



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 16-Nov-2020 | Report No: PIDC30467

**BASIC INFORMATION****A. Basic Project Data**

Country Mozambique	Project ID P174635	Parent Project ID (if any)	Project Name Northern Mozambique Rural Resilience Project (P174635)
Region AFRICA EAST	Estimated Appraisal Date May 12, 2021	Estimated Board Date Jul 29, 2021	Practice Area (Lead) Environment, Natural Resources & the Blue Economy
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Economy and Finance	Implementing Agency North Integrated Development Agency (ADIN), ProAzul, National Sustainable Development Fund (FNDS)	

Proposed Development Objective(s)

To improve natural resources management and livelihoods of vulnerable communities in selected areas of Northern Mozambique, with a special focus on IDPs, women and youth.

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	150.00
Total Financing	150.00
of which IBRD/IDA	150.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Development Association (IDA)	150.00
IDA Grant	150.00



Environmental and Social Risk Classification

High

Concept Review Decision

Track II-The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **Mozambique occupies an area of 800,000 square kilometers, stretches almost 2,000 kilometers from North to South, including about 2,700 kilometers of coastline along the southwestern rim of the Indian Ocean.** The country is well endowed with natural capital, including: 36 million ha of arable land, 34 million ha of natural forests (Miombo dry forests being the predominant ecosystem) and the second largest mangrove in Africa, covering ca. 357,000 ha. Mozambique hosts the 4th longest coastline in Africa, harboring some of the most spectacular coral reefs in the world and several highly productive estuaries, significant energy resources, water, and gas including recently discovered natural gas offshore. The country has outstanding biodiversity, counting more than 10,000 species, 10 percent of which are endemic or nearly endemic. Mozambique is also strategically located, bordering six countries – four of them landlocked and dependent on the country’s three deep seaports as a conduit to the global market. The country has a population of 30 million, about 67 percent of which live and work in rural areas and providing a relatively large potential labor pool.

2. **Mozambique sustained significant economic growth rates and macroeconomic stability over the last two decades, yet not translating into poverty reduction, leaving the country as one of the poorest in the world.** Despite an annual average economic growth rate of approximately 7.5 percent in the last decade, largely driven by foreign investments, the country still ranks 180 out of 189 countries in the Human Development Index (2018) and in 2016 a so-called ‘Tuna-bond’ scandal¹ caused GDP growth to decrease, inflation to rise, and debt levels to surge unsustainably. Mozambique has a Gross Domestic Product (GDP) of approximately US\$ 12 billion, and a GDP per capita of US\$ 417, which is among the lowest in the world. The main challenges for the country are to restore macroeconomic stability after the hidden debt crisis and reestablish confidence through improved economic governance and increased transparency while carrying out structural reforms in support of the private sector. At the same time, Mozambique needs to ensure that the use of its vast stocks of nonrenewable natural resources translates into sustainable development for its population while ensuring that renewable natural resources (such as forests, wildlife, and fisheries) are managed sustainably. Mozambique is currently in a transitional period during which it needs to prepare for its new resource-rich environment, develop a more diversified and productive economy, while addressing and mitigating existing fragility factors, particularly evident in the Northern and Central provinces.

¹ In 2016, undisclosed government loans worth up to \$2bn to set up three state-backed tuna fishing companies were discovered, and this caused a halt to Mozambique’s economic success story. For more details, please see the latest CPF (2017-2021): <http://documents.worldbank.org/curated/en/540001493517702187/pdf/MZ-CPF-Final-clean-March-23-04052017.pdf>



3. **The security situation in the Northern and Central provinces of Mozambique degraded significantly in the past few years.** The two main security challenges are: i) the splintering of the former rebel group and opposition party, the Mozambican National Resistance (RENAMO), and its associated armed violence in Central Mozambique following a peace deal in August 2019; ii) an insurgency in the gas-rich province of Cabo Delgado that is causing a significant humanitarian crisis in areas previously hit by cyclones, and most recently by the COVID-19 pandemic, and that could further deepen poverty in a region already suffering from some of the worst socioeconomic and development indicators in the country. A splinter group of RENAMO has been carrying out armed attacks in the Central provinces, as it rejects both the peace agreement signed between the Government and the leader of RENAMO in August 2019, and the authority of the current head of RENAMO. These attacks claimed over 20 lives, and could overshadow the peace deal, but are seen as an expression of the factionalism within RENAMO, rather than having an expansionist dynamic. In contrast, attacks in the gas-rich province of Cabo Delgado have claimed about 2,000 lives and displaced nearly 355,000 people since it began in 2017, as the attacks have escalated rapidly and increased in sophistication, range, and intensity. Little is known about the perpetrators, or their objectives, but they are thought to have links to international violent extremist groups. There have also been reports that the insurgents are benefitting from the thriving illicit economy, which involve the smuggling of timber, minerals, and wildlife.

4. **The Covid-19 pandemic reached Mozambique as the country attempted to recover from the hidden debt crisis and the devastating effects of cyclones Idai and Kenneth in 2019.** Mozambique is ranked the third most vulnerable country to climate change in Africa. Extreme weather-related shocks (including droughts, floods and tropical cyclones) pose a significant risk to growth and poverty reduction. In 2019, two devastating cyclones hit the country, destroying physical infrastructure, economic activities and taking a toll on human lives. Around 1.7 million people were affected by the cyclone Idai in Sofala, Manica and Zambezia, while cyclone Kenneth affected around 250,000 people in Cabo Delgado. Both events destroyed and damaged houses, businesses, and core infrastructure with losses amounting to about US\$3 billion. Mozambique's low adaptive capacity and the strong dependence of its population and economy on natural resources exacerbate its vulnerability to climate change. The intensification of weather hazards threatens efforts to meet national priorities, especially toward food security, which is essential to poverty alleviation. Covid-19 now presents a massive setback that could erase past gains, since economic activity is declining as social distancing measures and travel restrictions disrupt supply chains and reduce demand for goods and services. In addition, a sizeable number of Mozambicans will fall back into poverty as a result of the pandemic, since it is likely that livelihoods, food security and nutrition will worsen as incomes are affected by the slowdown in economy activity. The pandemic is also likely to exacerbate pre-existing factors of fragility and widen inequalities and imbalances across the country.

Sectoral and Institutional Context

5. **Northern Mozambique is characterized by low welfare levels, heightened fragility and broad perception that access to development has favored the South.** The Northern provinces continue lagging the Southern ones, with many more people being poor in Niassa (67 percent), Nampula (65 percent) and Cabo Delgado (50 percent) than in Maputo Province (12 percent) and Maputo City (4 percent), the two areas that have seen the largest decline in poverty rates in the past decade. Without strong mitigating measures, these divides could widen, heighten socioeconomic grievances, and sharpen the inequalities and sense of marginalization that have helped to underpin the escalating insurgency in the Northern province of Cabo Delgado. According to the Risk and Resilience Assessment (RRA) being prepared by the World Bank (2020), the main drivers of fragility in Northern Mozambique are the following: 1) exclusion of large parts of the population from access to power and resources due to the nature of the political



settlement established since independence, which deepened horizontal inequalities and regional imbalances; 2) Uneven state presence and service delivery along a North-South divide, due to complex regional politics that informed an uneven development of Mozambique in the post-independence era; 3) An historical sense of neglect, compounded by socio-economic grievances and exacerbated by exclusion from and competition for access to land and resources; 4) Youth disconnect and marginalization in a socioeconomic status of “waithood”, denied of opportunities for economic betterment, education, and political voice; 5) Rapid population growth, environmental degradation, and the impacts of climate change and natural hazards that placed additional stress on natural resources, with large parts of the population relying on land, forests, minerals, and fishing for a source of livelihood. The risk that violence can spread to other areas of the country should not be underestimated.

6. Mozambique’s Northern provinces, including Cabo Delgado, Nampula, and Niassa, are among the richest in terms of renewable natural resources. These resources provide global public goods, such as biodiversity, climate stabilization, and nationally significant ecosystem services. They also play a critical role in contributing to the resilience of local communities, by providing goods and ecosystem services to the local population, such as freshwater, food, construction material, medical material, and fuel sources. The key challenges and opportunities for management of these natural resources can be summarized as follows:

- **Conservation Areas (CAs) occupy over 20 percent of Northern Mozambique’s landscape².** An estimated 500,000 people reside inside and around these areas, which are also home to woodlands, granite inselbergs, coastal forests, white beaches and coral reefs and abundant wildlife. Despite their socio-economic and environmental value, the CAs face several challenges to their long-term integrity and sustainability. To fully exploit their potential, there is a need to strengthen existing management capacity and also explore co-management arrangements, including with private sector and communities. Such co-management arrangements have the potential of securing much needed financial and technical resources, while building the resilience and ownership of local communities in the management of the natural resource base. A more comprehensive involvement of CAs in socio-economic development of communities is also needed to ensure strengthened relationships between communities and CAs and improved livelihood options can help defer communities’ involvement in unsustainable or illegal exploitation of resources.
- **More than 75 percent of timber stocks and 85 percent of the precious wood species available in the country are concentrated in the Northern and Central provinces.** The sector holds great potential of contributing more significantly to the economy, incomes, and the job market in Mozambique’s rural areas. Yet the Northern provinces have the highest deforestation rates, with Nampula alone accounting for more than 25 percent of the deforestation in the country (ca. 74.000 ha/year). Forests are degraded and lost in the region primarily because of small-scale agriculture, biomass energy, unsustainable forest management, land tenure insecurity, inadequate land use planning, inadequate implementation and enforcement of forest policy, and demographic pressures. Ensuring the sustainability and resilience of the natural resource base on which agriculture and forestry depend, particularly soil and water, is critical for resilient development.
- **Northern Mozambique’s long coastline teems with rich marine life, supporting livelihoods for hundreds of remote coastal communities.** Despite a relatively low contribution of about 2 percent of the national GDP, fisheries provide a major source of food and is a vital part of the rural job market. Nampula, Niassa and Cabo Delgado comprise about 54,000 thousand artisanal fishers, distributed across 571 fishing

² The key CAs managed under the National Administration of Conservation Areas (ANAC) include the Niassa Special Reserve, the Quirimbas National Park and the Environmental Protection Area of Ilhas *Primeiras e Segundas*.



centers³. Monitoring, control and surveillance (MCS) of artisanal fisheries, as well as artisanal fishers licensing rate remains however very low. If more sustainably managed, artisanal fisheries could contribute significantly to improve economic prospects of local communities living along the coast of northern Mozambique. While aquaculture is still in very early stages of development, its development is a priority for the GoM as reflected in the recently approved 2020-2030 National Aquaculture Development Strategy.

- **Agriculture in Northern Mozambique is practiced by 80% of the population and has over the years benefitted less from the agricultural and infrastructural investments the country has prompted⁴.** This has led to low productivity and quality and challenges for producers and MSMEs to access stable markets. Only 8-10% of producers have access to adequate storage facilities, less than 30% have access and use of improved seeds and organic fertilizer, and most farming is rain-fed with little development in relation to irrigation infrastructure. Food crop production is largely focused on maize, sorghum and beans and the production of cash crops has focused on cotton, tobacco, peanuts and cashew. There is potential for promotion of conservation agriculture, through promoting access to knowledge and technology, as well as increasing opportunities for credit and insurance, especially for women-headed households, which make up a third of agricultural households in the north.

7. The inclusion of women in natural resource management and their equal participation in economic and social life is essential for enhanced resilience and to help Northern Mozambique transition out of fragility. Societies in Northern Mozambique are largely matrilineal, with 70 percent of the population estimated to be under the age of 25. The matrilineal feature implies that descent is traced through the mother, and land property rights belong to the matriline. However, the role of women in society remains relatively marginal. Gender roles ascribed to men and women together with unequal gender power relations result in women having unequal access and control over productive and natural resources, lower access to education, skills development opportunities and employment than men. Women also have limited participation in decision making related to issues affecting their wellbeing and that of their families, communities and surrounding environment and natural resources. Women are also the prime victims of gender-based violence, which is widespread and largely accepted as part of a woman's life. The conflict in Cabo Delgado and the impacts of the COVID-19 pandemic, have increased women's vulnerability, hampering access to health, education, employment, and heightening the risk of gender-based violence (GBV) and early and forced marriages. There is also a risk that the number of women-headed households will increase due to violent conflict. Closing gender gaps in access to economic opportunities, natural resource management and assets, and investing in women's human capital is paramount to both strengthen women's role and autonomy and to increase the resilience of communities in the Northern provinces.

8. There is broad-based disenfranchisement and exclusion among the youth in Northern Mozambique. Despite representing about 70 percent of the population, many young people in Mozambique exist in a socioeconomic status of "waithood" and are excluded from political voice and opportunities to earn an income, to have an education, for social mobility and self-improvement, and to have a voice in politics. The removal of traditional pathways to adulthood without a replacement have undermined their agency and left many to operate at the margins of society. Within this context, there are signs of growing activism among the youth, and technology is proving to be an important means of achieving economic freedom by facilitating engagement with the private sector and providing a platform to express individual rights and political voice. Given the particularly vulnerable situation, the proposed project will

³ These numbers account for artisanal fishers only, and do not account for other professionals in fisheries-related value chains. The 2012 Census identified about 22 thousand people directly engaged in fish processing and trading, naval carpentry, naval mechanics and gear manufacturing (e.g. production of artisanal fishing nets) in Nampula, Cabo Delgado and Niassa.

⁴ Especially Niassa and Cabo Delgado



center its approach and activities specifically around women and youth, to help reduce inequality, improve economic opportunities, enhance inclusion in decision making processes, and ultimately boost livelihoods of these two social groups. The project will put in place tools specifically designed for women and youth, such as: i) capacity building for establishing and managing Savings and Credit Schemes; ii) trainings in governance, accountability, and financial management; iii) trainings on environmental and nutritional education; iv) professional and vocational trainings; v) scholarships for education and professional development; vi) tailored financial mechanisms; vii) support to digital innovation initiatives; and viii) job opportunities including through a Cash for Work programme.

9. **In Northern Mozambique more than 355,000 people are estimated to be internally displaced (IDPs), underscoring an increase of nearly 300% from the beginning of 2020.** The numbers continue to increase daily, with more than 10,000 people having arrived in Cabo Delgado's capital Pemba within the last ten days of October 2020 alone. In Cabo Delgado, IDPs are mostly concentrating in the southern districts for safety and access to humanitarian assistance. Violence, displacements, and consequent loss of livelihood also worsen food security in a region with the second highest rate of chronic malnutrition in the country and more than half of children under 5 chronically malnourished. The proposed project will help restore livelihoods of these IDPs as a particularly vulnerable group of society, by providing inputs and equipment for agriculture, fisheries, and conservation activities, and it will also provide professional and vocational trainings for skills development. Activities will be especially dedicated to women and youth.

10. **The measures taken to contain the COVID-19 pandemic has impacted livelihoods and the management of Northern Mozambique's natural resources, including forestry, agriculture, fisheries, conservation areas and nature-based tourism.** The nature-based tourism sector is suffering significant losses, leading to revenue shortfalls for Mozambique's CAs, which in turn imperil the proper functioning of CAs and wildlife protection. 'Stay at home' orders, social distancing, and border closures, impacted significantly the rural economy, impeding the movement of products, food and inputs, the ability of producers to sell their products, and reducing the demand for products and therefore the demand for labor. Disruption in global supply chain and weak international demand, plummeting of international prices, deceleration of production and decreased demand for imports, with a consequential price drop are indeed causing jobs losses and reduced income for all workers. This has led also led to increased vulnerability in informal sectors.

11. **A new Government took office in January 2020, after general elections.** The new administration adopted a Five-Year Government Plan 2020-2024 (Plano Quinquenal do Governo, PQG) with a strong emphasis on rural development through the promotion of productive activities in rural areas, and a focus on the central and northern part of the country, particularly in agriculture, forestry, fisheries, biodiversity, and tourism. In addition, the Government is in the process of mobilizing US\$764 million from various multilateral partners to finance the activities of a newly established agency focused on the development of the Northern provinces, named the Integrated Northern Development Agency (ADIN). The World Bank is planning to support the Government in its endeavor through the Prevention and Resilience Allocation (PRA) under IDA19, namely a special allocation designed to support the preventative capacities of countries at risk of, or with escalating conflict/violence. To underpin Mozambique's eligibility for the PRA, the Bank is preparing a Risk and Resilience Assessment (RRA), which will provide a diagnosis of the key drivers of fragility and resilience in the country, and recommendations for how the WBG could address fragility and support resilience. This project will use the recommendations stemming from the RRA as the basis for its Theory of Change and for activities design. ADIN will concentrate on boosting economic development in Cabo Delgado, Niassa, and Nampula, while operating on the basis of four main pillars, including: (i) humanitarian assistance, (ii) economic development, (iii) community resilience, and (iv) communication. North Integrated Development Agency (ADIN) is leading the development of a more detailed engagement strategy, which is expected to be finalized by mid-2021. Finally, the project will align to the Government's vision and strategy for Northern Mozambique by contributing to the development of technical and management capacities of the newly established ADIN.



12. **The World Bank intends to address some of the above-mentioned challenges in alignment with the Government’s vision for the sectors and provinces concerned.** The proposed project focuses on the three Northern provinces targeted by the Government through the establishment of ADIN and will be designed to mitigate and address some of the key factors of vulnerability that risk undermining efforts to reduce poverty in the North of Mozambique. In particular, the proposed project will target districts where IDPs have migrated, poor rural communities, selected CAs, forested and coastal areas, and will address the World Bank RRA Drivers of Fragility #4 and #5 by promoting sustainable environmental management and livelihoods enhancements as means to improve resilience to fragility, conflict, and violence in the area. Special attention and prominence will be dedicated to women and youth, who particularly depend on natural assets for their livelihoods and wellbeing. The proposed project will also be part of the World Bank’s ‘Integrated Landscape Management’ portfolio and approach. The ILM portfolio includes the World Bank-financed projects implemented in a coordinated manner to maximize impact on (a) improved well-being of rural populations and (b) sustainable management of renewable natural resources (forestry, wildlife, fisheries, and land).

Relationship to CPF

13. **The proposed project is closely aligned with Mozambique’s FY17– FY21 CPF (Report number: 104733-MZ) as revised in the recently concluded Performance and Learning Review that includes adjustments to the CPF for COVID-19⁵.** Mozambique’s CPF for FY 17-21 draws on the 2016 Systematic Country Diagnostic (SCD), which identified three focus areas in support of the twin goals: i.e. (a) promoting diversified growth and enhanced productivity; (b) investing in human capital; (c) enhancing sustainability and resilience. The Performance and Learning Review (PLR) added an additional objective, Supporting Recovery and Rehabilitation, under this third Focus Area reflecting stepped-up IDA financing to address the impact of recent cyclones and the pandemic. An SCD update is currently under preparation which is expected to confirm the continued relevance of these three focus areas for Mozambique in the coming years. In line with the WBG crisis response approach to COVID-19, the proposed project has the overarching goal of creating more resilient communities in Northern Mozambique. Under CPF Focus Area 1, Promoting Diversified Growth and Enhanced Productivity, it contributes mainly to Objective 2 on Increasing Agriculture Growth. Under CPF Focus Area 3, Enhancing Sustainability and Resilience, the project contributes mainly to Objective 11 on Improving Management of Climate Risk and Natural Resources. The proposed project also integrates guidance and recommendations from the “World Bank Group Strategy for Fragility, Conflict, and Violence 2020-2025”.

14. **The proposed project is part of an adjusted CPF program to help Mozambique manage and recover from the current crisis.** The proposed operation is expected to contribute significantly to COVID-19 recovery in the rural and coastal economies that are already suffering significant economic impacts from the COVID-19 pandemic through its impact on nature-based tourism and a drop in demand for smallholder products (crops, livestock, fisheries). Mozambique is eligible for the Prevention and Resilience Allocation (PRA) under IDA-19, which will provide access to an additional USD\$700 million, as a top up to Performance-Based Allocation (PBA), and which will require the entire WBG footprint in Mozambique to be recalibrated to address the underlying cause of fragility, conflict, and violent. The PRA funds will be spread across the entire portfolio, and will not be sector, region, or intervention-specific. To root Mozambique’s eligibility for the PRA, the World Bank is developing the above-mentioned RRA, which will represent the analytical framework for the present project’s Theory of Change and its activities’ design.

⁵ Mozambique – Performance and Learning Review of the Country Partnership Strategy IDA/R2020-0117, April 3, 2020.



C. Proposed Development Objective(s)

To improve sustainable natural resources management and livelihoods for enhanced resilience of vulnerable communities in selected areas of Northern Mozambique.

Key Results (From PCN)

15. The project performance towards the PDO will be measured through key outcome and intermediate results indicators. Details of each indicator baseline and targets will be provided in the Results Framework. The main expected project results are:

- Local communities directly benefited by improved sustainable natural resources management initiatives supported by the project (Number, disaggregated by agriculture and forestry, biomass, biodiversity, and fisheries).
- Beneficiaries' positive average variation in the perception of sustainable natural resources management adoption for enhanced resilience and livelihood improvement (% , disaggregated by gender and age)
- Local communities engaged in improved livelihood activities supported by the project (Number, disaggregated by agriculture, forestry, biodiversity, and fisheries).

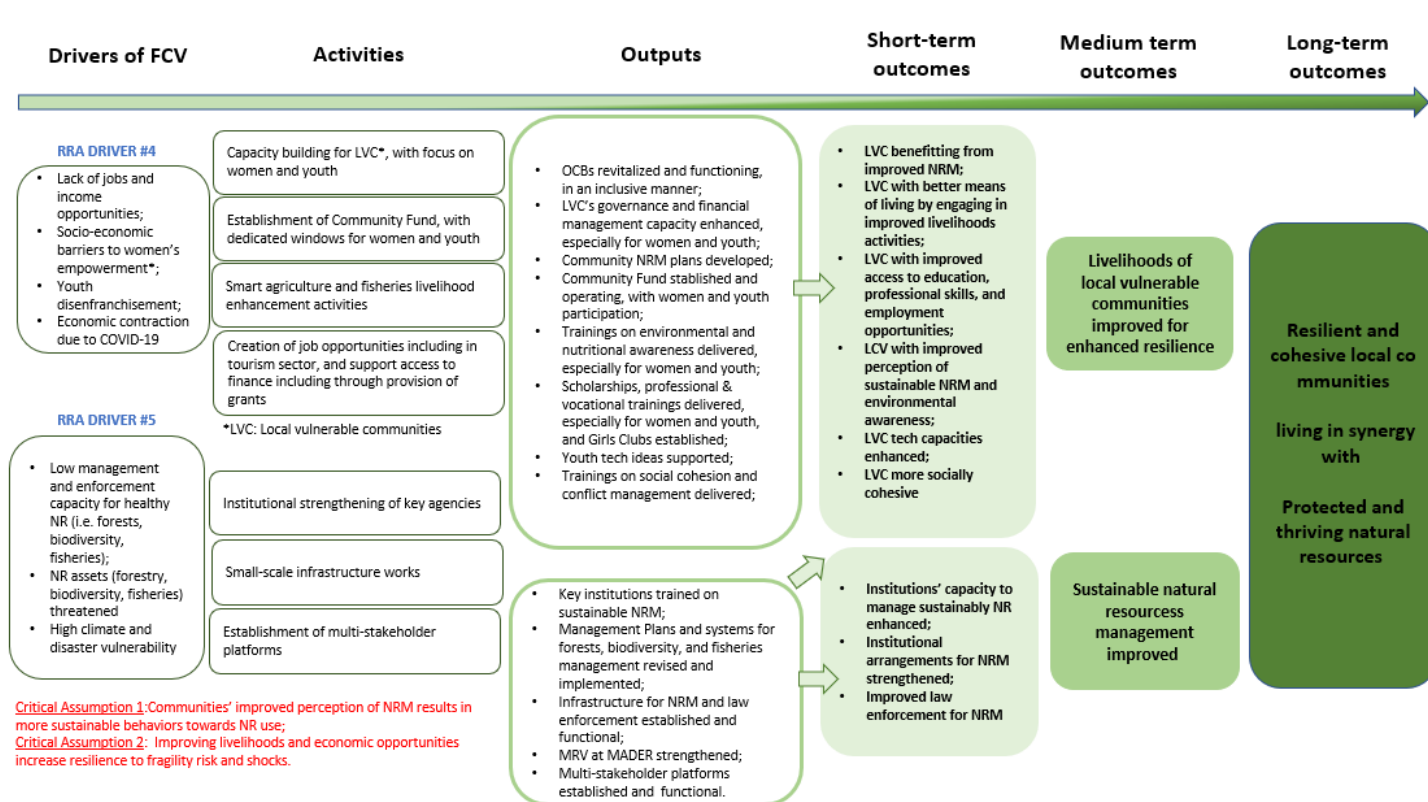
D. Concept Description

16. The project will strive to improve the resilience of vulnerable communities in selected landscapes of Northern Mozambique, ultimately contributing to addressing some of the key drivers of fragility hampering development and poverty reduction in those areas. More specifically, it will intersect with the following FCV challenges, which it will seek to address: (i) limited capacity and resources of formal institutions to manage access to resources in a sustainable and inclusive manner; (ii) insufficient knowledge and enforcement of legislation to protect and manage the country's resource base; (iii) exclusion of the youth and women from socioeconomic opportunities and from finding sources of livelihoods; (iv) limited capacity and inclusion of local communities in the sustainable management of resources; and (v) exposure to natural hazards and climate variability that put additional pressure on the resource base. The project will aim at achieving the ambitious objective of enhancing communities' resilience by strengthening human and social capital of vulnerable and natural resource-dependent communities, increase their access to basic infrastructure and services, and promote food security (agriculture and fisheries). It will also support relevant institutions to adopt sustainable natural resources management policies and practices, to protect the natural resource base on which the poor depend on for their livelihoods. The project design will revolve around four components: (i) Enhancing livelihoods in targeted communities, which will be rolled-out through a Community-Driven Development (CDD) approach; (ii) Institutional strengthening for sustainable management of natural resources; (iii) Project Coordination and management; and (iv) Contingency emergency response (CERC).

17. **Figure 1 below provides a visual description of the Theory of Change behind the operation**, explaining the causal link between activities, outputs, short-term outcomes, medium-term outcomes (PDO), and longer-term outcomes ('aimed scenario' expected to occur beyond project closure). MozNorth Theory of Change is built on the basis of the current fragile scenario (2020) as depicted by the World Bank RRA. The Theory of Change clarifies the main challenges to be tackled, and then explains through which approach the project will address them, to achieve the desired objectives. The two critical assumptions that guide this theory of change are the following: i) Communities'



improved perception of natural resources management results in more sustainable behaviors towards natural resource use; and ii) Improving livelihoods and economic opportunities increase resilience to fragility risk and shocks.



18. **A geographical prioritization exercise is being carried out as part of project preparation**, to enable the selection of specific areas with high poverty and vulnerability, potential for impact, and viability of implementation. This exercise will allow to match areas with different type of activities, that may focus on agriculture and forestry, fisheries, or biodiversity conservation, depending on the most relevant natural asset identified in the selected area. Cognizant of the importance of actively engaging with factors of fragility via development interventions and of the imperative to “do no harm”, on-demand analytical work will be carried out during project preparation to understand the specific vulnerabilities of the local populations in the selected areas. This will enable the project to design activities with concrete potential of mitigating risks and addressing the structural causes of FCV.

19. **During preparation, the team will explore potential synergies with other World Bank operations, both ongoing and under preparation.** Key ongoing operations include, among others: Agriculture and Natural Resources Landscape Management Project (P132123); Mozambique Forest Investment Project (P160033); and the Mozambique Land Administration Project (P164551). Key operations under preparation include, among others: Sustainable Rural Economy Program (P174002); Mozambique Economic Linkages for Diversification (P171664); and Investing in Human Capital and Preventing Conflict Escalation in Mozambique (P175298).

Components	Amount (US\$ million)
Component 1. Enhancing livelihoods in targeted communities	\$100
Component 2. Institutional strengthening for sustainable management of natural	\$35



resources	
Component 3. Project Coordination and management	\$15
Component 4. Contingency Emergency Response Component - CERC	\$0
TOTAL	\$150

Component 1- Enhancing livelihoods in targeted communities (US\$100 million)

20. This component will focus on activities that will enhance the livelihoods and resilience of targeted vulnerable communities, with a specific focus on women and youth. It will adopt a CDD approach, thus emphasizing community control over planning and investments decisions. More specifically, the component will comprise the following Activities:

21. Activity 1.1: Community Capacity Building. This activity will be rolled-out through a CDD approach and will strengthen the social and human capital of local vulnerable communities dependent on natural resources. It will set up the building blocks for effective community participation in development processes, improved human and social conditions, and functional Community-Based Natural Resource Management (CBNRM), which is a concept that places local communities at the center of natural resources management. The project will introduce the CBNRM approach developed by the Mozambique CBNRM Network⁶, to establish and strengthen community governance bodies and enhance participation in the planning, management, monitoring of natural resources management. The CBNRM model also includes targeted methodologies to promote gender equality through the Gender Action Learning System (GALS), and it will include the promotion of Credit and Savings Groups (PCRs) to help increase financial literacy. The approach will specifically target women to help remove barriers to women’s ownership and control of assets. For youth, the activity will work closely with selected schools to establish mentoring programs, youth & girls clubs to help keep children and girls in school, and peace clubs as forums for mediation and grassroots peacebuilding. Scholarship programs will help girls and youth complete secondary education and take advantage of vocational training and internship opportunities through the Mozambique Program for Conservation Leadership (PLCM)⁷. The Project will also establish environmental education programs that raise environmental awareness and empowerment among youth. The objective of the comprehensive CBNRM approach is to allow local communities to become drivers of their own development processes and to take ownership and influence decision-making over the resources their livelihoods rely on, while also increasing their capacity to apply and benefit from the opportunities offered under the Community Driven Development Fund. Given the FCV context, and the importance of social cohesion for the sustainability of project results, the CBNRM approach will also comprehend modules aimed at strengthening the social fabric of Northern Mozambique communities, including conflict management and prevention. In recognition of local communities’, and more specifically women’s ‘time poverty’ the CBNRM approach will be accompanied with support to improve communities’ access to basic services and infrastructure (see section below). Service providers, like the CBNRM network and their civil society members, among others, will mostly be hired to implement these activities, given their proximity to local communities, and enhanced knowledge and capacity to manage such bottom-up processes. The selection of the communities will be done with support of local government and will target the poorest communities and those that are receiving the IDPs.

⁶ The Community Based Natural Resources Management Network of Mozambique is composed by NGOs, universities and the government. The network has developed a training approach, which encompasses capacity building activities in: (i) governance, (ii) natural resources management, and (iii) financial literacy.

⁷ The Program for Conservation Leadership in Mozambique (PLCM) is a joint program between ANAC and Mozambique’s trust fund on biodiversity BIOFUND that aims to strengthen the professional and leadership skills of current and future personnel in Mozambique’s system of CAs, by providing short and long-term training opportunities, professional experiences/internships for professionals within the system and youth looking to build their career within conservation.



22. Activity 1.2: Community Driven Development Fund to improve livelihoods and basic infrastructures. This activity will support the establishment of a community driven fund, which will give small grants, to help communities implement community small-business; support agricultural activities (i.e. production of non-timber forest products, family gardens, conservation and climate-resilient agriculture, sustainable production of biomass, apiculture, cashew production); nature-based tourism activities; and rehabilitation and construction of climate-resilient small-scale infrastructure, like boreholes to improve access to water, small bridges, and community roads. By involving communities in the decision-making, planning and construction of such infrastructure and livelihood investments, the Project will ensure that they are relevant as well as that a greater sense of ownership and capacity to manage them is also generated. Basic infrastructures that are adapted to local climate risks, are also envisioned to improve socio-economic and health conditions of local communities and reduce women's 'time poverty', which can help them engage in productive activities or aforementioned CBNRM planning processes. In addition, specific lines of credit will be dedicated to youth and women, to respond to the current large gap in credit opportunities directly targeting women and their needs and conditions. The community driven fund could also support the development of innovative ideas by youth that make use of the digital technology. The Fund will include the requirement for beneficiaries to attend training programs, aligned with the capacity building activities described under 1.1. The projects will be proposed by the communities with the support of the service providers and local government. Communities that already have a community agenda (*Agenda Comunitária*) will be able to access the fund directly⁸.

23. Activity 1.3: Conservation Agriculture Interventions. These activities will include the promotion of agroforestry systems and improved agricultural management for increased productivity; and provide support the existing farmers aiming certification of agricultural products and access to markets.

24. Activity 1.4: Fisheries-specific Interventions. Fisheries activities will focus on communities along the coast and Lake Niassa, and will include (i) the roll-out of the *Mais Peixe Sustentável* Matching Grants Scheme (MPS)⁹ to support the development of fisheries and aquaculture-related value chains; and (ii) training and interventions to reduce post-harvest loss and improve value addition to fishing products. *Mais Peixe* will include targeted approaches to identify and support female-owned businesses, allowing to fill a gap in financing opportunities for women. This activity will be implemented by ProAzul, which already has a successful track-record for the implementation of similar activities in other areas of the country.

25. Activity 1.5: Tourism-specific Interventions. These activities will include the construction of a logistic center in lake Niassa, to support the tourism industry in the Niassa Reserve, and the construction of 2 community lodges (Niassa Reserve and Ilhas Primeiras e Segundas).

26. Activity 1.6: Forest-specific Interventions. These activities will support the Planted Forest Grant Scheme¹⁰ and sustainable biomass production. The goal of the grant scheme is to generate economic opportunities by

⁸ Agendas Comunitárias were supported by Sustenta (P149620) and MozFIP (P160033) projects. They are also expected to be supported by the MozLand (P164551) project.

⁹ MPS funds projects through two windows. Window 1 targets artisanal fishers, traders, fish processors and transporters, carpenters and naval mechanics, as well as other value chain operators, providing matching grant funding of up to MT 1.2 million for 80% investment in assets defined in a limited list of options (equipment for product handling and conservation, and replacement of vessels and gear), subject to participation in management training sustainable use of natural resources and signing a commitment to sustainable management of natural resources. Window 2 targets MSMEs that partner small-scale fishers and aquaculture operators, providing matching grant funding of up to MT 20 million for a 70 percent investment in goods, equipment and services, and subject to participation of the beneficiary in training on sustainable management of natural resources, signing a commitment to sustainable management of natural resources.

¹⁰ The Planted Forests Grant Scheme is a performance-based grant scheme for small and medium landholders and local communities for the establishment of multipurpose plantations and areas of restored lands. The Scheme is currently being implemented in Zambezia province by FNDS. It has resulted in about 650 ha of commercial plantations and about 200 ha of land under restoration, though these numbers are expected to triple in the upcoming 2019/2020 agricultural season.



promoting commercial tree plantations, to restore degraded areas, and to link wood producers and markets. This sustainable biomass activity aims to increase wood transformation efficiency into charcoal and to reduce overall use of wood for biomass fuel by supporting sustainable charcoal production. The project will promote charcoal producers' organizations to adopt forest management plans, promote higher efficiency in charcoal production, and build partnerships between producers and private operators in the forest sector to integrate charcoal production into forest operations.

Component 2 – Institutional strengthening for sustainable management of natural resources (US\$ 35 million)

27. This component will strengthen institutions for enhanced sustainable management of natural assets.

28. Activity 2.1: Forests. This activity will support: (i) strengthening sustainable forest management through the implementation of the Forest Management Unit developed by DINAF/FAO; and (ii) capacity building for AQUA¹¹, including enhancing law enforcement capacity.

29. Activity 2.2: Conservation Areas. This activity will focus on improving operational management capacity of selected CAs¹², including i) support for revision and implementation of CA Management and Business Plans, ii) improved communications and infrastructures for law enforcement and iii) implementation of CA actions plans related to inclusive community and tourism development.

30. Activity 2.3: Fisheries. Activities will focus on: (i) improving artisanal fisheries licensing and registration, including the roll-out of a new electronic licensing and registration system successfully piloted in 2020; (ii) improving surveillance effectiveness, through supporting the implementation of revamped fisheries surveillance strategies currently being finalized by MIMAIP; and (iii) promoting local fisheries co-management, which increases the ownership and capacity of communities to manage natural resources. These activities will be implemented by ProAzul.

Component 3- Project Coordination and management (US\$ 15 million)

31. The objective of this component is to coordinate and monitor project activities and manage financial and human resources in an efficient, results-oriented manner, in accordance with the project's objectives and fiduciary procedures. This component will finance the additional costs of ADIN and ProAzul related to project management. This includes support for project coordination and management, including fiduciary and safeguards management, M&E, and communications. This component will also strengthen the Measurement, Reporting and Verification (MRV) Unit at MADER, enhancing its capacity to monitor project activities while helping effectively understand GHG sources and trends, design mitigation strategies, and take policy actions in the face of climate change. It will also support the establishment and proper functioning of multi-stakeholder platforms in each of the three provinces, and associated mechanisms to ensure the engagement and voices of women and youth in these platforms. The support will also allow ADIN and local governments to engage more widely with non-traditional and local actors such as civil society, CBOs, faith-based organizations etc. to promote local voices and preferences regarding decisions in the project.

Component 4- CERC (US\$ 0)

32. The Contingency Emergency Response Component (CERC) component is included to provide the means to support the recipient in case of a potential disaster-recovery need. The conditions for activating this component

¹¹ AQUA is National Agency for Environment Quality Control (Agencia da Qualidade Ambiental) and is being supported by the MozFIP project in Zambezia and Cabo Delgado.

¹² Niassa Special Reserve, Quirimbas National Park and the Environmental Protection Area of Ilhas Primeiras and Segundas.



will follow procedures as agreed between the Recipient and the Bank, laid out in the Financing Agreement, in response to an eligible crisis or emergency¹³.

33. **Project beneficiaries.** The project will have positive social and environmental benefits at local, national, and global levels. At the local level, the project will directly benefit local communities living in the target landscapes, often among the poorest of the population, through the promotion enhanced livelihoods and healthier ecosystems. A critical indirect benefit to communities will be the value derived from increased quality of the natural resource base. Given the particularly high vulnerability of women and youth, and their relevance and numbers in Northern Mozambique society, the project will target principally women and youth, generating specific gender and youth-differentiated benefits, starting from increased engagement of women and youth in management of natural resources to the creation of income-generating activities. The project will also have a significant number of institutional beneficiaries, including ADIN, ProAzul, other line ministers (i.e. Ministry of Land and Environment, Ministry of Agriculture and Rural Development, Ministry of Sea, Inland Waters and Fisheries, and Ministry of Tourism and Culture), CA co-managers, and CBOs, whose capacity will be strengthened through capacity-building activities. The GoM will also benefit significantly from a stronger institutional framework and improved regulations and management of natural resources. Finally, protecting Northern Mozambique’s landscapes will generate globally relevant environmental positive spillovers, both in terms of protecting forested areas from deforestation and forest degradation, protecting terrestrial and marine biodiversity, and mitigating GHG emissions.

34. **Gender responsiveness.** The proposed project recognizes that addressing gender inequality and empowering women is pivotal to effectively and sustainably overcome poverty, generate wealth and sustainably manage natural resources. Evidence also shows that gender equality is a crucial factor in the prevention of violent conflict and that youth inclusion is equally imperative for peaceful societies . The gender gaps that this project aims to address have been identified using the overall framework of WBG’s Gender Strategy 2016-2023; the Environment and Natural Resource (ENR) Global Practice Follow Up Note for fiscal years 2019-2021; and WBG’s Strategy for FCV21, which has a special focus on closing gaps between men and women. Due to the limited reliable and updated data for the three northern provinces in relation to these aspects, the project congregated national level data with local data where possible, and also used the findings of the comprehensive Gender Gap Analysis and Action Plan developed for the Integrated Landscape Management portfolio in Mozambique to identify the main barriers and the proposed actions to address them.

35. **Citizens, particularly youth, will be engaged as key agents of change to contribute to sustainable and peaceful development.** The above-mentioned behavioral analysis will help provide information on how the project can provide opportunities for young men and women to play positive roles in their economy and society and for their voices to be heard in decision-making. A comprehensive set of activities focusing on enhancing youth inclusion will help respond to different needs of young men and women and promote social engagement, community development, skills enhancement, and valorization of youth innovative drive. Interventions will work in parallel to empower women to become more involved in their society and have a stronger say in economic, social, and power-sharing arrangements, while also addressing the issue of young men’s marginalization. Monitoring systems promoted will, to the extent possible, include gender and age disaggregation. Provincial-level multistakeholder platforms to be supported by the Project are expected to play an important role in citizen engagement. Moreover, in line with corporate requirements on citizen engagement, the Results Framework (Annex 3) will include indicators capturing beneficiary

¹³ As stated in the Financing Agreement between the recipient and the Association, an “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster, including a disease outbreak.



feedback, and project preparation will explore further mechanisms to ensure feedback loops are closed through Project-level responses.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

CONTACT POINT

World Bank

Karin Teixeira Kaechele, Ann-Sofie Jespersen, Giuseppe Fantozzi
Natural Resources Management Specialist

Borrower/Client/Recipient

Ministry of Economy and Finance

Implementing Agencies

North Integrated Development Agency (ADIN)
Danila Boneva
Project Coordinator
danila.boneva@fnds.gov.mz

Momade Nemane
MADER Director
momadenemane@gmail.com

ProAzul



Daniel Segura
Deputy-Coordinator
daniel.segura@proazul.gov.mz

National Sustainable Development Fund (FNDS)
Claudio Borges
CEO
claudio.borges@fnds.org.mz

FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):	Karin Teixeira Kaechele, Ann-Sofie Jespersen, Giuseppe Fantozzi
----------------------	---

Approved By

Country Director:	Idah Z. Pswarayi-Riddihough	22-Jan-2021
-------------------	-----------------------------	-------------