</sup> <https://www.google.fr/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&cad=rja&uact=8&ved=0ahUKEwjhp348rjWAhXSJVAKHUqvACoQFggvMAE&url=https%3A%2F%2Fwbgeconsult2.worldbank.org%2Fwbgect%2Fdownload%3Fuuid%3Ddf510f4a-e5bf-4f23-ad38-b1649f14045d&usg=AFQjCNFycKhXcy2cbyIDFOgAdtzGV7-P0w>

In general, the economic sustainability of the ER Program is supported by a well-defined budget plan, the securing of financing and the existence of a strong entity in charge of these aspects, the PMR.

**Specific comments and questions:**

- ➔ The financial plan appears to be relevant, well designed and equilibrate. However, it is not possible to make an in-depth analysis without the detailed tables of the budget.
- ➔ The significant decrease of the institutional costs after 2021 is mainly linked to the decrease by 75% of the coordination and management costs. Consequently, between 2022 and 2025, the annual available budget for coordination and management will be about 250 000 USD for implementation costs estimated to 3.25 MUSD. The ER-PD could better explain explain how the coordination and management activities will be conducted with this limited budget.
- ➔ In the table p148 of the ER-PD, the sub-total of sources of finance (international) indicates 50.99 MUSD. However, the total financing sources is 49.99 MUSD. It seems that there is an error or a lack of clarity in this part of the table. It should be revised or better explained.
- ➔ The financial gap issue between 2022 and 2025 and the way it will be solved should be better clarified in the final version of the ER-PD.



## September 2017

SAS SalvaTerra

6 rue de Panama

75018 Paris | France

Tel : +33 (0)6 66 49 95 31

Email : [info@salvaterra.fr](mailto:info@salvaterra.fr)

Skype : o.bouyer.salvaterra

Web : [www.salvaterra.fr](http://www.salvaterra.fr)

