



Global Environment Facility

MOHAMED T. EL-ASHRY
CHIEF EXECUTIVE OFFICER
AND CHAIRMAN

April 10, 2000

Dear Council Member:

The World Bank, as the Implementing Agency for the project entitled, *Mozambique: Coastal and Marine Biodiversity Management*, has attached the proposed project document for CEO endorsement prior to final approval of the project document in accordance with World Bank procedures.

The Secretariat has reviewed the project document. It is consistent with the proposal approved by the Council in May 1999 and the proposed project remains consistent with the Instrument and GEF policies and procedures. The attached explanation prepared by the World Bank satisfactorily details how Council's comments and those of the STAP reviewer have been addressed. I am, therefore, endorsing the project document.

We have today posted the proposed project document on the GEF website at www.gefweb.org. If you do not have access to the Web, you may request the local field office of UNDP or the World Bank to download the document for you. Alternatively, you may request a copy of the document from the Secretariat. If you make such request, please confirm for us your current mailing address.

Sincerely,

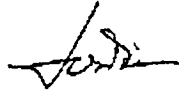
Cc: Alternates, Implementing Agencies, STAP

OFFICE MEMORANDUM

DATE: March 13, 2000

TO: Mohamed El-Ashry, CEO/Chairman, GEF

FROM: Lars Vidaeus, GEF Executive Coordinator



EXTENSION: 34188

SUBJECT: **Mozambique: Coastal and Marine Biodiversity Management
Final Council Review/CEO Endorsement**

1. Please find attached 2 copies of the Project Document for the above-mentioned project for review, prior to your final endorsement.
2. The project document is fully consistent with the objectives and scope of the proposal endorsed by Council as part of the May 1999 work program and reflects comments made during the work program endorsement by GEFSEC, STAP, and Council members as follows:

Indicative Costs

The overall budget was reviewed in detail during appraisal and the cost tables in the attached revised PAD reflect the changes. The GEF contribution has increased from \$3.93 million (prior to appraisal) to \$4.11 million. The increase is mainly due to some revision of recurrent costs in:

- the Biological monitoring sub-component of the Biodiversity conservation and Sustainable Community Development Component; and
- the Implementation Coordination sub-component of the Project Management and Monitoring and Evaluation Component.

In accordance with the advice received from our disbursement specialists, proposed disbursements have been streamlined in an effort to ensure facility and effectiveness of implementation. Under this new arrangement, whole components are assigned to either GEF or ROM (Republic of Mozambique). The total to be financed by GEF is still equal to the incremental cost. The GEF will mainly finance the costs associated with the Biodiversity Conservation and Sustainable Community Component and the Project Management and Monitoring and Evaluation Component. The financing of some contingencies is also allocated to GEF. The total to be financed by GEF is \$4.11.

Project Implementation Period

We recognize that the approach to be tested under the project and the activities to be completed seems ambitious, particularly in the context of the shortage of human resources in Mozambique. We would like to note that project preparation activities

supported by the PDF B grant have been specifically geared to address this issue. The grant as well as a project preparation grant from PHRD have been successful in improving awareness and capacity for implementation. These grants have also mobilized significant commitment and ownership to project goals. Much of the work that is usually carried out during the first year of project implementation, particularly the establishment of project management and financial systems and procurement of key goods, works and services, are already in place, or will be in final stages of completion by Effectiveness. We would submit therefore, that implementation, is in a sense, already underway.

We would also like to emphasize that this project is essentially a pilot, the first in a possible series of such projects aimed at improving the management of the coastal and marine resource base in Mozambique. The project aims to provide provincial and district governments with strategic planning tools that will facilitate conservation and sustainable development of valuable coastal and marine resources. Experience elsewhere in the world suggests that long drawn-out planning phases run the risk of loss of momentum and interest among stakeholders and expectations unfulfilled. Our aim is rather, that the experience and lessons learned from this effort are replicated rapidly along the rest of the coastline, resulting in investments that integrate ecological concerns into developmental goals.

Monitoring and Evaluation

A detailed monitoring and evaluation (M&E) plan is under preparation. The plan will specify key indicators, data needs and sources, who will collect the data and how frequently. This plan will be refined during the first quarter of implementation by a team of independent consultants. The consultants will be responsible for evaluating and consolidating data into semi-annual monitoring reports. The project Steering Committee will review the monitoring reports which will include beneficiary assessments as well as biophysical data. Under the overall guidance and supervision of a Steering Committee, the M&E plan development and implementation will be the responsibility of the Coastal Zone Management Unit of the Ministry for Coordination of Environmental Arrairs (MICOA). The experience with this approach to M&E under the project, will provide guidance for institutional or policy changes needed for carrying out national level monitoring and evaluation in a subsequent phase.

Community Development Fund

A key goal of the project is to expand the pilot economic development model to integrate effective conservation of globally important biodiversity. Sustainability of conservation management and biodiversity protection will be ensured through:

- incremental expansion of social input to the spatial development plans; and
- by ensuring that local people directly and indirectly benefit in economic development, thereby moving away from direct and unsustainable utilization of sensitive natural resources.

The Community Development Fund will provide incentives and resources for activities which reduce pressure on biological resources and those which promote conservation by the local indigenous population around the pilot areas. Resources would also be provided to ensure continued monitoring of ecological status of identified critical habitats and species, allowing early warning in case of imminent threats and enabling rapid remedial action.

We would like to note that this component will only start implementation after the Government provides to the Bank, an Operational Manual including policy, guidelines and criteria on the types of activities to be funded, community eligibility criteria and detailed processes for the use of the funds. The Legal Agreement will stipulate either a dated covenant or a disbursement condition related to this component.

Government Commitment to Decentralization

Government commitment to decentralization is articulated in several policy and political declarations. Experience in implementing decentralization policy is mostly non-existent, the country having only recently emerged from a civil war to establish a stable system of governance. As indicated earlier in this memo, and expanded upon in the project description section of the PAD, this project is essentially a pilot, expected to lead to a multi-donor supported comprehensive long-term program of activities in sustainable coastal and marine resource management. Devolution of power to the local level is critical in Mozambique and particularly in this project, where the distance and costs involved in getting from Maputo to the pilot areas, are excessive. It is however, not expected that this project will accomplish the absolute transfer of all decision-making processes from the central to the local level. Rather, this project will provide the pioneering step in a long series of activities, each building upon the lessons and experience of previous interventions.

Sustainable Private Sector Development

The quality, diversity and species richness of the country's coastal and marine habitats have tremendous potential for the promotion of tourism. Ecologically responsible tourism development is a national priority where 75 percent of the people still live below the poverty line. However, the capacity and experience to manage sustainable private sector involvement is not yet available in Mozambique. The main objective of this component is to demonstrate how the principles used to create the Strategic Development Plan can leverage significant investment into the area that is covered by the Plan. The component also aims to illustrate to the Government, that the cost of preparing SDPs, when averaged against the improved investment climate that will result once a SDP has been adopted, will actually be very small. The component will also support the environmental, social, commercial and legal expertise needed to incorporate biodiversity management and social expectations of the local communities into the technical specifications of bidding documents. Since the technical specifications directly control both the type of development and the implementation of the developmental activity, a serious attempt is made to assure environmental and social sustainability of investments.

Coastal Zone Management Policy

The Government is developing integrated coastal zone management policy with support from Denmark. This program will be continued under a parallel track and provides complementarity to this project. It is expected that the development of a legislative and regulatory framework will follow the policy development phase, again with support from Denmark and other donors. The experience with this project will provide useful lessons, as well as strong incentives for the development of the legislative framework. The Government is enjoying strong support from major donors in this subject area, as is evidenced by the continuing support from Denmark, and the cofinancing support for this project from the Netherlands. It is expected that subsequent phases of the coastal zone management programmatic approach spearheaded by Government will continue to receive support from the donor community.

Sustainable Financing

The project is the initial learning stage of a long-term program to enhance capacity to manage the development of the coastal zone. It is expected that the application of the development processes evolving from this project would, in the medium term be supported by a longer-term investment program which would expand its geographic scope. The project also introduces the concept of environmentally and socially responsible investment by the private sector, which would supplement Government (supported by bilateral/multilateral investors) funded activities to protect biodiversity values. Given the longer time horizon and the learning nature of the program, issues of long-term sustainability are expected to be addressed more fully in subsequent phases. The project is designed to help promote and/or provide lessons for long-term sustainability.

Experience elsewhere suggests that long-term protection of biodiversity, in a context of poverty and short-term exploitation, remains a challenge. It is the aim of this project to examine and test different options for addressing sustainability issues in relation to natural resource management, identifying responsibilities of various participants, and the costs and benefits involved. The issue of sustainable financing will be addressed by attempting to ensure the financial viability for all "uses" of natural resources. Particular emphasis will be on catalyzing private sector participation in conservation management in the context of participatory and equitable management plans, and the identification of financing mechanisms to cover recurrent costs. The direct involvement of local communities and the private sector makes it possible to augment the limited support services and budget that the Government can make available to the district level to promote sustainable management of the natural resource base.

The Project Document has been modified to reflect the above points more clearly.

3. Please let me know if you require any additional information to complete your review of the project. We look forward to hearing from the Secretariat as soon as possible.

Cc: Messrs./Mmes. King, GEF Program Coordination (GEF); Vidaeus, Aryal, Santos (ENVGC); Bingham, Hewawasam, Crepin, Kiss, Trepay-Kelly, Mekonnen (AFTE1);

**Document of
The World Bank**

DRAFT
Report No: 19600-MOZ

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT FROM THE
INTERNATIONAL DEVELOPMENT ASSOCIATION
IN THE AMOUNT OF US\$5.6 MILLION EQUIVALENT

AND

PROPOSED GRANT FROM THE
GLOBAL ENVIRONMENT FACILITY TRUST FUND
IN THE AMOUNT OF US\$4.1 MILLION EQUIVALENT

TO THE

REPUBLIC OF MOZAMBIQUE

FOR A

COASTAL AND MARINE BIODIVERSITY MANAGEMENT PROJECT

MARCH 3, 2000

Environment Group
Country Department 2
Africa Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective December 31, 1999)

Currency Unit = Metical
MT 1.00 = US\$0.000075
US\$1.00 = MT 12597

FISCAL YEAR

January 1 – December 31

Vice President: Callisto Madavo
Country Director: Michael N. Sarris, Acting
Sector Director: Hans Binswanger
Sector Manager: Charlotte Bingham
Task Team Leader: Indu Hewawasam

ABBREVIATIONS AND ACRONYMS

ASRDP	Agricultural Services Rehabilitation and Development Project
CAS	Country Assistance Strategy
CDF	Community Development Fund
CMBMP	Coastal and Marine Biodiversity Management Project
COP	Convention on Biological Diversity
CPI	Investment Promotion Centre
CZMP	National Coastal Zone Management Program
DAF	Department of Administration and Finance (MICOA)
DANIDA	Danish International Development Assistance
DINAGECA	National Directorate of Geography and Cadastre
DINATUR	National Directorate of Tourism
DNFFB	National Directorate of Forestry and Wildlife
DPICTUR	Provincial Tourism Directorate
DPPF	Provincial Directorate for Physical Planning
EIA	Environmental Impact Assessment
EU	European Union
GEF	Global Environmental Facility
ROM	Republic of Mozambique
IBRD	International Bank for Reconstruction and Development
ICZM	Integrated Coastal Zone Management
IDA	International Development Assistance
IDPPE	Small-scale Fisheries Development Institute
IIP	Fisheries Research Institute
INDER	Institute of Rural Development
INIA	National Institute of Agricultural Research
IUCN	International Union for Conservation of Nature
LCC	Local Coordination Committee
MAP	Ministry of Agriculture and Fisheries
MCA	Marine Conservation Areas
MICOA	Ministry for Coordination of Environmental Affairs
MOU	Memorandum of Understanding
MSc	Masters of Science
NEMP	National Environment Management Plan
NGO	Non-governmental organization
NIITC	National Inter-institutional Technical Committee
NORAD	Norwegian International Development Assistance
NSC	National Steering Committee
PCD	Project Concept Document
PIP	Project Implementation Plan
PMG	Project Management Group
PNFFB	National Program for Forestry and Wildlife
PODE	Mozambique Enterprise Development Project
PROAGRI	Agricultural Sector Public Expenditure Program
PSIA	Program Support Implementation Agreement
ROCS III	Roads and Coastal Shipping Project (III)
SAFMAR	Maritime Administration
SAP	Strategic Action Plan
SDP	Strategic Spatial Development Plan
SEACAM	Secretariat for Eastern Africa Coastal Area Management
SIDA	Swedish International Development Agency
SPPFB	Provincial Forestry and Wildlife Service
TDA	Transboundary Diagnostic Analysis
UEM	University of Eduardo Mondlane

UNDP
UNEP
WB

United Nations Development Program
United Nations Environment Program
World Bank

Mozambique
Coastal and Marine Biodiversity Management Project

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Map IBRD 30445

Project Appraisal Document

Africa Region
Country Department 2

Date: October 1, 1999 Country Director: Michael N. Sarris, Acting Project ID: _____ Sector: Environment GEF Supplement ID: MZ-GE-31959 Lending Instrument: LEN	Task Team Leader: Indu Hewawasam Sector Manager: Charlotte Bingham Program Objective Category: Environmentally Sustainable Development Focal Area: Program of Targeted Intervention: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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Project Financing Data	<input type="checkbox"/> Loan	<input checked="" type="checkbox"/> Credit	<input type="checkbox"/> Guarantee	<input checked="" type="checkbox"/> Grant	<input type="checkbox"/> Other [Specify]
For Loans/Credits/Others:					
Amount (US\$m/SDRm): US\$5.6 IDA Credit US\$m 4.1 GEF grant					
Proposed terms:					
Grace period (years): 10		<input type="checkbox"/> Multicurrency		<input checked="" type="checkbox"/> Single currency, specify US\$	
Years to maturity: 40		<input checked="" type="checkbox"/> Standard Variable		<input type="checkbox"/> Fixed <input type="checkbox"/> LIBOR-based	
Commitment fee: 0.5% less any waiver					
Service charge: 0.75%					
Financing plan (US\$m):					
	Source	Local	Foreign	Total	
Government		0.8	-	0.8	
IDA		3.8	1.8	5.6	
GEF		2.4	1.7	4.1	
	Total	7.0	3.5	10.6^a	
Borrower: Republic of Mozambique					
Recipient: Republic of Mozambique					
Responsible agency(ies): Ministry for Coordination of Environmental Affairs					
Estimated IDA disbursements (FY/US\$m ^a):					
	2000	2001	2002	2003	2004
IDA Annual	0.97	2.06	1.62	0.84	0.18
Cumulative	0.97	3.03	4.65	5.49	5.67
ROM Annual	0.19	0.19	0.19	0.19	0.08
Cumulative	0.19	0.38	0.57	0.76	0.84
Estimated GEF disbursements (FY/US\$m ^a):					
	2000	2001	2002	2003	2004
Annual	1.74	0.49	0.86	0.74	0.28
Cumulative	1.74	2.24	3.10	3.85	4.10
For Guarantees:					
		<input type="checkbox"/> Partial credit		<input type="checkbox"/> Partial risk	
Project implementation period: August 1, 2000 – January 1, 2004					
Expected effectiveness date: August 1, 2000					
Expected closing date: June 30, 2004					

^a Includes contingencies
OSD PAD Form: July 30, 1997

A: Project Development Objective

1. Background, project development objective and key performance indicators

(see Annex 1)

Mozambique's coastal zone is unique in the East Africa region in terms of the quality, diversity and species richness of its habitats. Apart from Madagascar, Mozambique is the only country in the Eastern Africa region with major brackish coastal barrier lagoons. These serve as critical habitat for many coastal and marine species in the Western Indian Ocean. It also supports the most extensive mangrove forests and sea grass beds as well as the best coral assemblages along the mainland of the Eastern Africa region. Most of these areas are still in good condition. In addition, Mozambique's coastal waters contain the largest remaining populations of the threatened dugong in the Western Indian Ocean, and it is the only country in the region where all five species of threatened and endangered sea turtles occur and breed. These coastal habitats are critical for the survival of commercially valuable and environmentally unique species.

Largely as a consequence of the past two decades of war and political instability which severely restricted most economic activities in the coastal zone, the coastal ecosystems remain in relatively pristine condition. However, establishment of what appears to be lasting peace and the accompanying rapid transition to a dynamic economy has led to equally rapid development. While the biodiversity and the natural beauty of the pristine coast combine for a high potential for supporting sustainable coastal development, this potential is being undermined by inadequate capacity to manage the coastal resources of the country. Although development pressure in Mozambique is increasing rapidly, there is still a window of opportunity to evolve institutional structures, technical capability, and a philosophy of natural resource management that will eventually lead to environmentally and socially sustainable development.

The proposed Coastal and Marine Biodiversity Management Project (CMBMP) is a key element of the Republic of Mozambique's (ROM) overarching National Coastal Zone Management Program (CZMP), and in particular its strategy for coastal and marine biodiversity protection and for sustainable use of natural resources. The Project will pilot an integrated approach to achieving sustainable development focusing on two project areas of northern Mozambique. The first area comprises the two northern most coastal districts in the province of Cabo Delgado: Mocimboa da Praia and Palma, which borders Tanzania, and includes a portion of the Quirimbas archipelago. This pilot area comprises approximately 9,500 sq. km, of which 7,000 sq. km, is terrestrial and 2,500 sq. km is marine. The second area comprises the contiguous districts of Nacala-Porto and Mossuril, in the province of Nampula, and encompasses an area of approximately 4,700 sq. km of which 3,700 sq. km is terrestrial and 1000 sq. km is marine. Both these pilot project areas include sites recognized as having globally significant biodiversity, including corals, mangroves, sea grass beds, all five species of threatened and endangered turtles and dugongs. They are also characterized by strong local government commitment to integrating biodiversity protection into local economic development.

The development objective of the CMBMP (as the first in a series of steps towards developing an integrated coastal zone management process for the entire country) is to test and refine an approach to achieve sustainable economic development of coastal zone resources. This is to be accomplished through a strategic development planning process that balances ecological, social and physical values, with the varying development interests in the coastal zone. Progress toward this objective would be measured by: (a) adoption of strategic spatial development plans by the national, provincial and district authorities in the pilot areas; (b) improved institutional capacity for

integrated coastal zone management at provincial and district level; (c) devolution of coastal zone planning to provincial level; and (d) different coastal zone management models tested, including community management and private sector concessions.

The global objective of the CMBMP is to ensure the effective protection of globally significant coastal and marine habitats and species. Achievement of this objective is fully integrated into the overall strategic development planning approach being piloted by this project. Its success will be measured by: (a) establishment of effective protection of key marine and terrestrial conservation areas; and (b) co-management in buffer zones of marine and terrestrial conservation areas consistent with conservation objectives.

B: Strategic Context

1(a). Sector-related Country Assistance Strategy (CAS) goal supported by the project (see Annex 1)

CAS document number: 17180-MOZ Date of latest CAS discussion: December 18, 1997
The Bank's CAS for Mozambique focuses on poverty reduction through sustainable economic growth. The CAS recognizes that the prospects for sustainable, poverty-reducing economic growth are closely tied to rapid, broad-based growth, centered on rural development, and coupled with sound management of the natural resource base. This pilot project will contribute to each of the three strategic pillars of the CAS by: (i) promoting rapid, broad-based private sector-led growth; (ii) supporting capacity building and developing human resources; and (iii) strengthening development partnerships. In particular, the approach being piloted aims to establish an enabling framework: (i) for minimizing potential environmental and social risks for private enterprise development; and (ii) to promote environmentally and socially acceptable development of coastal and marine resources. Another key goal of the project is to develop human resource skills and appropriate mechanisms: (i) to enable sound decision-making; and (ii) to facilitate effective devolution of power from the national to the provincial and local levels. Lastly, the project promotes both vertical and horizontal linkages among different stakeholders in attempts to establish realistic workable partnerships for co-management of coastal and marine resources, the sound management of which is critical for the sustainable growth of Mozambique's economy.

1(b). GEF Operational Strategy/program objective addressed by the project

Mozambique ratified the Convention on Biological Diversity in August 1995. The proposed project fits well with the GEF Biodiversity Operational Strategy and Operational Program 2 on Coastal and Marine Ecosystems. It is in line with guidance from the Conference of the Parties to the Convention on Biological Diversity (COP), which stresses *in situ* conservation activities of coastal and marine ecosystems. It specifically responds to the Jakarta Mandate endorsed at COP2 by supporting conservation and sustainable use of vulnerable marine habitats and species. Conservation and sustainable use of coastal and marine ecosystems have been identified as a national priorities under the national biodiversity strategy and action plan. The project responds to guidance from COP 3 and COP4 by:

- taking an ecosystem approach to conservation through better integration of biodiversity needs into spatial development planning;
- involving local communities, including building on local knowledge, strengthening community management for sustainable use and promoting economic incentives such as alternative livelihood opportunities;

- and strengthening local and institutional capacity to address environmental issues through intersectoral and transboundary cooperation.

The project is innovative in that it seeks to mainstream biodiversity conservation and sustainable use into normal development planning through the spatial development planning process and preparation of best practice tender documents for private sector development. It is expected that if this pilot model is shown to be successful the model will be adopted as regular practice by local government and replicated elsewhere in the Mozambique coastal zone.

The key conservation sites which will receive GEF support under the program have been identified as priority sites of global importance in the IUCN Review “A Global Representative System of Marine Protected Areas.” The project will support national efforts which contribute to regional programs in the Western Indian Ocean and promote regional collaboration and exchange of experience. Through providing support for better protection and monitoring of migratory and threatened marine species such as turtles and dugong it will contribute to the objectives of the Bonn Convention.

2. Main sector issues and Government strategy

Sector issues: Mozambique’s economy is largely natural resource based. These resources are the principal current source of present income and of expected future growth. After a long period of economic stagnation and a dramatic decline of industrial capacity, the Republic of Mozambique is under strong pressure to rapidly deliver income generating activities. The current rapid increase of investment interest in most major sectors including agriculture, tourism, mining, energy and industry, may lead to rapid degradation of the natural resource base unless this development is appropriately managed. Ensuring sustainable utilization of natural resources is therefore a serious and urgent challenge to the country.

Environmental Issues: A significant percentage of the population of Mozambique (estimated as almost 2/3 of the total) is concentrated in urban centers, mainly in the coastal areas, largely due to migration during the country’s civil war and to the economic opportunities. The resultant pressures on infrastructure and services range from inadequate waste disposal, sanitation and sewage systems to lack of access to safe water. In the agriculture sector, slash and burn agriculture, devastation of dune forest and overexploitation of fisheries are the more serious issues. Dams constructed for hydropower and irrigated agriculture create major saline intrusion in river basins; they also contribute to coast line regression and the destruction of wildlife habitat. Being situated downstream, Mozambique is vulnerable to all pollution generating activities upstream in the country and its neighbors and the rational utilization of river basins is an issue which requires regional cooperation. While Mozambique is relatively well endowed with forest resources, population concentrations along the coast, around cities and along transport corridors have led to serious deforestation and the resultant environmental impacts. In the industry and mining sectors, while environmental problems are currently limited, increasing interest in mining concessions call for a cautionary approach and a sound and transparent institutional and regulatory framework. While the rich and diverse coastal areas and resources comprise a significant opportunity for tourism development and the generation of substantial revenues, poorly planned developments that do not maximize community participation and equity opportunities, pose the risk of creating conflicts at the local level.

An Environmental Framework Law and a supporting regulatory framework have been established. Government capacity to enforce regulations however, is weak or non-existent. Investments in agriculture, tourism, mining, energy and industry are therefore subject to little management or

direction to ensure environmental or social sustainability. At the provincial levels the situation is particularly acute. A clear and transparent regulatory framework with well defined processes for negotiation and agreements is critical for attracting and maintaining private investment. At the present time in Mozambique, poorly defined agreements over the use and management of natural resources have led to delayed investments and ill feeling between investors and local communities. Lack of clear investment procedures and weak enforcement capacity are serious constraints to attracting private investment.

Issues specific to the Coastal Zone. Key issues in the coastal zone include: unmanaged coastal development, in particular, illegal tourism operations; unclear user rights; overexploitation of fisheries; loss of supporting coastal ecosystems such as mangroves; lack of community involvement in decision-making and management; limited investment in alternative income earning opportunities for local communities; breakdown of local resource management systems; pressure caused by refugees and resettling populations; weak institutional and limited financial capacity to manage coastal resources; unclear legal framework government certain coastal and marine resources; and overlaps and gaps in institutional mandates and jurisdictions exacerbated by a lack of coordination. The situation is exacerbated by the inadequacy of the current protected area system which, considering the diversity of habitats and the economic importance of the littoral zone, does little to protect and ensure sustainability of these valuable resources.

Government Strategy: The need for integrated coastal zone management was one of the top five priority concerns identified in the National Environmental Management Program (1994). This has now led to the development of a draft National Coastal Zone Management Policy and Program (CZMP). The CZMP aims to address coastal zone issues cross-sectorally in an integrated and coordinated manner. It focuses on the rational and sustainable management of coastal and marine resources, optimizing the benefits provided by the coastal zone to all stakeholders and minimizing the conflicts between alternative uses. Specifically, the program aims to (i) strengthen coastal zone management capacity and coordination within and across sectors, at national and local levels; and (ii) protect and maintain the productivity and biological diversity of coastal and marine ecosystems. Its approach emphasizes the participation of local people in the planning and management of coastal resources. This program has been designed around four major themes: (i) coastal land use and development planning; (ii) resource management; (iii) research, training and environmental awareness; and (iv) institutional and legal aspects, including intersectoral coordination.

Other programs with complementary objectives include:

- ***National Program for Forestry and Wildlife*** (PNFFB), which outlines the social, ecological, and economic objectives for terrestrial and aquatic biodiversity conservation, including: (i) improved protection, management and sustainable use of terrestrial and marine conservation areas; (ii) increased community participation in terrestrial and marine resource management and conservation; and (iii) protection and conservation of globally important terrestrial and marine species. This program is the overarching framework for forestry and wildlife and forms a core component of the multi-donor funded Agriculture Sector Public Expenditure Program (PROAGRI). CZMP will implement part of the coastal and marine strategy, focusing on northern Mozambique. It is led by the National Directorate for Forestry and Wildlife (DNFFB) which has principle responsibility for implementing biodiversity conservation in Mozambique; and
- ***National Biodiversity Strategy and Action Plan***, prepared and now being implemented by relevant responsible institutions under the coordination of the Ministry for Coordination of Environmental Affairs (MICOA). The overarching strategic goal is “the conservation of biological diversity and the maintenance of the ecological systems and processes taking into

account the need for sustainable development and a fair and equitable distribution of the benefits arising from the use of biological diversity.”

3. Sector issues to be addressed by the project and strategic choices

The project will test an approach that marries biodiversity conservation with social and economic development in two pilot project areas in northern Mozambique. Specifically, it will:

- test and refine mechanisms for integrating economic development aspirations of provincial government and local communities with the requirements of biodiversity conservation at the provincial and district level. This will be accomplished through development of a strategic spatial development planning process;
- test institutional arrangements for devolving coastal and marine resource planning and management to the provincial and local levels;
- pilot mechanisms to bring selected globally significant ecosystems and species under effective protection, including developing and implementing participatory management plans, and piloting mechanisms for their sustainable financing;
- develop participatory processes for development and implementation of local natural resource management plans outside official conservation areas, including capacity building, the identification of viable and acceptable alternatives to current detrimental practices, and testing mechanisms for establishing partnerships (for example public-private sector) for management and sustainable use of these resources;
- increase knowledge and capacity for management of globally significant ecosystems and species, particularly through gathering of baseline data and establishment of a monitoring system to assess the ecological and social sustainability of different natural resource management and conservation strategies;
- heighten public awareness and understanding of biodiversity conservation and sustainable use concerns, including understanding of current threats, possible solutions and current and future social, economic and development options; and
- assist clarification of the policy, institutional and legal framework for coastal and marine biodiversity conservation and management, including definition of respective roles and responsibilities of government, NGOs, communities and private sector stakeholders and definition of conservation classification system (for protected areas and species).

The project will initially focus on four districts in northern Mozambique. The criteria for selection of these sites emphasized: the presence of globally significant biodiversity and rich cultural heritage values; high economic development potential, provincial and district government commitment to the goals of environmentally and socially sustainable economic development; and a local population interested in participating in the proposed development process.

An improved ability of the provincial and local governments to make strategic choices concerning integrated coastal zone management will be a key output of the project. The experience gained through Project implementation should provide a framework for other provinces and districts to follow. The “demonstration effect” should encourage the use of social, ecological, and economic planning tools within the spatial development planning context to arrive at sustainable district development plans. This would include choices such as the extent of private sector participation in conservation management, the role of communities, and the most effective training mechanisms. It is anticipated that the most important means of disseminating lessons learned during this pilot phase will be through adoption of the process, in an improved and expanded form, under the long-term CZMP.

C: Project Description Summary

1. Project components

The Project proposes a multi-pronged approach designed to support sustainable development including: (a) strategic spatial planning that fully integrates conservation with regional development; (b) establishment and strengthened protection of key terrestrial and marine conservation areas and initiation of conservation-oriented community activities in and around these areas; (c) establishing best practice for environmentally and biodiversity-friendly economic development; (d) capacity building of key government and non-government stakeholders responsible for biodiversity protection; and (e) public awareness raising. This pilot project represents the first phase of a long-term national coastal zone program, that is expected to attract multi-donor funding. If successful, the activities piloted under this project will subsequently be adopted and replicated more broadly through the entire coastal zone.

Components	Indicative Cost (US\$M)	% of Total	IDA Financing (US\$M)	% of IDA Financing	GEF Financing (US\$M)	% of GEF Financing
Spatial Development Plan	1.7	18	1.5	88	0.2	12
Biodiversity Conservation and Sustainable Community Development	3.6	37	0.2	5	3.4	95
Sustainable Private Sector Development	1.3	13	1.2	92	0.1	8
Training and Public Awareness	0.7	7	0.7	100		
Project Management and M&E	2.4	25	2.0	83	0.4	17
Total Financing	9.7^a	100	5.6	57	4.1^b	43

^a Excludes US\$0.84M ROM contribution in kind

^b Includes US\$0.35M PDF Grant

2. Key policy and institutional reforms supported by the project

The project is designed to develop and test mechanisms to support implementation of the national coastal zone policy and program. Specifically it will test processes and procedures for deconcentrating and devolving strategic planning, decision-making and resource management to the provincial and local levels. The experience gained through this pilot project will be used to inform policy and institutional reforms to be implemented more broadly, particularly, though application of the National Forestry and Wildlife policy and program, National Land Policy, law and regulations and the National Tourism Policy and Strategy.

3. Benefits and target population

The benefits of this pilot project will accrue at global, regional, national and local levels.

Global and regional benefits

Mozambique's coastal and marine ecosystems are globally and regionally significant. The project will contribute to:

- the sustainable conservation of globally significant faunal and floral species and assemblages within and outside formally protected areas;
- significant expansion of knowledge regarding distribution, life histories and conservation status of important plants and animals and of local indigenous knowledge;

- the improved protection of marine turtles and dugongs and their supporting habitats, complementing similar initiatives elsewhere in the region (e.g., IUCN/UNDP's Conservation of Western Indian Ocean Sea Turtles project);
- practical models for guiding participatory biodiversity management elsewhere in Mozambique and the East Africa region;
- piloting of a sustainable development model that fully integrates social and conservation considerations into the traditional economic development paradigm; and
- improved regional collaboration, particularly as relates to transboundary biodiversity conservation issues.

National and local benefits

The conservation and sustainable use of coastal and marine biodiversity and related ecosystems, and the equitable sharing of benefits from their use, are fundamental to socioeconomic development and poverty alleviation both locally and nationally. The project will help:

- reduce the loss and degradation of Mozambique's coastal and marine ecosystems by building national and particularly local capacity to, and engaging local resource users in the management of, these resources and by increasing the area under protection;
- increase the direct and indirect economic and financial benefits derived from sustainable use of coastal and marine resources, including fishing, tourism and protection against flooding and erosion;
- provide alternative income generating opportunities, particularly for communities;
- develop practical models in which local communities can participate in the design and implementation of management activities;
- clarify and prioritize measures to improve the policy and institutional framework for resource management in general and coastal and marine biodiversity in particular, to be adopted and implemented during the second phase program; and
- test mechanisms for establishing public-private and other partnerships for management and sustainable use of coastal and marine resources, given foreign private sector interest in tourism investments.

Target population: The anticipated target population includes: residents of the four pilot districts: Mocimboa da Praia, Palma, Nacala-Porto, and Mossuril, particularly local communities in the vicinity of protected areas or key habitats of targeted species and local resource users such as fishermen; selected government resource managers and decision-makers at all levels; the private sector; and NGOs.

4. Institutional and implementation arrangements

Implementation period: 4 years.

Implementation

Project Institutional Coordination and Implementation Arrangements: The overall coordination and management of the CMBMP will be the responsibility of MICOA. The CZM project management team will be headed by a project manager who will be supported by a full time consultant project advisor, a finance and procurement administrator and an administrative secretary. At the provincial/district level, coordination will be facilitated through local coordination units formed for this purpose. These local coordination units will consist of representatives from technical line ministries, district government, and other local leaders. Two field coordinators, one for each province,

will be appointed to work closely with and support the local coordination units and field-based teams from relevant agencies providing technical support.

Coordination within and between the various technical teams working on the Project components will also be strengthened through regular assistance provided by internationally and regionally contracted advisors (including planning, social/participation, marine and terrestrial conservation, project management experts).

A major objective of this Project is to devolve responsibility for planning and implementation of environmentally and socially sustainable development to the provincial and district governments through adoption of district-level spatial development plans. Successful spatial development planning is, by its nature, a local process. Institutional weaknesses at the local level requires that technical design of key components initially be supported through relevant central government agencies, including INIA, DINATUR and DNFFB. The provincial and local representatives of these organizations will also play a principal technical role in project execution. As the value of spatial development planning is proven, the responsibilities of these local technical organizations will increase, requiring deconcentration of staff from Maputo to the regions.

As there are multiple players involved in coastal zone management, the project will specifically support costs of coordination meetings and consultative workshops to foster information exchange and collaboration between the different agencies involved. This is necessary for coordinated coastal zone planning and development. The lessons learned from pilot projects will feed back to the Government's Sustainable Development Council (SDC) for adoption at the national policy level.

Ministerial oversight of the CMBMP will be provided by the SDC, which includes the provincial governors. Technical guidance will be provided by the National Inter-institutional Technical Committee, which includes technical line ministries, the staff of agencies that are represented at the provincial/local levels. At the local level, implementation of the program will be coordinated via analogous provincial/district inter-institutional groups, with the additional representation of other local authorities.

Funding Arrangements: External funding will be channeled to MICOA, as the responsible agency for the project. MICOA will channel funds based upon agreed work plans and budgets to other key implementing agencies. MICOA will be responsible for gathering information from all participating agencies, be responsible for preparation of project progress reports, operating the Special Accounts, and undertake all procurement actions.

Financial Management

Funding for project activities will be allocated to MICOA's budget from two sources: (i) from IDA and (ii) from the GEF Funds will be channeled to the implementing agencies in Maputo to undertake the prescribed activities, to MICOA's provincial offices for provincial-level activities in the two provinces in which project activities will be undertaken, and to District Administration offices in each of the two pilot districts.

The financial responsibility rests with the Finance and Administration Department of MICOA. Due to the scale of activities envisaged under CMBMP resulting in a significantly larger work program and budget, a Finance and Procurement Section (FPS) will be established in MICOA, and will be responsible for ensuring that financial management and reporting for CMBMP is carried out in a manner acceptable to all parties. The FPS will report directly to the Finance and Administration

Department of MICOA. This section will be supported by an external financial management systems consultancy and training.

At provincial level, two consultants will be engaged by the project, one in each MICOA office for each province, to manage and account for project funds for provincial level activities. These two consultants will oversee the disbursement of funds to the two district administration offices for the project's activities in the pilot sites, and will supervise two bookkeepers at these offices. The bookkeepers will be existing district administration staff who will take on this additional responsibility.

Memoranda of understanding between MICOA and the other implementing agencies will include the description of a process for preparing a program of work and budget, and for accounting and reporting on the application of project funds. Annual workplans and budgets would be prepared and agreed with the Project Management Group before being submitted to the National Steering Committee for approval. Detailed workplans and budgets would be prepared quarterly, reviewed by the Provincial Steering Committee and form the basis of advances to implementing agencies.

Existing financial management and reporting systems within MICOA will require some adaptation and modification under the CMBMP. However, at the time of effectiveness of the GEF grant, it not expected that financial management systems will be modified fully to permit Project Management Report (PMR)-based disbursements, as described in the World Bank's Loan Administration Change Initiative Handbook (LACI, September '98), and a period of transition is required to achieve this. Thus, for the short-term following effectiveness, existing disbursement procedures, as outlined in the World Bank's Disbursement Handbook, will be followed, i.e. Direct Payment, Reimbursement and Special Commitment. The development of financial management systems for the project, in accordance with the Financial Management Action Plan, which will be detailed in the Project Implementation Plan, is expected to facilitate the introduction of PMR-based disbursements commencing eighteen months following effectiveness.

Monitoring and Evaluation (M&E): Monitoring and evaluation of progress and impact will be through a dedicated and detailed monitoring plan (under preparation). The monitoring plan will specify the key indicators/data needs and sources, who will collect the data and how frequently. MICOA will contract independent consultants to review and refine the M&E plan. Consultants will also be responsible for evaluating and consolidating monitoring data into semi-annual monitoring reports. These reports will form the basis of the semi-annual Project review meetings. It is expected that the Bank supervision missions will correspond with these semi-annual review meetings. In addition, the consultants will conduct independent mid-term and end-term beneficiary assessments within the pilot areas. These will serve as the basis for mid-term and completion reviews, respectively. The M&E program can only be prepared once all significant areas requiring conservation actions and the relevant social issues have been identified. This information is expected to be available one year after Effectiveness.

D: Project Rationale

1. Project alternatives considered and reasons for rejection:

Scope of Intervention: The project was originally planned to be principally focused on the conservation of biodiversity in protected coastal zone areas, the establishment of buffer zones and the preparation and implementation of management plans. However, this approach was subsequently

considered to be too narrow in scope as it did not address the more fundamental question of how to best integrate and prioritize *terrestrial and marine biodiversity and conservation values with the economic development aspirations of the local communities and other interests within the coastal zone*. Consequently, the project design was modified to this more holistic concept and will pilot the use of this strategic development planning process.

Level of Intervention: The sheer length of Mozambique's coastline means that it would be impractical to attempt to manage it from the capital. The project team therefore decided the priority and focus of this pilot project be on learning how to increase capacity for coastal zone management at the provincial and district levels and create a working example of sustainable economic development that could be used as the basis for national policy,

Location of Intervention: The Project could have focused on areas in the south of the country where development pressure is high, or in the north where development pressure is still manageable and local governments are receptive to the message of environmentally and socially sustainable development.

Since the main Project objective is to create a successful economic development model that institutionalizes the need to protect biodiversity, sustainably "use" (including no-use) natural resources, and integrate local communities in economic development planning, the pilot areas selected are in Cabo Delgado and Nampula Provinces. These areas are in the far north of the country, and are areas in which the project can be implemented without undue pressure from existing developments and development proposals. These selected priority sites have also been identified based on criteria that include globally and nationally important biodiversity values, including:

- Nacala-Mossuril (seagrass beds, turtle nesting beaches, fringing coral reefs, nesting seabirds); and
- Northern Quirimbas Archipelago (coral reefs, seagrass beds, sea turtles nesting beaches, tern colony).

Within these priority will be given to existing protected areas of global biodiversity significance and communities in the vicinity of these areas.

2. Major related projects financed by the Bank and/or other development agencies
(completed, ongoing and planned)

Sector issue	Project	Latest Supervision (Form 590) Ratings (Bank-financed projects only)	
		Implementation Progress (IP)	Development Objective (DO)
<u>Bank-financed</u>			
Biodiversity management	Transfrontier Conservation Areas Project	S	S
Natural resource management	PROAGRI	N/A	N/A
	Rural Rehabilitation (Credit 2479-MOZ)	S	S
	ASRDP (Credit 2337-MOZ)	S	S
	National Water Resource Management I (Credit 39015-MOZ)	S	S
Rural Infrastructure	ROCS III (FY01.)	N/A	N/A
WB/SIDA	SEACAM capacity building program	N/A	N/A
<u>Other development agencies</u>			
Netherlands/NORAD/UNDP	National Environmental Management Program Implementation Strategy (NEMP-PSIA)		
NORAD/IUCN	Macrodiagnostic of coastal zone		
DANIDA	Coastal Zone Management Project		
Frontier Mozambique/DANIDA	Quirimbas Archipelago Marine Research Program		
EU	Bazaruto Multiple Use Resource Management Project		
UNEP/UNDP	Environmental Law and Institutions		
UNDP	Network creation and Integrated Planning on Natural Resource Management (COMRES)		
IUCN/UNDP	Conservation of Western Indian Ocean Sea Turtle Populations		
UNEP/GEF	Preparation of a TDA and SAP for the Western Indian Ocean marine and coastal environment (under prep.)		

IP/DO Ratings: HS (Highly Satisfactory), S (Satisfactory), U (Unsatisfactory), HU (Highly Unsatisfactory), N/A (Not Applicable)

3. Lessons learned and reflected in the project design

Drawing on the experience of the Bank's Mozambique portfolio, in particular the Transfrontier Conservation Areas project, as well as the Bankwide biodiversity and coastal zone management portfolio and regional and local natural resources management initiatives, the following key needs for successful project design and implementation have been identified and incorporated into project preparation and the proposed project design:

- **Government commitment** to the project and ownership of its underlying principles and rationale has been ensured through an open and supportive dialogue with government;
- **Inter-agency coordination** will be promoted by linking project implementation to existing institutions: the Sustainable Development Council (being created), NIITC and provincial level local coordination committees, and by forging agreements, and where necessary policies and legislation, that establish clear definitions of roles and responsibilities of the involved institutions;

- **Early consultation with key stakeholders**, including a clearly defined participatory process, helped outline the roles and responsibilities of different players (government, local communities, academia, private sector, NGOs);
- **Human and institutional capacity** constraints in government, local communities and NGOs were, to some extent, addressed during project preparation through collaborative partnerships with research institutions, NGOs and other donors. A strong emphasis on both short- and long-term capacity building at both the national and local levels is included in the Project itself. The purpose is to create a critical mass of scientific and management expertise, which should allow future, more ambitious, natural resource management activities to be implemented in the coastal zone of Mozambique.
- **Legal and policy framework** formalizing the government's commitment to devolve responsibility for management of natural resources to local governments and resource users and the development of incentives to complement command and control mechanisms will be supported by the Project.
- linkages between biodiversity and coastal zone planning will be promoted within the context of the **environmentally and socially sustainable strategic development planning processes** being developed through the project. These processes aim to integrate biological and ecological values as well as social values and aspirations into traditional planning processes, thus linking economic development directly to sustainable "use" (which in some cases might be limited or non-use) of natural resources.
- **adaptability** to changing dynamics of the country's development processes and threats to project objectives will be ensured through adoption of an action-learning approach. This includes piloting management strategies, providing flexibility to adapt and adjust project activities to reflect emerging lessons and changing local needs and priorities, and working towards a programmatic approach to incrementally expanding pilot level strategic development planning;
- **economic alternatives will be developed** for communities that "directly use" and exploit natural resources;
- reliability of **counter-part funding** commitments will be enhanced by having a transparent dialogue with government on incremental recurrent costs, and keeping these costs to a minimum.
- **financial sustainability** of biodiversity conservation and sustainable use of natural resources is a central focus of the Project. Different modalities for ensuring financial sustainability will be developed and tested under the Project. Particular emphasis during implementation will be on catalyzing private sector participation in conservation management in the context of participatory and equitable management plans and the development of financing mechanisms to cover recurrent costs.
- The Project also has the objective of developing a model for the preparation of environmentally and socially relevant commercial bidding documents. The bid documents to be prepared by experts funded under the Project will incorporate biodiversity protection requirements and the aspirations of the local communities within technical specifications to be met by those preparing proposals.
- Private sector investors are expected to take significant comfort from the tender process being piloted, since the tender will be based on internationally recognized business and legal practices, and introduce "transparency" into the investment process in Mozambique. The objective being to develop a "win-win" scenario where the private sector is given the opportunity to invest in a commercially attractive venture within a framework where potential risk and return could be calculated. Local environmental values and the well-being of the local communities should also be protected under this process since the anticipated commercial return to the investor would not be possible without this protection.

4. Indications of borrower commitment and ownership

The Republic of Mozambique is strongly committed to tackling the challenges presented by its extensive 2,700km coastline. As one of the top five priority concerns in the National Environmental Management Program, coastal zone management is being tackled through several mutually reinforcing initiatives, including:

- preparation of a National Program for Coastal Zone Management (CZMP) and policy;
- creation of a Coastal Zone Management Unit (CMU) within MICOA, charged with leading the CZMP development process, including coordination of other relevant government and non-government stakeholders in the process;
- establishment of an inter-institutional technical-level working group on coastal management, chaired by MICOA. This group oversees the preparation of the CZMP, is informed of all on-going government activities in the coastal zone, and serves as a forum for inter-ministerial coordination and conflict resolution;
- the proposed creation of a high level National Commission for Sustainable Development, an advisory group to be linked directly to the Council of Ministers (to which the current inter-institutional technical working group will serve as the secretariat for coastal zone issues);
- completion of a macro-diagnostic exercise for the coastline; and
- preparation of the CMBMP to test mechanisms to address concerns regarding quality of coastal and marine ecosystems and biodiversity.

Mozambique's commitment to coastal zone management concerns is further emphasized by holding several national and regional workshops, and hosting the regional institution for coastal zone management capacity building – SEACAM.

The ROM has actively sought and received support from its international partners for developing a comprehensive ICZM program for the nation. DANIDA is supporting ICZM policy development process, while NORAD supports macro-diagnostic exercises in order to advance the knowledge base pertaining to coastal and marine issues. This Project, supported by IDA and GEF is addressing spatial development planning and the conservation of coastal and marine ecosystems on a pilot basis as part of a comprehensive program spearheaded by the Government. ROM is being proactive in coordinating the different activities in an effort to maximize synergies and ensure that national as well as local priorities are addressed. It is the ROM's intention that lessons learned from the IDA/GEF pilot initiative will strengthen the policy and program development and also provide a replicable model for implementation of a 15-20 year coastal zone management program.

Commitment to the proposed CMBMP is high. Responding to their joint concerns for quality of coastal and marine ecosystems and biodiversity, a group of institutions formed an inter-agency team to identify, prepare and subsequently implement this initiative. Project ownership is strong at both central and provincial levels. Participatory logframe and planning workshops held in Maputo were followed by workshops for provincial and district level stakeholders. Meetings have been held with the Governors of Cabo Delgado and Nampula Provinces, community dialogues initiated through public meetings in these two Provinces, and a Government-approved Project Concept Note was prepared and transmitted to the Bank. Building on these, the ROM, with support from the GEF, has continued to actively pursue project preparation.

5. Value added of Bank and Global support in this project:

The project has been designed to fit solidly within the GEF Operational Program on Coastal and Marine Ecosystems, a priority area for the first, second and third Conference of the Parties to the

Convention on Biological Diversity. Thus, the Bank, as a GEF implementing agency, is able to bring incremental grant resources from the GEF to assist Mozambique in tackling coastal and marine biodiversity issues of global environmental concern. These would include both ecosystem and species protection as well as increasing capacity for sustaining this protection over time. The Bank also adds value through its extensive experience in policy and institutional reform as well as technical experience gained directly and in partnership in the design and implementation of biodiversity, coastal zone management, and sustainable development projects. It is also well placed to support on-going Mozambican efforts to develop a long-term national coastal zone management program due to its increasing experience in and ability to facilitate long-term, programmatic approaches to biodiversity management, poverty alleviation and sustainable resource use. This provides a missing critical element in the implementation of a coherent coastal zone management policy. In supporting this project both the Bank and GEF are playing an important catalytic role by developing and piloting approaches that will underpin the subsequent implementation of a long-term CZMP. This program is expected to be multi-donor financed. Through the experience generated in preparation and implementation of this pilot project, particularly at the institutional level, the Bank and GEF will bring added value to the efforts of other donors.

E: Summary Project Analysis

1. Economic

1.a. Cost-Benefit Analysis:

As the project is essentially a learning and pilot exercise to test and refine a framework for development, it does not lend itself to traditional cost-benefit analysis and calculation of rates of return. The project itself and broader adoption of lessons learned will have medium to long term implications for the Coastal Zone Management Program, the management of development of coastal resources and the resulting economic impact. With the project's activities centered on planning and facilitating investment in the coastal zone from communities, and private and public sectors, the economic benefits derived from these investments will be significant.

1.b. Incremental Costs

The incremental costs associated with global benefits are estimated at US\$4.11 million. See Annex 4 for details.

2. Financial

Community Micro-Enterprise Viability: The nature of the micro-projects will be identified at the end of the strategic development planning exercise, as part of the detailed management planning activities and as an output of participatory community needs assessments. Thus, the exact nature of these enterprises is not known and can take many forms (conservation activities, improved artisanal fishing, ecotourism services). One of the criteria for approval of support to specific projects would be a case-by-case financial analysis that demonstrates the financial viability of the activity, and estimates the changes in family/household incomes that may be expected.

External financing of the project will be through an IDA credit (US\$5.6 million) and a GEF grant (US\$4.11 million).

3. Technical

It is recognized that the innovative approaches being piloted are ambitious, particularly in the context of a limited pool of experienced people, lack of sound information and the inherent complexities of participatory planning. For these reasons, the size of the pilot areas was kept small enough to ensure that biodiversity/conservation and social studies could be undertaken in a thorough manner. Similarly, while the responsibility for production and approval of the SDP remains firmly with the government, this first pilot phase will involve a fairly high level of expert technical assistance. Specialized technical advisors will be contracted under the project to provide regular guidance and technical quality assurance to the implementing institutions and teams, particularly in the areas of strategic development planning, tender preparation and promotion, social assessment and participation, and biodiversity conservation and management. A strong element of capacity building has been built into the design, both through on-the-job training by technical advisors and specific consultancies, and opportunities for specialized targeted training so as to start building capacity for implementation of integrated coastal zone management in subsequent phases of the CZMP.

4. Institutional

a. **Executing agencies:** MICOA has managed the PDF B preparation grant and therefore has experience with Bank procurement and consultant contract guidelines, nevertheless, as the staff of the coastal zone unit is small, and there are a number of implementing agencies to be coordinated, the project will support a fulltime financial and procurement officer and administrative assistant. The financial system of the Ministry was assessed and found to be operating at internationally acceptable standards.

b. **Project management:** Implementation of the integrated approach promoted by this project will rely on coordinated and collaborative approaches from a large number of stakeholders. All stakeholders have actively participated in the preparation of the project and thus the institutional mechanisms for ensuring this have evolved during the course of preparation of the CZMP and the project itself. These are functioning well at the central level. It is recognized that these coordination bodies are weaker at the local level. The strengthening of local level institutional structures will be a targeted output of the project itself.

It is also recognized that experience and capacity among the implementing agencies at all levels is weak. Building this capacity is a long term process. As indicated above, the project will support long term technical advisors to provide technical guidance and assistance to the key implementing agencies. Skill transfer will be a key element of their terms of reference, thus commencing the process of building capacity for implementation of subsequent phases of the CZMP and will focus predominantly at assisting local level implementation. In keeping with lessons learned from previous Mozambique experience, periodic inputs from these advisors will be favored over full time, residential support.

5. Social:

The major social issues faced by the project:

- local decision-making structures and authority at community and district Government level are unclear;
- poor coordination of sectoral activities involved in coastal zone management;
- low capacity of government for regulation or protection of endangered species such as dugongs and sea turtles;
- attitudes concerning conservation dependent on levels of individual and family income;

- increasing pressure from artisanal fishermen from Mozambique and Tanzania on marine fauna;
- illegal hunting safaris operating in the region with endangered big game species targeted;
- increasing pressure on Provincial governments to grant concessions to tourist operators;
- selective logging of hardwood trees from forests and woodlands;
- indiscriminate exploitation of shells and corals for the curio trade; and
- large-scale destruction of mangroves for salt production.

Each of these issues has been addressed as part of project design which includes a more detailed social assessment at the larger macro scale, leading into a participation process to identify broad community boundaries as one input into the strategic development plan. Further social analysis will be undertaken in detailed management areas, including a needs analysis, an inventory of local resource use and community preparation for the selection and implementation of community based micro-projects.

Gender: Significant gender issues were identified in the preliminary rapid social assessment in relation to household responsibility, privileged access to and control over resources and benefits, access and control in matters of income, ownership of property, prestige and education. The participatory approaches used to capture community input into the strategic development plan and detailed conservation area planning will be structured to directly promote participation of this target group. These issues will also be taken into account during design of microproject eligibility criteria and operational procedures.

6. *Environmental assessment*

Environmental Category A B C

The project will have a number of direct and indirect positive impacts on the biophysical and socioeconomic environment. These include:

- the formulation and adoption of strategic development plans by provincial and district governments. This will give decision-makers a means of allocating land use in an environmentally sustainable fashion;
- promotion of bonafide investments in ecotourism and micro-projects which will change the economic structure of local communities and stimulate employment opportunities; and
- promotion of microprojects which will lead to a shift away from unsustainable use of natural resources by local communities, and promote local-level improvements in infrastructure

Potential negative impacts include:

- localized pollution during any project related construction associated with ecotourism or microprojects;
- increased tourist activities may impact on ecologically sensitive habitats and species;
- the influx of better educated outsiders and marginalisation of local communities; and
- loss of access to land and/or natural resources by coastal communities through controls not agreed with local communities.

Mitigation measures include:

- coastal communities not being marginalised from the development process through the development of a participatory mechanism which maximizes community ability to negotiate its traditional user rights;
- use of the ROM requirements for a site specific EIA under the Environmental Framework Law for projects which are likely to have an environmental impact;
- identification of appropriate development through spatial planning;

- improvements in the overall capacity of local sectoral agencies to regulate implementation of detailed management areas; and
- establishment of a system to monitor project impacts, particularly ecological and social, and adoption of an adaptive learning and innovation approach to implementation.

7. Participatory approach

Project preparation and design has involved participation of a wide range of stakeholders. A series of workshops, meetings and key informant interviews have been held both to better understand the local conditions and to discuss priority objectives and design approaches. These included project specific national and provincial level workshops to solicit inputs from national, provincial and district government representatives as well as local groups and NGOs. In addition, discussions on community based natural resource management experience in Mozambique were held with traditional leaders, village secretaries, and villagers from Safrique and Chidweza villages in Marromeu District; camp workers at private safari camp in Coutada 14, Marromeu District; Village Councils in two villages in Magoe District, Tete province; and islanders living within Bazaruto Archipelago National Park. These were followed by preliminary social assessment work in each of the proposed pilot sites with a view to adapting project design to the specific circumstances.

The continued participation of the key stakeholders which include national, provincial and district level decision-makers, private sector and local resource users; and communities in the Cabo Delgado and Nampula pilot areas is a key element of project design. All stakeholders, both government and non-government at the provincial/district levels will play an active role in SDP preparation and implementation be it through participating in field work; community mobilization and assessment activities; public meetings and workshops. Particular emphasis is placed on empowering communities to participate in the SDP preparation and implementation. Recognizing the pilot nature of the project it will lead to recommendations about the most effective participatory process to include local communities in the development of broader strategic planning; site specific management plans; the development of public-private partnerships; assist in the identification of research and training needs at the local level, and approaches to improving public awareness concerning biodiversity management and coastal zone issues at the local community level.

Based on the reviews of previous experience, results of the provincial level preparation workshops and subsequent rapid field social assessment carried out by preparation consultants, the participation process designed for project implementation includes:

- appointment of a long-term social advisor at project start-up who will work with both Provincial government (with the Provincial community supervisor as counterpart from Environmental Framework Law) and at the local level with affected communities in order to manage the overall participation program;
- provincial level workshops to review the economic development vision, aspirations and objectives of the Provincial and District governments and other key stakeholders;
- development (review) of a mechanism to ensure local community input into the interim development approval procedures at the Provincial level which have been agreed as part of the MOU with the Provincial level;
- preparation and implementation of project monitoring and evaluation workshops at key milestones during project progress at the Provincial level;
- use of local NGO's and/or individuals under the direction of the social advisor to carry out district level strategic economic development workshops, develop local working groups based on key resource users (e.g., fishermen, shell collectors, wood gatherers, hunters) and/or issues (gender,

family and age structure, decision-making) to provide criteria for selection of critical areas for detailed management during strategic plan preparation;

- use of local NGO's and/or individuals under the direction of the social advisor to carry out baseline social assessments, community preparation and selection of management categories during management plan preparation and implementation of micro-projects within the selected communities either surrounding or within the detailed critical biodiversity management areas;
- use of local NGO's and/or individuals under the direction of the social advisor to develop a protocol for the larger private sector proponents to negotiate with affected communities concerning equity participation, dispute resolution, trust fund mechanism and decision-making;
- preparation of working papers at critical project milestones summarizing progress and impact indicators;
- preparation of a concise report addressing lessons learnt with recommendations concerning the most effective ways for broader program implementation; and
- study tours and workshops targeting provincial and national level decision makers and key implementation partners, including academics and NGOs, to raise awareness of pilot approach.

Stakeholders	Preparation	Implementation	Operation
National Government	COL	COL	COL
Provincial Government	CON/COL	COL	COL
Pilot District Authorities	CON	COL	COL
Beneficiaries/community groups	IS/CON	COL	COL
Private Sector representatives	IS/CON	IS/COL	IS/COL
Intermediary NGOs	IS/CON	IS/COL	IS
Academic institutions	COL	COL	COL
Other donors	IS/CON	IS/COL	IS/COL

NB: COL = Collaboration; CON = Consultation; IS = Information Sharing

F: Sustainability and Risks

1. Sustainability

The project is the initial learning stage of a long-term program to enhance capacity of environment and related agencies to manage the development of the coastal zone. As such it is expected that the application of the development processes evolving from this project would in the medium term be supported by a longer-term investment program which would expand their geographical scope. This would be expected to take the form of a multi-donor supported program, possibly underwritten by an Adaptable Program Loan. Given this longer time horizon and the learning nature of the program, issues of long term sustainability are expected to be addressed more fully in a subsequent phase. This notwithstanding, the project has been designed to help promote and/or provide lessons for long-term sustainability.

The program has a strong institutional and human resource development focus through which it will increase the capabilities of key agencies and stakeholders to jointly plan, manage and monitor the sustainable use of coastal zone resources. It is recognized that capacity building is a long-term process and thus, activities initiated in this first phase will be continued over the long term program to be supported by the donor community. The program will largely be implemented through existing institutions, thus requiring minimal creation of new government administrative structures. In the pilot areas themselves, it is expected that the use of the strategic development plan would be adopted into the

work program of district and provincial level agencies with minimal incremental costs. The additional costs of the new institutional coordinating structures being tested are low, however, if adopted as part of the long term program these will eventually be the responsibility of Government. These would be small relative to the scale of the economic development opportunities that the coastal zone offers.

Experience suggests that long-term protection of biodiversity, in a context of poverty and short-term exploitation, remains a challenge. The project will be examining options for addressing sustainability issues in relation to natural resource management, identifying responsibilities of various participants, and the costs and benefits involved. Sustainability would be addressed by attempting to ensure financial viability for all “uses” of natural resources. It is recognized that there will remain an element of public responsibility in natural resource management, particularly biodiversity conservation, but by directly involving local communities and the private sector it becomes possible to augment the limited support services and budget that the Government can make available at district levels to sustainably manage the natural resource base.

The mechanism for supporting community micro-projects, on a matching grant basis, would not be replicable in the absence of another project that follows the same approach. However, the main purpose of these grants is to test community-based natural resource management, and not to attempt to address problems inherent in rural finance and savings systems. In the longer-term program, replicability and sustainability of start-up financing would be addressed.

2. *Critical risks*

(reflecting assumptions in the fourth column of Annex 1)

<u>Risk</u>	<u>Risk Rating</u>	<u>Risk Minimization Measure</u>
Annex 1, cell "from Outputs to Objective" Lessons learned during strategic development planning process successfully completed but value for replicability not recognized and methodology to develop integrated conservation management and socio-economic development approach not adopted for coastal zone.	M	Strong awareness building through coherent and well articulated documentation providing demonstrable evidence of economic and social benefits of strategic planning process followed by workshops for decision makers, debates and forums leading to consensus on methodology. All interested government agencies, both commercially and environmentally oriented, are included in the Project Steering Committee. Prepare the follow-on project (perhaps an Adaptable Program Loan) with 18 months still left in the implementation of the CMBMP to ensure continued effort and consistency.
Annex 1, cell "from Components to Outputs" Detailed management plans formulated but not followed due to political and/or private sector pressure.	M	Memorandum of understanding between MICOA and the provincial government formalizing an agreed Initial Planning Framework. Clear evidence and agreements on economic development options on resource use; formalized and

<p>Insufficient community empowerment to participate and benefit in process through adequate management control, equity sharing and short term benefits from economic activities.</p>	M/N	<p>legalized allocation of land use; transparent and participatory management and allocation of resource use concessions.</p> <p>Establish proprietorship/equity through land demarcation and negotiated agreements with local community; identify appropriate incentives for sustainable management; rapid and effective identification and implementation of economic activities; capacity building for micro-enterprise development and private sector negotiation.</p>
<p>Resistance to coordination between implementing institutions leading to emphasis on sectoral objectives.</p>	S	<p>Key implementing institutions involved in project design. Project represents consensus achieved amongst these. Furthermore, institutional arrangements for project implementation designed to promote horizontal and vertical communication and coordination. The multi-level coordination structures and reporting requirements specifically designed to provide checks and balances.</p>
<p>That existing, unregulated, private sector investment may overwhelm implementation of the pilot strategic development plans before the local and national governments see the result of the environmentally and socially sustainable tender to be let for a concession within the areas covered by the strategic development plans.</p>	M	<p>Reach agreement with Provincial Government on temporary development restrictions on the type and size of investments in Project pilot areas until completion of the strategic development plans. Locate pilot sites in areas where existing development pressures are not great</p>
<p>That the concession tender may not attract sufficient investor interest because of its location, perception of national stability, investment climate or other hindrances to investment in this part of the coastal zone.</p>	S	<p>Considerable private sector interest in investing in the pilot areas has already been registered. Communicate the implications of SDP for reducing investor risk as part of the promotional activities.</p>
<p>Overall Risk Rating</p>	S	<p>The potential risks are substantial as CZM is inherently complex. Significant efforts have been made to minimize the risks and to detect problems early enough so that changes in the Project could be made to successfully address them. The nature of the Project is unique. It holds risk but the potential benefits are much higher.</p>

Risk Rating - H (High Risk), S (Substantial Risk), M (Modest Risk), N (Negligible or Low Risk)

3. Possible controversial aspects

Land tenure and resource rights in the coastal zone are potential controversial issues. They are, however, far broader than the scope of this pilot project and, as such, are being tackled through other routes, for example, implementation of PROAGRI, and on-going Government-Bank dialogue in other sectors (e.g., mining, private sector development, environmental policy, etc. Nevertheless, at the pilot sites themselves, it is anticipated that provincial and district government commitment to the strategic development planning process and subsequently the plans themselves will reduce the occurrence of conflicts, while the skills and capacity for integrated management acquired during the strategic development planning process will assist the resolution of possible conflicts in a transparent and fair manner. The delimitation of community boundaries and resource rights is also integral to the preparation of the detailed management plans and will reduce potential resource user conflicts.

G: Main Loan Conditions

1. Negotiations conditions

The Government will provide the following to the Bank by negotiations:

- Revised draft PIP.
- Draft MOUs between MICOA and the lead implementing agencies for each component, including, with the Provincial and District governments of project areas, detailing roles, responsibilities, activities, outputs, budgets, and financial management arrangements.
- Draft TORs for key government positions and coordination structures defining their tasks pertaining to the project. These include: project manager, financial/procurement officer, component leaders, provincial MICOA and MPF staff, provincial financial officer, National Steering Committee, District and Provincial Steering Committee and the Project Management Group.
- Appointment of the MICOA project manager.
- Confirmation of the proposed field station sites, as well as a more precise estimate of exact costs of the proposed renovations.
- Copies of draft Requests for Proposals for the following consultancies: Spatial Development Planning Consultancy for Advisory Services, Private Sector Development Consultancy, and Marine Hazard Assessment Consultancy.
- Copies of draft Goods and Works procurement documents for the following items: vehicles, boats and motors, office equipment and field equipment.

2. Effectiveness conditions

Conditions of effectiveness include:

- Finalized PIP and First Year's Work Plan approved by Government and acceptable to the Bank.
- Assignment of Government focal point staff responsible for implementing specific project components within INIA, DNFFB, INDER, DINATUR, and CPI, full time financial/procurement staff within MICOA and principal technical and administrative staff at provincial and district level.
- Adoption of an Initial Planning Framework, acceptable to the Bank that formally lays out measures to be taken by the ROM to ensure that development proposals submitted between negotiations and completion of the strategic spatial development plan are consistent with project objectives.

- Setting up of Project Accounts and deposit of ROM's initial contribution.
- Financial and accounting system acceptable to the Bank.
- Microprojects Operational Manual in a form and substance acceptable to the Bank.
- Procurement plan, satisfactory to IDA, for all ICB processes to be undertaken during the first year of implementation is submitted to the Bank.

3. Other

Assurances to be obtained at negotiations include:

- That UEM and MICOA will assume the recurrent costs of the two field stations following project completion.
- CMBMP annual work program and budgets, approved by the NSC, will be provided to Bank by December 31 of each year.
- CMBMP annual and mid-term reviews will be conducted and reports submitted to the Bank.
- An independent institution will be contracted by MICOA by the end of the first year of implementation, to carry out mid-term and end of project impact evaluation, beneficiary consultations and performance analyses.
- MICOA will prepare a detailed M&E program, based on environmental and social information collected during the first 6-10 months of Project implementation, and a draft "Request for Proposal", including terms of reference, for a consultant to implement the program over the last 3.5 years of the Project. This M&E plan should consist of the identification of social, environmental and economic indicators to measure the relative "success" of the Project. It should also include a monitoring program designed to collect sufficient data to clearly indicate Project impact in relation to these monitorable indicators. The draft M&E program should be sent to the Bank for its review no later than 11 months after Project Effectiveness.
- Appointment of Auditors acceptable to the Bank to audit CMBMP accounts each fiscal year.

H. Readiness for Implementation

[X] The procurement documents for the first year's activities are complete and ready for the start of project implementation.

[X] The Project Implementation Plan will be reviewed by the Bank during negotiation for its feasibility and quality

I. Compliance with Bank Policies

[X] This project complies with all applicable Bank policies.

[signature]

Task Team Leader: Indu Hewawasam

[signature]

Sector Manager: Charlotte Bingham

[signature]

Country Director: Michael N. Sarris, Acting

Annex 1: Project Design Summary

Mozambique: Coastal and Marine Biodiversity Management Project

Narrative Summary	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
<p>a. CAS Goal: Poverty alleviation through environmentally and socially sustainable economic growth.</p> <p>b. Sector-related CAS Goal: Improve environmental management and assessment.</p> <p>c. GEF Operational Program: Mozambique's globally important biodiversity conserved.</p>	<p>Per capita income.</p> <p>Poverty indicators.</p> <p>Adherence to international conventions effectiveness of EA framework.</p> <p>Integration of biodiversity protection into development planning.</p>	<p>National poverty assessment, and socioeconomic survey data.</p> <p>International Convention on Biodiversity Implementation progress reports (National Biodiversity Assessments).</p> <p>Reports of international environmental watchdog organizations (IUCN, WWF, etc.).</p>	<p>(Goal to Bank Mission) National Environmental Management Program is effectively implemented.</p> <p>Government adopts and expands this approach.</p>
<p>Program Goal: Sustainable and equitable use and conservation of Mozambique's coastal and marine resources.</p>	<p>Program strategy incorporated into national policy.</p> <p>Provincial and district planning and implementation fit the program's strategic themes.</p> <p>Program funded.</p>	<p>National policy documents.</p> <p>Subsequent program implementation and completion evaluation reports.</p>	<p>Proper management of Mozambican biodiversity contributes to sustainable economic development and poverty reduction.</p> <p>Other complementary projects and programs are successfully undertaken.</p> <p>Monitoring and evaluation program enabling effective monitoring of program and project outcomes is adopted.</p>
<p>Project Development Objective: To test and refine an approach to achieve sustainable economic development of coastal zone resources through a strategic development planning process that integrates their ecological, social, and physical values and balances the varying interests involved in their management.</p> <p>Global Objectives: Globally significant coastal and marine habitats and species effectively protected.</p>	<p>Strategic development Plans endorsed and under implementation by provincial and national government in up to 3 pilot districts.</p> <p>Coastal zone planning responsibilities devolved to provincial level.</p> <p>Roles and responsibilities of stakeholders in the coastal zone clarified by end-project.</p> <p>Institutional capacity evaluated as sufficiently</p>	<p>Project monitoring and evaluation records</p> <p>Independent monitoring and evaluation reports.</p> <p>Supervision reports.</p> <p>Implementation completion report.</p> <p>Strategic development plans.</p> <p>International Convention on Biodiversity Implementation progress reports (National</p>	<p>(Objective to Goal)</p> <p>Effective coastal zone management through integrated strategic development planning processes contributes to the achievement of sustainable social and economic development at the national and local level.</p> <p>Government recognizes, adopts and successfully applies more broadly the approaches piloted by the Project</p> <p>Key stakeholders are interested in participating in the project and committed to implementing the SDPs.</p>

	<p>improved to allow broader implementation.</p> <p>Area and number of globally significant habitats and species under some level of restricted use increased.</p>	Biodiversity Assessments).	<p>Agencies and key stakeholders in pilot areas are able to coordinate effectively.</p> <p>Lessons learned in pilot areas are transferable.</p>
<p>Outputs:</p> <p>1. Environmentally and socially sustainable strategic development plans prepared and under implementation in up to 4 districts.</p>	<p>Strategic Development Plans prepared, discussed, and agreed with stakeholders under implementation in up to 4 pilot districts by End-PY2.</p> <p>All new concessions issued are in compliance with strategic development plan by end-project.</p>	<p>Quarterly implementation progress reports. Final component report.</p> <p>Integrated strategic development plan.</p> <p>Minutes of stakeholder meetings.</p> <p>Bi-annual review of CPI and district/provincial investment and cadastral records.</p> <p>Baseline, mid-term and end of project beneficiary/social assessment and key informant interviews.</p>	<p>(Outputs to Objective)</p> <p>Willingness, ability and capacity of key stakeholders to participate strategic development planning process.</p> <p>Pilot strategic development planning process will succeed in adequately integrating social and environmental values into the economic development vision.</p> <p>Ownership of the strategic development plan is assumed by key stakeholders.</p>
<p>2. Test mechanisms to identify and sustainably use and conserve important components of coastal and marine biological diversity in at least 3 pilot districts.</p>	<p>Management plans for at least two identified conservation areas prepared, discussed and agreed with key stakeholders by mid PY3.</p> <p>Area classified as under full or partial conservation status increased by end PY2.</p> <p>On-going biological monitoring implemented.</p> <p>Number of community microprojects identified and implemented by end-project.</p> <p>Sustainable financing modalities identified.</p>	<p>Management plans.</p> <p>Project implementation progress reports.</p> <p>Baseline, mid-term and end of project beneficiary assessment and key informant interviews.</p> <p>Minutes of stakeholder meetings from conservation area management plan dialogue.</p> <p>Monitoring data and reports on critical habitat and species status.</p>	<p>Viable alternative activities to those currently threatening ecosystems and species can be identified and implemented.</p> <p>Communities perceive and receive tangible benefits from behavioral changes and adoption of sustainable approaches to natural resource management.</p> <p>Willingness, ability and capacity of key stakeholders to participate in design and implementation of management systems.</p>
<p>3. For one project pilot area, a concession tender document prepared</p>	<p>Specifications of bid documents prepared and agreed by stakeholders by</p>	<p>Quarterly implementation progress reports.</p>	<p>Private sector investors will be interested in investing in the concession opportunity</p>

<p>specifying: (i) minimum environmental, social and technical performance requirements of the proponent; and (ii) the responsibilities of other stakeholders.</p>	<p>PY4.</p> <p>Bid documents prepared, investor identified, and negotiations ready to begin by the end of the Project.</p>	<p>Minutes of stakeholder meetings during which the tender specifications are discussed.</p> <p>Letters of interest from potential investors, and selection results of prequalified investors.</p>	<p>identified in the pilot areas.</p> <p>Mozambican team negotiates fair terms for the award of the concession.</p>
<p>4. Capacity strengthened for management of coastal and marine biological diversity at national and local level of government.</p>	<p>At least 5 MSc scholarships awarded by end PY1 and completed by end PY3.</p> <p>Annual training program prepared and implemented.</p> <p>Improved awareness among decision-makers and local resource users of coastal and marine biodiversity management issues and project objectives.</p> <p>Increased involvement of NGOs and other partners in monitoring and implementation.</p>	<p>Quarterly implementation progress reports.</p> <p>Annual training plan and completion records.</p> <p>Copies of semi-annual newsletter.</p> <p>“Lessons learned” workshop proceedings.</p>	<p>MSc students return to Mozambique and continue to focus on coastal and marine resource management issues upon completion of course.</p> <p>Appropriate and motivated people are selected for training.</p> <p>Sufficient incentives are in place to use new skills.</p> <p>Media selected reaches target groups.</p> <p>Increased awareness will lead to positive behavior changes with respect to conservation and sustainable use of resources in coastal zone.</p>
<p>5. Sustainable use of coastal and marine resources facilitated in pilot districts through establishment of a monitoring system and increased coordination amongst stakeholders.</p>	<p>Monthly NTC and PTC, quarterly NIITC and PSC and bi-annual NSC coordination and management meetings.</p> <p>Monitoring and evaluation program prepared and implemented.</p>	<p>Minutes of all monthly, quarterly and bi-annual coordination meetings and agreements reached.</p> <p>Annual consolidated workplan and budget report and minutes of annual steering committee and agreements reached.</p> <p>Baseline, mid-term and end of project beneficiary assessment and key informant interviews.</p> <p>Monitoring and evaluation reports.</p>	<p>Improved coordination among implementing agencies will reduce and help resolve conflicts over natural resource exploration in the coastal zone.</p>
<p>6. Design of a programmatic second phase intervention identified and completed.</p>	<p>Stakeholder program design workshops.</p> <p>Draft program document and PIP.</p>	<p>Records of stakeholder discussions.</p> <p>Quarterly implementation progress reports.</p>	<p>Based on lessons learned during the CMBMP pilot phase, ROM adopts/expands the implementation of CMBMP approach into a long-term program.</p>

Project Components/Sub-components:	Inputs: (budget for each component including contingencies)		
1. Strategic development Plan Preparation	\$1.7 million	Quarterly and annual reports. Disbursement reports.	Timely and adequate donor and ROM financing maintained.
2. Biodiversity Conservation and Sustainable Community Development	\$3.6 million		
3. Sustainable Private Sector Investment	\$1.3 million		
4. Training and Public Awareness	\$0.7 million		
5. Project Management and Monitoring and Evaluation	\$2.4 million		
Total Project Cost	\$9.7^a million		

^a Excludes \$US0.84 ROM contribution

Annex 2: Detailed Project Description

Mozambique: Coastal and Marine Biodiversity Management Project

The proposed Coastal and Marine Biodiversity Management Project (CMBMP) is a key element of the Republic of Mozambique's (ROM) overarching National Coastal Zone Management Program (CZMP), and in particular its strategy for coastal and marine biodiversity protection and for sustainable use of natural resources. The Project will pilot an integrated approach to achieving sustainable development focusing on two project areas of northern Mozambique. The first area comprises the two northern most coastal districts in the province of Cabo Delgado: Mocimboa da Praia and Palma, which borders Tanzania, and includes a portion of the Quirimbas archipelago. This pilot area comprises approximately 9,500 sq. km, of which 7,000 sq. km, is terrestrial and 2,500 sq. km is marine. The second area comprises the contiguous districts of Nacala-Porto and Mossuril, in the province of Nampula, and encompasses an area of approximately 4,700 sq. km of which 3,700 sq. km is terrestrial and 1000 sq. km is marine. Both these pilot project areas include sites recognized as having globally significant biodiversity, including corals, mangroves, sea grass beds, and all five species of threatened and endangered turtles and dugongs. They are also characterized by strong local government commitment to integrating biodiversity protection into local economic development.

The Project proposes a multi-pronged approach to supporting sustainable development including: (a) strategic spatial planning that fully integrates conservation with regional development; (b) establishment and strengthened protection of key terrestrial and marine conservation areas and initiation of conservation-oriented community activities in and around them; (c) capacity building of key government and non-government stakeholders responsible for biodiversity protection; (d) public awareness raising; and (e) establishing best practice for environmentally and biodiversity-friendly development. This pilot project represents the first phase of a long-term national coastal zone program, expected to attract multi-donor funding. If successful, the activities piloted under this project will subsequently be adopted and replicated more broadly through the entire coastal zone.

Project Component 1 - Strategic Development Plans (SDP) (US\$1.7 million)

This component will be implemented in the districts of Palma, Mocimboa da Praia (Cabo Delgado Province), and Nacala-Porto and Mossuril (Nampula Province) in northern Mozambique. It aims to provide these provincial and district governments with strategic planning tools that will facilitate conservation and sustainable development of valuable coastal and marine resources. Currently, there is no official model for development planning at the provincial and district levels. Ad hoc development concessions are common and it is arguable as to whether these agreements include assessment, much less protection, of local or globally important biodiversity values. Nor do the expectations of local communities seem to be taken systematically into account.

The CMBMP aims to create a district-level development model that marries environmental and social sustainability to appropriate private and public sector investment. Two strategic spatial development plans (SDP) will be developed to cover these districts (one covering the Cabo Delgado pilot area and the other covering the Nampula pilot area). These Plans will include both terrestrial and marine territory. These SDPs, which will form part of the broader provincial development plan, will complement the traditional planning tools of land-use/land capability analyses (such as soil, vegetation, topographical and land use surveys) by incorporating in the planning process less traditional planning tools that capture social and environmental opportunities and constraints to sustainable development.

Since the districts include areas of pristine wilderness and high biodiversity value, the GEF component will finance biodiversity overlays for the two SDPs to ensure that proposed spatial development and land use is consistent with conservation and sustainable use of the area's biodiversity. In particular it will ensure that proposed development is appropriate and consistent with protection and conservation of two marine areas of recognized global biodiversity value and high ecotourism potential: 1) the northern Quirimbas islands and adjacent mainland, and 2) the Nacala-Mossuril coastline.

Preparation of the SDP for each project area/district consists of five principal activities: (1) landuse/capability assessment (including terrestrial and marine areas); (2) social assessment (including participatory assessments of community use and dependence on natural resources, demographics and social attitude surveys); (3) incorporation of biodiversity values including designation of key conservation areas and appropriate use and management regimes for areas of remaining natural habitat and biological corridors; (4) integration into a single strategic development plan for each pilot area; and (5) review and adoption of the SDPs by local and provincial government and other stakeholders. This final step is critical to ensuring provincial and district ownership of the final SDP. It will include, and be facilitated by, a series of district and provincial level workshops and community meetings organized by the provincial and local government with support of the social advisor to present and explain the draft SDP. This will provide a feedback mechanism, to ensure stakeholder inputs to the SDP, particularly those of the affected local communities, have been accurately and equitably reflected in the plan. The SDP will be finalized based on the outputs of these meetings.

The SDP, to be completed within 24 months, will provide the strategic framework for district development including areas designated for conservation areas, private sector development and community based natural resource management or co-management with government agencies.

Project Component 2 - Biodiversity Conservation and Sustainable Community Development (US\$3.6 million)

This component will focus on establishing and strengthening protected area management in two globally important conservation areas, biological monitoring and a community development fund.

Sub-Component 2.1 - Conservation Area Management

This sub-component will focus on implementation of biodiversity conservation and management in two areas of recognized global importance. These are the proposed Quirimbas national park and the proposed Nacala-Mossuril park. The project will support establishment and gazettement of the conservation areas, boundary rationalization and zoning for appropriate use. These activities are based on ecological and social assessments undertaken with PDF funding as part of preparation. The project will also finance technical assistance; preparation and implementation of detailed management plans for the MCAs and their buffer zones; community land demarcation; limited equipment and infrastructure (such as guard posts and boundary markers); and appropriate training and capacity building for park staff and communities to work together on co-management of natural resources and development of revenue generating mechanisms. The management plans will be formulated in close partnership with local communities and the private sector where appropriate, and will clearly define the roles of the various actors in management of these areas.

The Project will support development of best practice guidelines for protected area co-management and development of regulations relating to (a) co-management arrangements with local communities and (b) conservation concessions and co-management agreements with the private sector. It will also support

activities that address the legal, regulatory, and institutional issues identified during the PDF-financed review (soon to be completed).

Non-GEF financing will be provided to DNFB to initiate ecological and social assessments and community consultations to develop appropriate management options for other areas of biological interest that are identified during the SDP process.

Sub Component 2.2 - Biological Monitoring

The component will support ecological surveys and monitoring of key indicator species (e.g., turtles, dugongs) and habitats (e.g., coral reefs) to determine what impact the project has on biodiversity protection. Monitoring will be undertaken both within the key marine conservation areas and in adjacent coastal and marine habitats. It is expected that most of the ecological monitoring will be undertaken by UEM under contract to DNFB. Under this component, training may be provided to local communities to build local capacity for data collection relevant to establishing management guidelines for sustainable harvesting of key marine resources. Data on migratory species will be shared with other regional agencies as part of regional monitoring programs. Data on coral reef condition and recovery will be relayed to the Global Coral Reef monitoring network.

Also, in support of the coastal zone management decentralization strategy and monitoring and evaluation system, the project includes support for the establishment and operation of two field stations.

Sub-Component 2.3 - Community Participation and Development

The project will support community-based microprojects that directly or indirectly promote biodiversity conservation. Grant financing for microprojects will be complemented by 10% community or local level contributions. The microprojects will target communities within or neighboring the key conservation areas of Quirimbas and Nacala-Mossuril as well as other biologically important areas identified in the SDP. The microprojects will be expected to meet clearly defined eligibility criteria including: compatibility with the management objectives of the conservation areas, technical feasibility, cost effectiveness, ecological, economic and social sustainability and demonstrated community commitment and in-kind contribution. Typical micro-projects could include: community-run ecotourism activities and/or micro-enterprises that reduce pressure on biological resources (e.g., support for less damaging artisanal fishing techniques). Eligibility criteria will be finalized by effectiveness and an Operational Manual consisting of detailed guidelines will be prepared by Effectiveness. This Sub-component will be administered through local government and with assistance from local NGOs and community facilitators which will be employed and trained under the project for this purpose. The component will also support capacity building for micro-enterprise development and private sector negotiation for communities.

Project Component 3 - Private Sector Development (US\$1.3 million)

One of the SDP outputs will be the identification of a site in one of the two pilot areas that would be suitable for a substantial private sector investment (e.g., sustainably managed eco-tourism having a target value of between US\$10-30 million). The objective is to pilot a real example of how the principles used to create the SDP can translate into, and leverage, a much larger investment in the area covered by the Plan. The proposed tender will attract private sector investment into the Project area and serve as an incentive for local, provincial and national government to adopt the integrated SDP approach. It will also illustrate that the cost of preparing spatial development plans, when averaged against the improved investment climate that will result once a SDP has been adopted, is actually very small.

The GEF element of this component will support the environmental, social, commercial and legal expertise needed to translate biodiversity management and social expectations of the local community (particularly in regard to transferring environmentally unsustainable activities of local people into more profitable alternative forms of livelihood associated directly or indirectly with the proposed private sector development) into specific aspects of the bidding document technical specifications. Since the technical specifications directly control the way the development will be designed, constructed and operated, environmental (particularly in regard to globally important biodiversity values) and social sustainability is assured.

The rights of a concessionaire, including the terms of renewal of the concession, will also need to be set within the tender. It is expected that compliance with the terms and conditions of the tender, as covered by a legally binding contract between the Government and the concessionaire, will be a prerequisite to continued operation of the development. Failure to honor the terms of the legal agreement upon which the concessionaire operates, i.e. failure to protect biodiversity and the rights (as stipulated in the technical specifications) of the local population, would lead to automatic loss of the concession by the developer.

The component will consist of: (i) *specialized procurement training*; (ii) *Preparation of Bid Documents* for the commercial documents and technical specifications. This will require a dedicated procurement specialist (specialist for appropriate sector), civil engineer/procurement specialist, a mechanical engineer/procurement specialist, a commercial lawyer, one or more communications/promotions expert(s), and a financial analyst). It will also require an environmental specialist and a social scientist to assist with integration of environmental and social values, as identified during spatial development planning, into the bid documents; (iii) *Promotion of the proposed tender*, including promotional material (brochures and advertisements for the tender) and two marketing/promotions trips to Europe and North America; (iv) *Preparation of a Prequalification Document* and subsequent evaluation of submissions for prequalification; (v) *Assistance to the Government to conduct the bidding process* in a transparent manner; and (vi) *Assistance to the Government to prepare a transparent and effective Bid Evaluation process*.

The environmental/social experts on the consultant team will need to be available during the full period to ensure that bidders address the full environmental and social requirements. Specifically, the environmental and social experts will be needed to assist with development of promotional material for the concession's tender (the development will be environmentally based, and this will need to come out in the promotional material), provide specialist input into the development of criteria for determination of whether an investor has the skills and experience needed to "prequalify" for participation in the bidding process, translate environmental and social management plans into the technical specifications component of the bidding documents, be available to answer questions from bidders regarding biodiversity and its impact on the proposed development (etc.) during the bidding period, and assistance with the development of bid evaluation criteria as they relate to environmental and social aspects of the developments proposed by bidders. It is estimated that the incremental input needed to make bid documents the long term "protector" of globally important biodiversity values of in the Project area is US\$300,000, which includes professional fees and reimbursables (and costs of travel for promotion, etc.). Best practice guidelines will be extracted from this process for replication in other coastal zone areas of Mozambique and the region.

Project Component 4 – Training and Public Awareness (US\$0.7 million).

Sub-Component 4.1 - Training

The training component will focus on the following stakeholders in order to build capacity for decentralized coastal zone planning and management: (a) technical staff of implementing agencies, particularly at the provincial level; (b) communities and local resource users; (c) local government staff and other local administrators (traditional leaders, religious leaders, local NGOs, etc.); and (d) decision-makers. A training needs-assessment is being completed under the GEF financed PDF.

Short term training will include: (i) stakeholder participation/consultation process techniques; (ii) conflict resolution; and (iii) project management.

Medium-term (in service) technical training will include: (i) biodiversity management; (ii) coastal zone planning, management, and monitoring techniques; and (iii) protected area management in the country and region.

Long-term training (non-GEF) will support: 10 scholarships for higher level university degrees (MSc. at both regional and international institutes) related to biodiversity and coastal zone management.

Sub-Component 4.2 - Public Awareness

This sub-component has been designed to target two of the four target groups identified in the CZMP, namely decision makers and local resource users. This has been done because these two groups are considered the most critical in raising awareness concerning the need for biodiversity management in the pilot areas. The Project addresses each group in the following way.

Decision makers at national and provincial levels- Activities supported include: (i) information feedback/lessons learned workshops; (ii) coastal zone newsletter by MICOA Coastal Zone management; and (iii) site visits. NGOs and media representatives will also be targeted so as to facilitate broader awareness raising activities.

Local Resource Users- Activities supported include: (i) local language radio broadcasts; (ii) awards to local community leaders for implementation of conservation projects; (iii) posters and slides on the project objectives for community level dissemination; (iv) portable displays and workbooks for community preparation phase of micro-projects; (v) theatre groups; and (iv) cross-fertilization visits to other sites.

Project Component 5 - Project Management and Monitoring and Evaluation (US\$2.4 million)

Sub-Component 5.1 - Project Management

The project will finance the direct equipment, and operational and incremental staff costs of project coordination and management at the central and local level. As there are many players involved in management of coastal zone resources, the project will support regular coordination meetings and communication between components undertaking activities under the Project as part of the management component. The Project will also support costs associated with coordination meetings for the Sustainable Development Council (annually), Inter-institutional Technical Committee for the Coastal Zone (quarterly), Project Technical Committees and Local Coordination Committee meetings (monthly).

Sub-Component 5.2 - Monitoring and Evaluation

This sub-component supports the development and implementation of a monitoring and evaluation mechanism that will meet both overall program as well as project specific requirements. In coordination with Sub-Component 2.2, it will support data collection and processing, and an independent monitoring and evaluation team. This component is designed to (i) assess the overall effectiveness of the project in the context of the CZMP; (ii) evaluate the effectiveness in achieving project specific outputs and development objectives; (iii) incorporate and expand ecological indicators for the broader project area, including assessing impact at a landscape level (building on component 2.2); (iv) monitor the status of the social conditions of the pilot areas measured against the baselines established in component 1; and (v) advise on the most effective institutional structure for the future collection and evaluation of monitoring data concerning the state of the coastal zone.

At the project level, monitoring of each component will be based on both progress and impact indicators. Typical progress indicators include planned versus actual performance, and delivery of key outputs. Impact indicators will include measures of stakeholder capacity for biodiversity management; changes in ecological aspects of biodiversity; changes in socioeconomic conditions; and improved community participation.

A detailed monitoring plan is being developed which will specify the key indicators/data needs, how data will be collected, who will collect the data and how frequently. Progress indicators will be monitored through quarterly reports prepared by each component team and consolidated by MICOA. Lessons learned from this monitoring component will provide guidance for the design of a long term monitoring system for coastal and marine resources.

Annex 3: Estimated Project Costs

Mozambique Coastal and Marine Biodiversity Management Project

Project Component	Local	Foreign	Total
	-----US\$ million-----		
Spatial Development Plan	1.1	0.7	1.7
Biodiversity Conservation and Sustainable Community Development	2.1	1.4	3.5
Sustainable Private Sector Development	0.4	0.9	1.3
Training and Public Awareness	0.2	0.4	0.6
Project Management and Monitoring and Evaluation	2.4	0.05	2.4
Total Project Cost^a	6.2	3.5	9.7

Project Cost by Category	Local	Foreign	Total
	-----US\$ million-----		
Works		0.4	0.4
Goods	0.1	0.4	0.5
Services	2.6	2.0	4.6
Goods, Works and Services for Microprojects	0.8	0.3	1.1
Incremental Operating Costs	2.7	0.4	3.1
Total Project Costs^a	6.2	3.5	9.7
Of which: financed by IDA	3.8	1.8	5.6
Of which: financed by GEF	2.4	1.7	4.1

^a Excludes US\$0.84 ROM local contribution.

Annex 4a: Economic Analysis

Mozambique: Coastal and Marine Biodiversity Management Project

Cost Benefit Analysis

As the project is essentially a learning and pilot exercise to establish a framework for development, a formal cost-benefit analysis and calculation of rates of return are not appropriate. The project will have medium term implications for the Coastal Zone Management Program and in turn for the long term implications for the management of development of coastal resources and the resulting economic impact. With the project's activities centered on planning and facilitating investment in the coastal zone from communities, and private and public sectors, the economic benefits will derive from these investments.

The improving political and economic stability and a recognition of the development potential of Mozambique's natural resources has brought an increasing pressure on the Government for development sites by the private sector. In addition, coastal communities will exert increasing pressure on natural resources for their livelihoods in the light of increased population and the effort to derive higher incomes. The potential economic value of development of the whole coastline is high and could represent the basis of a tourist industry at least equal to that of Kenya, estimated at US\$500 million annually. The potential exists for both consumptive (sport fishing) and non-consumptive economic benefits from tourism. In addition, an estimated 43% of Mozambique's population (in excess of 7 million people) resides on the coast, many of whom rely on the natural resources of the coast for their livelihoods, deriving income from fishing, gathering of marine products, and harvest of products from coastal terrestrial ecosystems.

The condition of the coastal resource base has not degraded as in many other parts of the world and therefore a process of reversal or rehabilitation is not relevant. However, the present capacity of the Government is considered insufficient to plan and manage the future development to ensure equitable, sustainable economic use and, without this capacity, the following negative outcomes are possible:

- delays in concession approval and investment start-up
- conflicts between developers and local communities
- discouragement of potential inward investment
- inequitable sharing of benefits between interested parties
- development which does not fully consider all options for a particular site (sub-optimal development)
- unsustainable consumptive use of natural resources (overuse)
- degradation of internationally important biodiversity sites
- loss of specific species
- reduced flow-on economic development impact to communities

The economic implications of a "without program" scenario would be reflected in delayed and reduced overall economic returns from the value of the resource base and associated development investment, a reduced economic life of the resource base, and lost opportunities in employment, foreign exchange, Government revenues and community income levels. By implementing a policy framework and procedure for managing the development of coastal natural resources, the above outcomes would be reversed and earlier, higher and longer-term economic benefits would result. These aspects are being addressed by the Coastal Zone Management Program and their economic impact should therefore be considered as longer-term program impacts. For the overall program, the following table sets out the likely specific economic impacts:

Investment in:	Without Program	With Program	Economic Value
Protection of habitats and populations of specific species	Continued consumption and destruction of habitats	Habitats and populations stabilized	- Tourism value - Existence value
Protection of coral reef	Destruction of coral reef through explosion fishing	Coral reef stabilized	- Fish production value - Tourism value
Improved artisanal fishing techniques	Income from fishing lower than possible sustainable use levels	Increased fish catch approaching levels of sustainable use	- Fish production value
Private sector eco-tourism development	Delayed investment without community participation	Prompt investment with community participation; opportunities for employment and small business	- Time value of returns on eco-tourism investment - Community employment - Income from tourism-related businesses - Food production for tourism

Annex 4b: Incremental Cost Analysis

Mozambique Coastal and Marine Biodiversity Management Project

Context and Broad Development Goals

The Coastal Zone of Mozambique is unique in East Africa in terms of the quality, diversity and species richness of its habitats. Apart from Madagascar, Mozambique is the only country in the Eastern Africa region with major brackish coastal barrier lagoons. It also supports the most extensive, and best preserved, mangrove forests, sea grass beds and coral assemblages along the whole of mainland East Africa. In addition, Mozambique's coastal waters contain the largest remaining populations of the threatened dugong in the Western Indian Ocean, and it is the only country in the region where all five species of threatened and endangered sea turtles occur and breed.

While new economic growth is both welcome and vital, management of that development in Mozambique currently appears to be poorly planned and essentially ad hoc. Unless this situation changes, it is perhaps inevitable that development in the coastal zone will lead to conflict between developers, local and international conservation interests, and the local/regional population. Development in the coastal zone is necessary and vital if the standard of living of the people is to improve, and the unique biodiversity, ecological and social environment of this part of Mozambique is to be preserved and protected.

The CMBMP would address the four strategic themes identified in the National Coastal Zone Management Program as well as the coastal and marine priorities identified as part of the National Biodiversity Strategy and Action Plan. It is also consistent with the National Program for Forestry and Wildlife (PNFFB). It is in line with the Convention on Biological Diversity and GEF's Operational Program on Marine, Coastal, and Freshwater Ecosystem. It fully reflects guidance of the three CoP (Conference of the Parties) and OP 2 objectives and scope.

Project Rationale

The main focus of the CMBMP is to provide long-term, self-supporting, protection of unique, globally significant, biological, physical and social resources of the coastal zone by assisting the Government evolve an environmentally and socially sustainable economic development process. The spatial development plans to be prepared under the Project are designed to produce a "win-win" scenario under which the unique biodiversity, ecological and social values of the coastal zone would be conserved and even enhanced, while simultaneously promoting appropriate private sector investment interest that is beneficial to the local population and the country as a whole.

The proposed environmentally and socially sustainable spatial development planning concept of economic development is unique in Mozambique. The CMBMP has purposely been limited to a "pilot-level" operation. It is designed to modify and expand traditional economic planning tools such as land capability assessment, master planning exercises, investment promotion, etc. to include consideration of biodiversity, the area's ecology, valuable physical attributes of the site, and the demography and aspirations of the local communities. Criteria used to select these pilot areas were:

- That the selected sites were of significant biodiversity value, as well as of historic and cultural importance;
- That the local government was supportive and interested in the Project concept;

- That the local people were consulted and had agreed to participate in the planning exercise; and
- That the existing level of private sector investment in the pilot area was not so great as to preclude an impartial assessment of the natural resource base and the development of a sustainable “rational use of nature” spatial plan prepared as described above.

It is expected that this pilot process for area development could be scaled up in increments over a period of 10-20 years, to eventually encompass the whole coastal zone.

Baseline Scenario

The “Without-Project” Scenario

The Republic of Mozambique is actively encouraging private sector investment in the country. As much of the population, and the most attractive and easily exploitable resources are in the coastal zone, there has been a strong influx of interested investors from around the world, but particularly from South Africa. The coastal zone of the country has recognized and yet-to-be quantified ecological and physical resources, some of which are globally important in nature. Yet, because the speed of private sector investment appears to far outstrip the Government’s ability to manage effectively, particularly in regard to management of environmental and social impact, the long term benefits of this investment to the country have yet to be verified.

Without the CMBMP, we can expect the Government to place the highest priority on private sector investment in the coastal zone and address the potential environmental and social impact of each investment on a case by case basis. Unfortunately, Government regulations governing environmental and social “acceptability” of investments is particularly weak. Nor does the Government have the staff with the necessary skills or experience to address environmental and social impact of the large number of private and public sector investments currently proposed or underway in the coastal zone. Although the Government could decide to place more public sector interest on developing an environmental management capability, it is unlikely that donor money, and donor support alone will be sufficient to provide a level of assistance sufficiently large to make any real impact on this critical early influx of development capital. Ecological and social values are likely to significantly degrade, and real social benefit of the private sector investment may not be realized over the medium to long-term. *Without the CMBMP, including the support from the GEF, the true baseline would be continued separation of economic development planning from biodiversity protection and conservation management, with persistent degradation of natural resources, including biodiversity.*

The WITH Project Scenario

Global experience has shown that preservation of biodiversity, maintenance of sensitive ecological characteristics, sustainable use of natural resources and recognition of social issues in development are best handled as early in the development process as possible. It is often too late to ensure environmental and social sustainability of a proposed activity once it has reached a detailed design stage. The CMBMP is designed to pilot an economic development model for the Republic of Mozambique that establishes the link between development and the physical, biological and social resources of an area upfront. It then differentiates between any investment and the optimal investment.

For an investment to be “optimal” it must result in an equitable return to both the investor and the “owners” of the resources upon which the investment is based. Since these resources include biodiversity, ecological and physical values, and the social/cultural environment, the resulting economic development plan to be produced would, to a very great extent, have taken environmental and social impact of possible development into account before an investment was ever proposed. The result of a “with project” scenario would therefore be *economic development first and foremost, but economic development that is environmentally and socially sustainable because the development that is permitted in a particular area has already been “pre-evaluated” and agreed upon before a developer ever enters the picture.* This process is extremely rare in developing countries and essentially incremental over what is almost universal practice in the coastal zone in Africa.

Scope and Costs: Under the *baseline* scenario, ROM would start implementing a systematically planned development process in the project areas targeted for World Bank and GEF financing. This would likely include promotion of investments that take advantage of the unspoiled nature of the coastal zone, and its unique natural resources. Although the Government would have the objective of sustainably using natural resources and improving the livelihood of local populations, and encouraging private sector development, it would not necessarily follow that private/public sector investment would achieve these objectives without incremental effort and expense. The baseline case would include a review of the spatial development plan through participatory process with local communities and a regional environmental assessment of the potential impacts of the development plan. However, detailed ecological evaluation and surveys of biodiversity, direct input by local communities into development planning, and incorporation of conservation management and social participation plans are incremental and only possible with GEF finance.

Benefits of implementing the Baseline Scenario: Under this scenario, traditional land capability/land use planning serves as the basis for the preparation of spatial development plans with limited input from environmental and social assessment teams. The benefits would be to introduce the concept that biological, physical and social resources of an area need to be assessed *before* entering into a development process. Once this understanding has been achieved, the reality of what is present, what the local population will and will not accept, and what resources are so limited and unique as to require conservation (i.e. non-use) will determine the type and intensity of development, and what would be sustainable in any given area. The Baseline Scenario is also expected to have a positive impact on institutional capacity on national provincial and local level.

The Baseline scenario would include:

- (a) **Development of Spatial Development Plans** in two provinces (Cabo Delgado and Nampula). Activities would include Land Use and Land Capability Assessment to produce a spatial development plan. These plans would be evaluated through a social and environmental assessment review, including risk identification of persistent and episodic pollution of sensitive coastal and estuarine environments. *The baseline costs for this component are estimated at US\$1.39 million.*
- (b) **Biodiversity Conservation, Biological Monitoring and Sustainable Community Development.** Activities would provide some recognition and safeguarding of ecologically significant sites, with moderate expenditures for strengthening conservation management. Monitoring activities would be maintained at the project level (see component 5). The Community Development Fund would encourage sustainable use of natural resources and improve living conditions for local people. *The baseline costs for this component are estimated at US\$1.38 million.*
- (c) **Private Sector Development.** Activities under this component include institutional strengthening and training for the Ministry of Tourism, tender preparation (commercial documents and engineering

design/bill of quantities technical specifications) and support for its processing and evaluation in order to attract private sector investors. *The baseline costs for this component are estimated at US\$0.96 million.*

- (d) **Training and Public Awareness.** Under the baseline, this component would support funding for basic training in project management and elements of coastal zone management for local level officials and communities in order to assist in the development of the planning exercise on the local level. In addition, 10 MSc scholarships would be provided to for higher level training in the areas of coastal zone management. Public awareness activities would raise the profile of the project and approach being piloted among stakeholders. *The baseline costs for this component are estimated at US\$0.42 million.*
- (e) **Project Management and Monitoring & Evaluation.** Under the baseline scenario, without the project, Republic of Mozambique has staff in the project area. These will be re-assigned specifically to the planning process in the provinces selected for project intervention. Under the overall supervision of a Steering Committee, the day-to-day management of the project will be in the hands of the Coastal Zone Management Unit of the Ministry for Co-ordination of Environmental Affairs. A monitoring and evaluation plan for the project would be developed and implemented. *The baseline costs for this component are estimated at US\$2.38 million.*

Global Environmental Objectives

The Coastal and Marine Biodiversity Management Project aims to conserve and promote sustainable use of Mozambique's globally significant coastal and marine biodiversity. These coastal habitats are critical for the survival of a number of unique species. While the biodiversity and the natural beauty of the pristine coast combine for a high potential for supporting sustainable coastal development this potential is being undermined by the inadequate coastal management capacity in the country. A narrow window of opportunity to address these threats exists, but immediate action is needed.

For the effective management and conservation of the outstanding biodiversity in the project area, however, the Baseline Scenario would not be sufficient. In order to achieve effective biodiversity conservation Land Use and Social Assessment would have to be expanded and additional detailed information on the biodiversity areas would be required. Further institutional and technical support on the national level but particularly on the local level would be necessary for effective conservation area management. Additional resources for the Community Development Fund would be used to get communities involved in the actual implementation of conservation activities.

GEF Alternative

Scope and Costs: Under the GEF Alternative, the baseline would be expanded to allow the inclusion of conservation and biodiversity management plans into the spatial development planning process. The resulting pilot economic development model would be incrementally expanded to include effective conservation of globally important biodiversity.

Sustainability of conservation management and biodiversity protection would be ensured through incremental expansion of the social input to the spatial development plan. This would be accomplished by ensuring that local people directly and indirectly benefit in economic development, thereby moving away from direct and unsustainable utilization of sensitive natural resource. More specifically the five baseline components would be expanded in the following ways:

- (a) **Spatial Development Plan.** Under the GEF alternative, the Land Use/Land Capability Component of the Spatial Development Plan would be incrementally expanded to include detailed evaluation of biodiversity values and important ecological characteristics of the area, the impact on biodiversity by activities of the local population, and an assessment of how the local population could benefit from environmentally sustainable private and public sector investment. Extensive use would be made of satellite images to allow for farther reaching interpretation of natural resources in terms of natural disturbances and anthropogenic stress; environmental surveys leading to management recommendations to be fed into the spatial development planning process; and specialist consultant input related to conservation management and biodiversity protection. The social assessment would be expanded to address more specifically the interdependence between local population and areas of particular biodiversity conservation interest with a view to continue the participatory project development process and to promote maintenance of indigenous knowledge and conservation practices for biodiversity conservation.. *The incremental costs of the GEF alternative for this component are estimated at US\$0.37 million.*
- (b) **Biodiversity Conservation.** Under the GEF alternative, this component would comprise the core activities to address site specific protection and management of two identified globally significant areas. In order to introduce functioning biodiversity conservation management in the pilot conservation areas, demarcation and gazetting of critical sites would be supported. A consultative management plan for the proposed protected areas and their buffer zones would be developed, as would the necessary institutional and financial mechanisms for their implementation. This component would also provide support for limited infrastructure and equipment for management purposes. Capacity building on the local level would seek to build a basis for active involvement of the local population – particularly in the buffer areas around the pilot areas. An additional share of the Community Development Fund would provide incentives and resources exclusively for activities which reduce pressure on biological resources and those which promote conservation by the local indigenous population around the pilot areas, and where relevant, integrating indigenous and local communities knowledge relevant to conservation. Resources would also be provided to ensure continued monitoring of ecological status of identified critical habitats and species allowing early warning in case of imminent threats and enabling rapid remedial action. *The incremental costs of the GEF alternative for this component are estimated at US\$2.20 million.*
- (c) **Private Sector Development.** Under the GEF alternative the proposed tender for a private sector concession compatible with the spatial development plan would need to include an environmental component in the tender technical specifications. This incremental addition to the bid documents would stipulate how the developer could “use” (including non-use) environmentally sensitive areas, what rights the developer would have within the concession and surrounding areas, what was expected of the developer regarding preservation of nationally and globally significant biodiversity values, and how the developer would include the local population in the proposed development. In addition to specialist consultant input into preparation of the technical specifications of the bid documents, incremental assistance would also be needed to ensure that adequately qualified investors were attracted to tender, and that the bid evaluation process adequately dealt with environmental and social aspects of the bids received. Since the capacity to manage sustainable private sector involvement is not yet available in Mozambique and the development of ecologically enlightened tourism is a national priority, this component would be justified as a demonstration pilot activity and would provide assistance in the preparation of the bidding documents and tender promotion both in country and internationally. The necessary highly specialized expertise is only available internationally but is expected to make significant difference in removing the “barrier” against the establishment of “sustainable use” in the tourism sector. In addition, the technical assistance will help strengthen provincial level capacity to evaluate the environmental and social aspects of incoming private sector concession requests more broadly. Best practice guidelines would be disseminated

based on the experience and lessons learned of this pilot activity. *The incremental costs of the GEF alternative for this component are estimated at US\$0.35 million.*

- (d) **Training and Public Awareness.** Under the GEF alternative, the capacity of the technical staff of implementing agencies, local stakeholders and administrators would be strengthened specifically in the areas of coastal zone and protected area management. The GEF alternative would also support inclusion of biodiversity and conservation dimensions into overall project management and stakeholder consultations. A public awareness campaign launched at the community level would increase knowledge of issues relating to biodiversity conservation and reinforce sustainable use of natural resources in the project area. *The incremental costs of the GEF alternative for this component are estimated at US\$0.27 million.*
- (e) **Project Management and Monitoring and Evaluation.** Effective co-ordination of the involved activities is a precondition for project success. For the incremental activities under the GEF alternative to be successful under a tight project schedule, complementary resources for project management and co-ordination would be necessary. Under the GEF Alternative, the dimensions of biodiversity and conservation would be incorporated into the monitoring and evaluation plan. *The incremental costs of managing, monitoring and evaluating the GEF alternative are estimated at US\$0.90 million.*

Benefits

On top of the national level benefits that are expected from the Baseline Scenario, the global benefits with the GEF Alternative would be:

- Effective conservation of globally important coastal and marine habitats and species;
- Improved capacity for management of conservation areas both nationally and locally;
- Capacity building for ecological monitoring and long-term supervision for sustainability of intervention;
- Actual participation of local communities in conservation activities, and a gradual shifting from subsistence, unsustainable, use of natural resources to more profitable activities associated with implementation of the spatial development plan;
- Maintenance of knowledge in local communities' related to practices relevant to conservation;
- Replicable experience from pilot activities in attracting private investors for ecologically sound tourism and sustainable use of natural resources, with the aim of establishing financial incentives for sustainable use of resources in the tourist industry;
- Protection and management of two sites of globally significant biodiversity areas; and
- Provision of alternative livelihoods for the communities in buffer zones of the most sensitive areas in order to remove threats for ecological sustainability.

Incremental Costs

The total costs of the baseline scenario (IDA and ROM contribution) are estimated at US\$6.52 million. The GEF Alternative would amount to US\$10.60 million. The resulting incremental costs of the GEF Alternative therefore are estimated at US\$4.11 million.

Incremental Cost Matrix

Component Sector	Cost Category	Cost US\$ '000	Domestic Benefit	Global Benefit
Spatial Development Plan	Baseline	1,390	Rational basis for integration of differing/ competing development interests increases benefits from use/nonuse of existing coastal zone development potential in pilot area	
	GEF Alternative	1,760	Strengthening of national and provincial knowledge and capacity in identification and prioritization of conservation areas.	Timely identification of areas with biodiversity of global significance for effective protection, thorough understanding of natural resources in terms of natural disturbances and anthropogenic stress. Incorporation of biodiversity dimension into the planning process.
	Incremental	370		
Biodiversity Conservation	Baseline	1,380	Limited consideration and management of areas of ecological importance, with moderate expenditures. Increased opportunities for income generation based on sustainable use of natural resources through a Community Development Fund. Improved national capability in conservation management.	
	GEF Alternative	3,580	Improved co-ordination between national and provincial level including participatory planning process, strengthened capacity to manage biodiversity on national, provincial and village level	Effective conservation at two sites of globally significant priority coastal and marine habitats; improved capacity for management of biodiversity; and support for local communities involvement in conservation activities at buffer zones of two pilot sites and other areas of recognized ecological importance.
	Incremental	2,200		
Sustainable Private Sector Development	Baseline	960	Attracting private sector investment for tourism, with the local population directly and indirectly benefiting. Establishment of a transparent process to evaluate bids for concessions	
	GEF Alternative	1,310	Strengthened capacity and experience in international upmarket ecotourism segment.	Replicable experience from pilot activities in attracting private investors for ecologically sound tourism and sustainable use of natural resources, with the aim of establishing financial incentives for sustainable use of resources in the tourist industry. Best practice guidelines for CZM private tenders would be developed for replication
	Incremental	350		
Training and Public	Baseline	420	Strengthened capacity to for integrated coastal zone planning and management	

Awareness			of natural resources particularly on provincial level; raising public awareness, creating project ownership of local stakeholders	
	GEF Alternative	700	Strengthened capacity to assess and manage biodiversity and natural resources particularly on provincial level; raising public awareness of globally significant biodiversity.	Improved capacity for biodiversity conservation and management at national and local levels for decision makers, managers and stakeholders. Incorporation of the global biodiversity elements and promotion of co-management of natural resources through public awareness campaigns.
	Incremental	270		
Project Management/ Monitoring & Evaluation	Baseline	2,380	Effective coordination and implementation among various involved institutions and stakeholder participation	
	GEF Alternative	3,280	Monitoring and evaluation of project	Successful implementation and coordination of GEF activities; incorporation of global biodiversity indicators in project-wide M & E
	Incremental	900		
Totals	Baseline	6,520^a		
	GEF Alternative	10,630		
	Incremental	4,110		

^a Includes US\$0.84 M ROM contribution.

Annex 5: Financial Summary

Mozambique Coastal and Marine Biodiversity Management Project

Investment and Recurrent Expenditures

The summary of investment and recurrent costs during the implementation period of the project is set out below. The overall investment cost will be US\$7.7 million, with recurrent costs amounting to US\$2.9 million over the four-year period. Following the implementation of the project, since the project is designed to be a pilot operation in advance of further investment in biodiversity conservation within the overall context of coastal zone management and development, the additional investment and recurrent costs for an expansion phase cannot be determined at this time. However, the project will establish two field stations for environmental management coordination and biological monitoring, and the recurrent costs of maintaining and operating these stations will need to be met from the budgets of the institutions responsible, MICOA and UEM. It is estimated that the recurrent costs of the two stations would be in the region of US\$50,000 p.a. for salaries and allowances for station-based maintenance and management staff, supplies, consumables and repairs.

Community Micro-Enterprise Viability

The nature of the micro-projects will be identified at the end of the strategic development planning exercise, and would be expected to fall into two broad categories: (i) those that involve alternative sustainable use of the coastal and marine resources - examples would be improved artisanal fishing, ornamental fish, sea cucumber harvesting, seaweed culture; (ii) those that would emerge on the back of private sector eco-tourism development - examples would be community tourism, arts and crafts, food supply to hotels, transport. The exact nature of these enterprises is not known and can take many forms. One of the criteria for approval of support to specific projects would be a case-by-case financial analysis that demonstrates the financial viability of the activity, and estimates the changes in family/household incomes that may be expected.

Fiscal Impact

The Government will finance approximately US\$0.8 million of the project costs by way of costs of Government staff assigned to project, and the notional costs of office facilities and utilities. Overall, the budgetary impact of this is neutral. There are some incremental recurrent costs for the two field stations and, whilst this does have budgetary implications for the Ministries involved, these amounts are relatively small size are not significant with reference to overall budget levels. The private sector investment that would be promoted by the project would be expected to generate taxation revenue for the Government, both during the investment stage on equipment, works, etc, and into the operational stage through corporate taxes.

External financing of the project will be through a GEF grant (US\$4.1 million) and an IDA credit (US\$5.6 million).

Annex 5: Financial Summary
(in US\$ million)

	Implementation Period (Calendar Year)					Total
	Year 1	Year 2	Year 3	Year 4	Year5	
Project Costs						
Investment Costs	1.98	1.87	1.81	1.16	0.32	7.14
Recurrent Costs	0.73	0.69	0.67	0.43	0.12	2.64
Total Project Costs	2.71	2.56	2.48	1.59	0.44	9.78^a

^aExcludes US\$0.84 M ROM contribution

Annex 6: Procurement and Disbursement Arrangements

Mozambique: Coastal and Marine Biodiversity Management Project

A. Financial Management - Introduction

The project's financial management systems must support management in the deployment of limited resources with the purpose of ensuring economy, efficiency and effectiveness in the delivery of outputs required to achieve desired outcomes. The achievement of this objective will not be easy, given the limited skilled manpower and experience in MICOA both in Maputo and in the provinces in which the Project is to be implemented. The following discussion therefore divides development and implementation of a financial management system for the Project into three parts, namely: (i) from Negotiations to Project Effectiveness; (ii) from Project Effectiveness to the beginning of LACI implementation, currently estimated to be about 18 months after Project Effectiveness; and (iii) the LACI period covering the remainder of Project implementation.

There is an existing financial management system in place in MICOA that was developed to support UNDP budgetary/accounting requirements, as several large donor grants earmarked for support to MICOA, are managed by UNDP. This system is considered adequate as an "interim" financial management system until such time as MICOA, through its Finance and Procurement Section (FPS) can assume full financial control and operate under LACI guidelines. This existing system is "Ministry-wide" and appears to produce satisfactory audit reports. Based on the information collected during Project Preparation, and agreements reached with, and actions to be taken by the Republic of Mozambique as described below, the Project is expected to be compliant with Bank financial management requirements as described in BP 10.02 by Effectiveness.

B. Evolution of Project Financial Management

Existing financial reporting formats used by MICOA have been designed in line with the particular requirements of the UNDP. Although these are similar to those of the Bank, they will require some adaptation and modification to be completely compliant with CMBMP-LACI needs. This is particularly true of the initial period between Project Effectiveness and at least 24 months into Project implementation. During this period, it not expected that financial management systems will have advanced enough to permit Project Management Reporting (PMR) as described in the LACI Handbook, September '98. Thus, for the short to medium-term, existing disbursement procedures as outlined in the World Bank's Disbursement Handbook will be followed. These include Direct Payment, Reimbursement and Special Commitment. The development of financial management systems for the Project, in accordance with the Financial Management Action Plan presented in section "D" below, is expected to facilitate the introduction of PMR-based disbursements commencing twenty-four months after Effectiveness.

The Project will finance an external Financial Management Systems consultancy to support this process. This consultancy will be at the heart of developing a LACI-based system of financial accounting and cover the transition between Effectiveness and LACI. This consultant will assist the MICOA/FPS to gradually become independent of the main MICOA financial management department that is tasked with addressing interim financial management needs of the Project.

The terms of reference for this consultancy have been agreed and form part of the Project Implementation Plan. The procurement of the consultancy is underway, and services are expected to begin very soon after Effectiveness. The main outputs from this consultancy will be: (i) A review of the existing financial

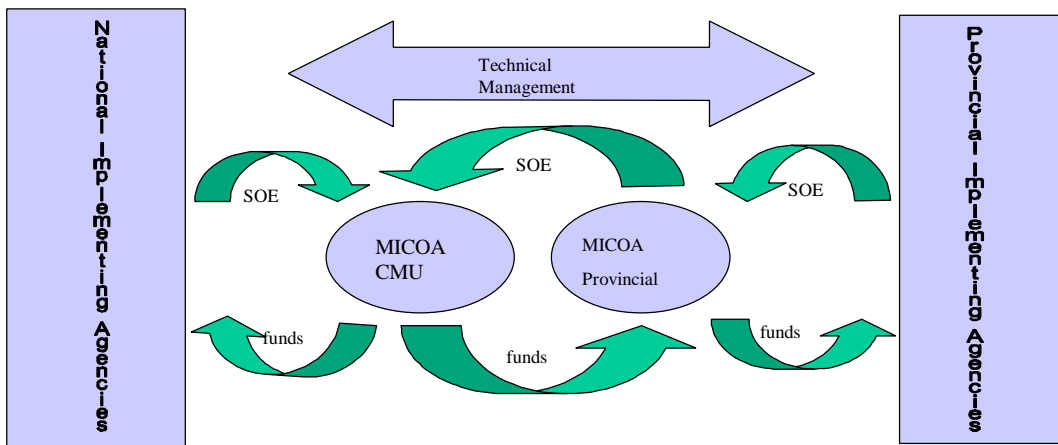
management and reporting procedures within the MICOA, particularly with reference to activities undertaken by MICOA; (ii) Preparation of recommendations for systems and procedures needed to ensure that CMBMP financial management satisfies all requirements of the World Bank and the Republic of Mozambique; and (iii) Production of an agreed Procedures Manual and operational computer-based system for accounting and financial management including staff training.

Flow of Funds

Since the expertise and sectoral authority needed to implement the Project is largely in Maputo, the technical responsibility for implementation of each Project component will rest with the appropriate line ministries. However, actual work, including significant manpower and administrative contributions from local government staff, will be undertaken several thousand kilometers from Maputo in the two northernmost provinces of the country. To ensure that funds flow in an efficient manner, it is necessary to separate flow of funds from the technical management of the different Project components.

From a technical perspective, line ministries are expected to develop annual workplans, including technical and financial details of what is to be done and by whom. These “national” agencies are to prepare these reports in association with their analogous provincial/district counterparts. Annual workplans and budgets will be agreed with the National and Provincial Technical Committees before being submitted to the National Steering Committee for approval.

Annual workplans will then be supplemented by detailed quarterly workplans and budgets upon which requests for funds to support the quarterly activities will be made to MICOA. These detailed workplans and budgets will be reviewed by the Provincial Steering Committee and form the basis of advances to implementing agencies. Funds will be issued on a quarterly basis, but receipts and other required evidence of expenditures by line ministries and local government agencies are to be sent to the MICOA/FPS on a monthly basis. Each provincial office will prepare a monthly statement of expenditures to account for the use of funds during the month, to be submitted to the Finance and Procurement Adviser in Maputo within 15 days following the end of the month. In addition, consolidated quarterly statements of expenditures and reconciliations with advances to these accounts will be prepared, and submitted to the Finance and Procurement Adviser in Maputo within 15 days following the end of the quarter (see the following figure).



Project Accounts

MICOA will be operating two Special Accounts. One will be for GEF funds, and the other for IDA funds. The initial deposits will be US\$300,000 for the GEF Special Account and US\$300,000 for the IDA Project Account. These are approximately equal to 4-5 months expected forward disbursements, as averaged over the life of the Project. These accounts will be opened in US dollars and operated by the CMBMP Project manager (or other signatory approved by the Government and the Bank). The establishment of these accounts will be a condition of Effectiveness. The Project will also open a Current Account in Meticaís at a commercial bank in Maputo acceptable to the World Bank and the Government into which drawdowns from the Special and IDA Project Accounts will be credited for Project financing and administrative expenses. Local Government counterpart funds are expected to total \$840,000 and generally be “payment in-kind”. These in-kind payments could include salaries of Government staff working on the Project, office overheads, some local travel, local duties and taxes, etc.

The Procurement Plan for the Project has generally been designed to allow 100% financing of goods, works and services from either GEF or IDA funds. This will allow easy identification/tractability of flow of funds and simplify disbursement from the GEF Trust Fund and IDA Credit Accounts.

MICOA has a provincial-level office in each of the Project sites. Funds identified in quarterly budgets that are to be utilized by provincial/district staff will be transferred, as a block covering all expected provincial/district expenses for the quarter, from the Current Account (Meticais) in Maputo to provincial operating accounts in Nampula and Pemba (Meticais). These accounts are to be opened in banks acceptable to MICOA and the World Bank, shall be under the control of the provincial arm of MICOA and the provincial government (issuing authority will require both signatures), and be for the exclusive use of the Project. Establishment of Provincial Accounts will be a condition of Effectiveness.

In the period between Effectiveness and initiation of LACI when full financial management of the Project will shift to the MICOA/FPS, bank statements for all accounts (local and central) will be reconciled to the Project’s accounting records on a monthly basis. Reconciliations will be prepared by the Finance and Procurement Adviser, and presented to the Project Manager and the central Finance and Administration Department of MICOA on a timely basis. Identified differences will be expeditiously investigated. Control procedures will be documented in the FMP Procedures Manual.

Government Accounting - Cash Basis

The Project must meet the Treasury’s requirement for cash accounting in accordance with Treasury Accounting procedures. In the existing situation (the period leading up to Negotiations and Effectiveness), MICOA has transferred one of its financial management staff to MICOA to help with Project preparation. This person works as a bridge between MICOA and the Finance and Administrative Section of MICOA to ensure proper financial control over the existing GEF/PDF-B preparation grant. During the period leading to Effectiveness, the MICOA Finance and Administration Section will assist its MICOA/FPS establish Special and Local Project Accounts, and prepare for the beginning of Project implementation. Procurement of consultants, both within the MICOA/FPS and the provinces, is underway and is expected to be completed, with contracts ready of signature, by Project Effectiveness.

Accounting, Quarterly and Annual Reporting

While the ultimate responsibility for the presentation of project reports rests with the Finance and Administration Department of MICOA, the Finance and Procurement Adviser will prepare the draft reports. This will comprise a financial statement, project progress report and a procurement management

report. The formats for these reports will be in accordance with the Bank's Loan Administration Change Initiative (LACI). These formats will apply from the date of Effectiveness, although disbursements will not be made on the basis of these reports until successful implementation of the Financial Management Action Plan. Annual project accounts will be prepared at the end of each fiscal year (December 31) by MICOA's Finance and Administration Department (with the assistance of the MICOA/FPS) in line with generally accepted accounting principles which would represent a consolidation of the quarterly project management reports. The financial management manual of MICOA will be printed and available to the MICOA/FPS. A copy of the Manual will also be transmitted to the Bank (Resident Mission Disbursement Officer) by Negotiations.

Financial Statements

The draft Financial Statements to be prepared by the MICOA/FPS to be submitted to the Finance and Administration Department of MICOA, and the Project Manager, for review will include:

- A statement of use of funds by activity/component for all funds (GEF and IDA);
- Notes in respect of: (i) significant accounting policies and accounting standards adopted by management when preparing the accounts; and (ii) any supplementary information or explanations that may be deemed appropriate by management in order to enhance the presentation of a "*true and fair view*".
- Special Account Statement/Reconciliation showing deposits and replenishments received, payments substantiated by withdrawal applications, interest that may be earned on the account and the balance at the end of the fiscal year.
- A cash forecast for the next 2 quarters.
- Descriptions of the financial statements are outlined in two World Bank publications, i.e. Financial Accounting Reporting and Auditing Handbook (FARAH, January 1995) and The Loan Administration Change Initiative Handbook (LACI, September 1998).
- An Assets Register, including all fixed assets and equipment, will be prepared, regularly updated and checked. This aspect is included in the terms of reference for the Financial Management Systems consultancy. Control procedures over assets, consulting services and civil works will be documented in the FMP Procedures Manual.

Internal and External Audit

All project accounts and financial management functions would be subject to the normal MICOA internal audit procedures. This includes project accounts held by implementing agencies. In addition, a relevantly qualified, experienced and independent auditor will be appointed to audit the expenditures financed under the GEF grant and IDA credit, on terms of reference acceptable to the Bank. The external auditors will also be responsible for preparing the required audit of the PDF-B grant from GEF. The cost of this audit is included in the Project budget. External auditors will therefore be identified by Effectiveness and a contract signed no later than 6 months following Effectiveness. The external auditor will be expected to prepare a separate **Management Letter** giving observations and comments, and providing recommendations for improvements of accounting records, systems, controls and compliance with financial covenants. Audited accounts and statements will be submitted to the Bank within six months following the end of each Mozambican fiscal year. An outline for the terms of reference has been prepared.

C. Institutional Strengthening

Project Manager/MICOA

Once the Project becomes Effective, the Government-appointed Project Manager will have, as one of his responsibilities, the oversight of all matters relating to the management of project funds (GEF and IDA) and accounting for their use. However, it is unlikely that the Project Manager or the MICOA finance group to be established for the Project, will have the capability to assume full financial responsibility at Project Effectiveness. From Negotiations until the initiation of LACI, approximately 24 months into Project implementation, financial management will rest with the existing Finance and Administration Department of MICOA. A Finance and Procurement Section (FPS) will be established in the MICOA by Project Effectiveness, and will be responsible for ensuring that financial management and reporting for CMBMP is carried out in a manner acceptable to all parties. This includes taking all actions need to ultimately implement the PMR-based disbursement procedures. The FPS will report directly to the Finance and Administration Department of MICOA.

Staffing/Capacity Building

The FPS will comprise a Project Finance and Procurement Adviser, a Project Accountant and a Bookkeeper. Job descriptions for these posts have been agreed and form part of the Project Implementation Plan document. The confirmation by MICOA of appointments to these positions, acceptable to the World Bank, is a condition of effectiveness, and the Government will give an assurance that these posts will be filled by appropriately qualified and effective staff for the duration of the project. Since several agencies will be responsible to MICOA for implementing different components, they will also be responsible for the financial management of funds for activities for these components. These responsibilities will be set out in the Memorandum of Understanding between MICOA and each agency.

At provincial level, two financial consultants will be engaged by the project. Use of consultants is necessary because there are no suitable ROM staff available to fill these positions. These consultants will be stationed in the provincial MICOA office (one consultant for each province). Their duties will be to manage and account for project funds at the provincial/district level. These two consultants will oversee the disbursement of funds to the two district administration offices for the project's activities in the pilot sites, and will supervise two bookkeepers at these offices. The bookkeepers will be existing district administration staff who will take on this additional responsibility. Terms of reference for these two consultants and a description of duties of the district-level staff have been prepared. Procurement of these consultants should have resulted in identification of successful candidates by Effectiveness. It is expected that contracts with these successful candidates will be signed as soon as practicable after Effectiveness.

D. The Financial Management Action Plan

Actions and Timing

The action plan below describes actions and milestones that will need to be achieved in a process moving towards PMR-based disbursements, and a Financial Management Systems consultancy will begin at project effectiveness to support this process. The main outputs from this consultancy will be a review of the existing financial management and reporting procedures within the MICOA, recommendations on systems and procedures for CMBMP financial management to ensure acceptability by the World Bank, and the Government, an agreed Procedures Manual, and an operational computer-based systems for accounting and financial management.

Actions, Timing and Responsibilities under the Financial Management Action Plan for PMR-based Disbursements

Time	Action	Responsibilities
1 Jan 2000 (assumed date for grant effectiveness)	<ul style="list-style-type: none"> Finance and Procurement Specialist appointment confirmed Start of financial systems consultancy 	MICOA CMZU to ensure award of consultancy contract
1 Feb 2000	<ul style="list-style-type: none"> Part I of Financial Systems Review Complete – report to CMBMP project management group 	Consultancy firm
1 Mar 2000	<ul style="list-style-type: none"> Part II of Financial Systems Review Complete Report to CMBMP project management group 	Consultancy firm
1 Apr 2000	<ul style="list-style-type: none"> Review and modification/acceptance of Part II report and Procedures Manual 	Project Manager, FPS staff, Financial and Procurement Adviser, World Bank, other donors
1 May to 30 June 2000	<ul style="list-style-type: none"> Systems installation and start-up, testing and training 	Consultancy firm
1 July to 31 Dec 2000	<ul style="list-style-type: none"> Trial PMR-based reports produced in parallel with existing accounting and procurement procedures – for review by World Bank 	FPS, World Bank and other donors to review/agree on content and integrity of systems and reports
1 Jan 2001	<ul style="list-style-type: none"> First external audit of project accounts (for the period 1 Jan to 30 Dec 2000 – report due by 30 March (including expenditures under the PDF B grant) 	External Auditor
1 Apr to 30 June 2001	<ul style="list-style-type: none"> Final test of PMR reporting systems, reconciliation at year end between standard disbursement and withdrawal systems with PMR-based data 	FPS
1 July 2001	<ul style="list-style-type: none"> PMR-based disbursement fully introduced 	FPS

Internal Controls/Finance, Administration, Procurement & Procedures Manual

FPS's internal control procedures will be documented in the Project's Financial Management and Procurement Procedures Manual (FMP Procedures Manual) to be prepared with the assistance of the external Financial Management Systems consultancy. These procedures would be rigorously enforced by the Project Manager under the overall review of the internal audit function of MICOA, reporting to the Permanent Secretary, and subject to regular external audit (see above). These controls will comprise of policies and procedures adopted by management to assist it in achieving its objectives of ensuring, as far as possible, the orderly and efficient conduct of its operations, including:

- Adherence to management policies, laws and regulations
- Safeguarding of assets
- Prevention and detection of fraud and error
- Promoting orderly, economic, efficient and effective operations consistent with Project objectives
- Accuracy and completeness of the accounting records
- Timely preparation of financial information.

A guideline for the contents of the manual has been prepared.

Information Technology

Beginning 1 May 2000, the project's computer-based financial systems (software using existing hardware, and necessary training) will be implemented by the Financial Management Systems consultancy. These systems would be expected to be standard software applications that can be modified to handle the financial requirements of the project and produce reports in the format required for PMRs. The consultants will be expected to provide support for a period of three months for modification, testing and on-the-job training to FPS staff.

Project Management Report Content

In accordance with the LACI handbook, the PMR will be a quarterly document that will comprise:

- **Financial Statements**, as discussed above. The Finance and Administration Department of MICOA, and the Project Manager will review Quarterly and Annual Financial Statements; they will also examine material variances between budget/actual figures - seeking remedial action, as appropriate, within an agreed timeframe.
- **Project Progress, i.e. Output Monitoring Report (OMR)**. The format and details of the OMR will need to be developed in harmony with the agreed indicators as set out in the Project Appraisal Document. An important aspect of the OMR will be the accompanying narrative interpreting the Project's progress with agreed financial performance indicators and how costs to date relate to that planned at appraisal, and its likely effect on the Program at its completion.
- **Procurement Management** (including Goods, Works and Consulting Services) in accordance with guidelines contained in the LACI handbook.

E. Procurement

All procurement except National Shopping for very small items will be centrally located and managed through the MICOA Coastal Zone Management Unit. The Government's Project Manager assumes responsibilities for the quality of procurement, but will be assisted by a dedicated financial/procurement assistant (also a Government staff). Bid/Proposal evaluation is the responsibility of the MICOA Ministerial Tender Board.

Assessment of Agency Procurement Expertise

A "Procurement Accredited Staff" undertook a basic assessment of the ability of the implementing agency (MICOA and the implementing group within the Ministry- i.e. the Coastal Zone Management Unit) to conduct necessary procurement of goods, works and services. Generally, the level of procurement experience and capability is very limited in MICOA (nor, generally is it great in

Mozambique). However, the amount of procurement in this Project is neither great nor particularly demanding.

Legal Aspects- MICOA has a central procurement unit established to manage procurement under Ministry budgetary support provided by the Government of the Netherlands. Under the Grant Agreement between the Government of the Netherlands and the Government of Mozambique, disbursement of these funds is managed by the UNDP office in Maputo. UNDP rules related to disbursement requires that procurement be undertaken according to UNDP guidelines. Other IDA/GEF Projects currently under successful implementation, including procurement of goods, works and services, include The National Program for Forestry and Wildlife, National Biodiversity Strategy and Action Plan, and the Transfrontier Conservation Areas Management Projects. The MICOA Coastal Zone Management Unit is a Government Agency and is therefore entitled to act on behalf of the Government as its implementing agency. The CMBMP will act as the central procurement agency for all Government departments participating in the Project. This ensures clarity, predictability and consistency in procurement under the Project. Evaluation of tenders/proposals will be by the established Ministerial Tender Board of MICOA.

Procurement Cycle Management- Although the MICOA's Coastal Zone Management Unit's activities are supported by MICOA's central procurement unit, it's ability to procure under IDA/GEF processes is somewhat questionable without additional resources. What is needed is to design and adopt measures to support the MICOA Coastal Zone Management Unit so that it can fulfil its role as lead procurement agency in the Project. These measures include:

- The bulk of goods, works and services (particularly those larger contracts to be procured through international competition) will be procured, up to but not including contract signing, during Project Preparation. The Bank Team includes a Procurement Accredited Staff, who has and will continue to provide training and help to the MICOA Project manager and component leaders prepare draft Request for Proposals and Bid Documents. Draft Requests for Proposals for key consultancies and bid documents for vehicles, boats and motors, computers and office equipment and construction of a field station at Cabo Delgado have already been prepared and in most cases, already issued;
- A Procurement consultant is included in the cost of the Project to provide periodic help to MICOA during the life of the Project. Procurement of this advisor is currently underway, and should be completed immediately after Project Effectiveness;
- Intensive, formal training in procurement at an internationally recognized training institute will be provided to at least two staff of the Department of Tourism (DINATUR). Consultants helping DINATUR with the Private Sector Development Component of the Project will also be providing on-the-job training of Government counterparts in procurement methods (including prequalification and bid evaluation).

The Coastal Zone Management Unit will, after it has been strengthened according to the actions described above, will be responsible for:

- Receiving and reviewing technical specifications and terms of references from the various implementing agencies requiring procurement of goods/works/services;
- Advertising and conducting the bidding process;
- Preparing bid documents and requests for proposals;
- Recorder of claims and dispute resolutions;
- Signatory of contract documents and addenda and amendments;
- Acting as convener/recorder of bid openings and completion of key steps in the procurement process; and
- Holder of comprehensive disbursement data.

The Ministerial Tender Board will assume responsibility over:

- Bid Evaluation Reports;
- Formal appeals by bidders and outcomes.

Risk Assessment- Given that the majority of large, international procurement will be essentially completed before the Project can be declared “effective”, the procurement related risk is low. This risk is expected to be further minimized by inclusion of consultant assistance (procurement and project management) within the Coastal Zone Management Unit, and additional assistance to it from the central procurement unit of MICOA.

Procurement methods (Table A)

The Finance and Procurement Adviser and members of the support staff will be conversant with Government and World Bank procurement procedures, as internal control issues and the incurring of liabilities on behalf of CMBMP will be matters of particular concern to the financial management function. It is particularly important that Government procedures in relation to incurring contractual commitments must be strictly observed.

Procurement procedures, which must comply with World Bank and Government requirements, will be documented in the FMP Procedures Manual. Procurement of goods, works and services financed by the GEF grant and IDA Credit will follow the World Bank’s “*Guidelines for Procurement under IBRD Loans and IDA Credits*” dated January 1995, and revised January 1999 (for works and goods), and the “*Guidelines for Selection and Employment of Consultants by World Bank Borrowers*” dated January 1997 (for services) and revised in January 1999. The World Bank’s standard bidding documents will be used whenever appropriate. The Bank’s “*Standard Request for Proposal-Selection of Consultants*” (dated July 1997, revised April 1998) will be used whenever relevant. Procurement using ROM counterpart funds will be carried out in accordance with local rules, which provide for economy and efficiency. Procurement thresholds are as follows:

- International Competitive Bidding (ICB) if the estimated contract value per package is more than US\$100,000 for goods and US\$500,000 for works;
- National Competitive Bidding (NCB) if the estimated contract value per package is less than US\$100,000 for goods and less than US\$500,000 for works.
- International shopping (IS) in accordance with IDA guidelines, on the basis of at least 3 quotations from reputable suppliers in two different countries, if the estimated cost per package is less than US\$50,000 up to an aggregate amount not to exceed US\$100,000. As an alternative to IS, Inter-Agency Procurement Services Office (IAPSO) procurement procedures may be followed;
- National Shopping Procedures (NS) in accordance with IDA Guidelines, on the basis of at least 3 quotations from local suppliers, if the estimated cost per package is less than US\$20,000.

Special note regarding procurement:

Goods. Contracts for goods, including vehicles and equipment, would be grouped into packages of more than US\$100,000 where possible, so that they can be procured through ICB for maximum cost efficiency.

Prior review thresholds (Table B)

All procurement packages for civil works, goods, supplies, materials and maintenance contracts with an estimated contract value of above US\$100,000 will be subject to prior review. All consulting contracts

with firms with a contract value above US\$100,000, or with individual consultants with a contract value above US\$50,000 will be subject to prior review. All terms of references for services to be procured under the Project will also need prior review, and the first three contracts for consulting services processed under the GEF grant or IDA Credit should be subject to the Bank's prior review irrespective of their value.

D. Disbursement

Interim Arrangements

Existing World Bank disbursement and withdrawal procedures (i.e. Direct Payment, Reimbursement and Special Commitment), as outlined in the World Bank's Disbursement Handbook, will be followed until December 1, 2001, 24 months following credit effectiveness. Starting December 1, 2001, disbursements will switch to the PMR-based disbursement system. Procedures will follow LACI guidelines and be detailed in the Procedures Manual to be prepared as part of the Financial Management Action Plan.

For Goods Contracts (i.e. vehicles, equipment) costing more than US\$100,000, the Bank will arrange payment by letter of credit. For consultant contracts costing more than US\$100,000 equivalent for firms, and more than US\$50,000 for individuals, and for works contracts with a value greater than US\$100,000, the Bank will make direct payments upon request by MICOA, when supported by valid "no objection letters" and contracts on file in the Bank.

Disbursements based on Statement of Expenses (SOEs) will be used for: (i) goods below US\$100,000; (ii) works with a value less than US\$100,000; (iii) consultant services when less than US\$50,000 when with an individual, and less than US\$100,000 when with a company; (iv) awareness, public relations and tender promotion activities when less than US\$100,000; (v) conferences, workshops and seminars; (vi) periodic payments to universities in support of higher education studies; (vii) village grants for microprojects; and (viii) recurrent Project operating costs. All supporting documentation, including contracts, procurement information and evidence of payment will be kept at the Project management offices in MICOA (FPS) for review by the Bank and independent auditors.

Allocation of credit/grant proceeds (Table C)

The allocation of GEF Grant and IDA Credit proceeds is shown in Table C.

Annex 6
Table A: Project Costs by Procurement Arrangements*
(in US\$ Million Equivalent)

Expenditure Category	Procurement Method							Total Cost (including Contingencies)	
	ICB		NCB		Other		N.B.F.		
	IDA / GEF	IDA / GEF	IDA / GEF	IDA / GEF	IDA / GEF	IDA / GEF	ROM	IDA / GEF	
1. Works	0.00	0.00	0.43	0.43	0.00	0.00	0.00	0.43	0.43
	(0.00)	(0.00)	(0.36)	(0.08)	(0.00)	(0.00)		(0.35)	(0.08)
2. Goods	0.43	0.43	0.07	0.07	0.00	0.00	0.00	0.50	0.50
	(0.00)	(0.43)	(0.00)	(0.07)	(0.00)	(0.00)		(0.00)	(0.50)
3. Services	0.00	0.00	0.00	0.00	4.61	4.61	0.00	4.61	4.61^c
	(0.00)	(0.00)	(0.00)	(0.00)	(2.59)	(2.02)		(2.59)	(2.02) ^a
4. Goods, Works & Services for Microprojects	0.00	0.00	0.00	0.00	1.10	1.10	0.00	1.10	1.10
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(1.10)		(0.00)	(1.10)
5. Miscellaneous & Proj. Mgt.									
Proj. Mgt. And Evaluation	0.00	0.00	0.00	0.00	1.62	1.62	0.84	2.46	2.46
	(0.00)	(0.00)	(0.00)	(0.00)	(1.21)	(0.41)		(1.21)	(0.41)
Recurrent Costs	0.00	0.00	0.00	0.00	1.35	1.35	0.00	1.35	1.35
	(0.00)	(0.00)	(0.00)	(0.00)	(1.35)	(0.00)		(1.35)	(0.00)
6. Unallocated	0.00	0.00	0.00	0.00	0.15	0.00	0.00	0.15	0.15
	(0.00)	(0.00)	(0.00)	(0.00)	(0.15)	(0.00)		(0.15)	(0.00)
Total	0.43	0.43	0.50	0.50	8.83	8.83	0.84	10.60^b	10.60^b
	(0.00)	(0.43)	(0.36)	(0.15)	(5.35)	(3.53)		(5.65)	(4.11)

Note:

Figures in parenthesis are the amounts to be financed by the GEF grant and IDA credit.

N.B.F. = Not Bank-financed (includes Government expenditures and elements procured under parallel cofinancing procedures, consultancies under trust funds, any reserved procurement, and any other miscellaneous items).

^a includes Local Shopping

^b includes Government contribution (US\$0.84)

^c includes US\$350,000 received under PDF-B grant

* For details on presentation of Procurement Methods, refer to OD11.02, "Procurement Arrangements for Investment Operations". Details on Consultant Services can be shown more easily in the Table A1 format (additional to Table A, where applicable).

Annex 6
Table A1: Consultant Selection Arrangements (optional)
(in US\$ million equivalent)

Consultant Services Expenditure Category	Selection Method							Total Cost (including contingencies)
	QCBS	QBS	SFB	LCS	CQ	Other	N.B.F.	
A. Firms								
Spatial Dev. Plan Preparation	0.25							
NGO Community Develop.						0.39*		
Rapid Rural Appraisal					0.04			
UEM Studies						0.10**		
Pollution Spill Assessment	0.27							
Community Assessment	0.12							
Private Sector Tender Prep.	0.97							
Special Conserv. Studies	0.30							
Auditors	0.11							
Fin. Services to Proj. Admin.					0.06			
Monitoring & Evaluation	0.25							
Spatial Dev. Plan/Conserv. Social Advisors						0.37***		
B. Individuals								
Spatial Dev. Plan Advisors					0.07			
Translators						0.01		
Conservation Advisor					0.15			
Specialist Conservation Advisors					0.28			
Conservation Field Coord. (2)					0.15			
Prov. Financial Advisors (2)					0.05			
Project Management Advisor					0.18			
Finance/Procurement Advisor					0.08			
Total	2.27				1.06	0.87	0.0	4.20 ^a

Note: QCBS = Quality- and Cost-Based Selection; QBS = Quality-based Selection; SFB = Selection under a Fixed Budget; LCS = Least-Cost Selection; CQ = Selection Based on Consultants' Qualifications; Other = Selection of individual consultants (per Section V of Consultants Guidelines), Commercial Practices, etc; N.B.F. = Not Bank-financed. Please be aware of "rounding" errors.

a Does not include the \$350,000 PDF-B grant, which was mainly "services", and already expensed. Total services would therefore be approximately \$4.6 million when including the PDF-G grant.

* Consultancy tailored to community involvement and appropriate only for Non-government Organizations that are already active in the Project area. As the Project area is remote, there is only a single NGO with suitable skills and experience that operates in the Project area. Accordingly, and in compliance with paragraphs 3.9 and 3.14 of the "Guidelines for Selection and Employment of Consultants by World Bank Borrowers" single sourcing of an NGO is appropriate.

** Consultancy linked to impartial monitoring of Project "indicators of success". Requires unique mix of scientific and local knowledge of Project area. To be single sourced to the University of Eduardo Mondalane under conditions specified under paragraph 3.9 (d) because the University staff is uniquely qualified to serve as an impartial monitoring group, and paragraph 3.10 of the "Guidelines for Selection and Employment of Consultants by World Bank Borrowers" as monitoring of indicators of success will be a long-term operation and need to extend beyond the life of the CMBMP.

*** Consultancy to be single sourced to Impacto Consulting as a natural continuance to the work they have done on conservation and social participation studies during Project preparation. Impacto is also the only commercial environmental consulting firm with sufficient experience in the northern part of Mozambique to adequately fulfill the proposed assignment. Paragraph 3.9 (a) and (d) of "Guidelines for Selection and Employment of Consultants by World Bank Borrowers" is relevant in this case.

Annex 6
Table B: Thresholds for Procurement Methods and Prior Review^a

Category	Prior Review Threshold	Procurement Threshold-Method/Amt	Estimated Amount	Procurement Method	Documents Required	Prior Review Amt.	Total Amount
1. Works							
Cabo Delgado and Nampula field Sts. Plus Misc. civil works	>100,000	ICB/>500,000	180,000 180,000	NCB NCB	Full Docs Full Docs	180,000 180,000	430,000
	>100,000	NCB/<500,000	70,000	NCB	None	-----	
2. Goods							
Boats, office ,etc Field Equipment	>100,000 >100,000	ICB/>100,000 NCB<100,000 IS>50,000 NS<20,000	430,000 70,000	ICB NCB/IS/NS	Full Docs None	430,000 -----	500,000
3. Services							
Consultant Company	>100,000	QCBS>100,000	2,270,000	QCBS	Full Docs	2,270,000	4,670,000
Individual Consultants	>50,000	CQ<100,000 & for individual consultants	1,040,000	CQ	Full Docs or TOR's for smaller contracts	910,000	
Misc. Consultancies (including microprj. conslt)		Not Applicable	860,000	"Other"		-----	
Training			500,000	Not applicable	Yearly training Plan only	500,000	
4. Miscellaneous							
Operating Exp. (including misc. investment costs for local shopping)		NS <20,000 and Travel and per diem of government staff not requiring prior review	3,100,000	Not Applicable		-----	4,200,000
Goods, works and services for microprojects		Subject to conditions in micro-project manual	1,100,000	Limited NCB	Full proposal by community	1,100,000	
Total						5,570,000	9,800,000^a

^a Thresholds generally differ by country and project. Consult OD 11.04 "Review of Procurement Documentation" and contact the Regional Procurement Adviser for guidance.

Annex 6
Table C: Allocation of Credit/Grant Proceeds

Category	Amount in US\$ Million		Financing Percentage
	IDA	GEF	
1. Works	0.4	0.1	100% of foreign expenditures; 85% of local expenditures
2. Goods (motors boats, etc.)	0.0	0.5	100%
3. Consultants' services and training	2.6	2.0	100%
4. Goods, works and services for Community Development micro projects	0.0	1.1	100% of foreign expenditures 85% of local expenditures
5. Operating costs	2.5	0.4	100% of foreign expenditures 85% of local expenditures
6. Unallocated	0.1	0.0	
Total	5.6	4.1	

Annex 6
Table D1: GEF Yearly Estimated Disbursements

	2000	2001	2002	Totals Inc 2003
A. Spatial Strategic Development Plan				
Land Use/Land Capability	112,084	-	-	-
Social Assessment	5,063	-	-	-
Identification of Biodiversity Conservation Areas	126,563	-	-	-
Subtotal Spatial Strategic Development Plan	243,709	-	-	-
B. Biodiversity Conservation and Sustainable Community Development				
Conservation Areas Management	258,962	289,799	331,930	221,145
Biological Monitoring	578,897	-	-	-
Community Participation and Development Fund	181,582	209,617	536,113	521,548
Subtotal Biodiversity Conservation and Sustainable Community Development	1,019,441	499,416	868,042	742,693
C. Private Sector Development				
Investment Tender	68,850	-	-	-
Subtotal Private Sector Development	68,850	-	-	-
D. Training and Public Awareness				
E. Project Management and Monitoring and Evaluation				
Implementation Coordination	410,244	-	-	-
Subtotal Project Management and Monitoring and Evaluation	410,244	-	-	-
	1,742,243	499,416	868,042	742,693
Estimated GEF Disbursements				
Annual	1,742,243 ^a	499,416	868,042	742,693
Cumulative	1,742,243	2,241,659	3,109,702	3,852,395

^a includes the \$350,000 PDF-B grant expended during Project preparation and which will be included in the first year's audit.

Annex 6
Table D2: IDA Yearly Estimated Disbursements

	2000	2001	2002	Totals Inc 2003
A. Spatial Strategic Development Plan				
Land Use/Land Capability	274,104	259,131	10,840	2,879
Social Assessment	88,634	115,291	1,755	-
Identification of Biodiversity Conservation Areas	61,560	225,813	197,068	1,151
Review Process	-	90,601	171,276	9,595
Subtotal Spatial Strategic Development Plan	424,298	690,836	380,939	13,625
B. Biodiversity Conservation and Sustainable Community Development				
Conservation Areas Management	-	-	-	-
Biological Monitoring	-	50,189	51,443	52,729
Community Participation and Development Fund	-	-	-	-
Subtotal Biodiversity Conservation and Sustainable Community Development	-	50,189	51,443	52,729
C. Private Sector Development	199,949	488,249	397,271	132,107
D. Training and Public Awareness	63,231	244,924	253,706	111,979
E. Project Monitoring and Evaluation	-	129,727	66,485	68,147
F. Project Management	280,710	458,900	465,586	461,361
	968,188	2,062,825	1,615,430	839,948
Estimated IDA Disbursements	968,188	2,062,825	1,615,430	839,948
Estimated GEF Disbursements	1,742,243^a	499,416	868,042	742,693
Annual	2,710,431	2,562,241	2,483,472	1,582,641
Cumulative	2,710,431	5,272,672	7,756,144	9,338,785

^a Includes the \$350,00 PDF-B grant already disbursed and which will be included in the first year's audit. Actual first year disbursement is expected to be \$2,360,431

^b does not include the \$840,000 local contribution.

Annex 7: Project Processing Budget and Schedule

Mozambique: Coastal and Marine Biodiversity Management Project

Project Schedule	<u>Planned</u> (At final PAD stage)	<u>Actual</u>
Time taken to prepare the project (months)		36
First Bank mission (identification)	05/15/1996	05/15/1996
Appraisal mission departure	07/15/1998	03/29/1999
Negotiations	04/15/1999	09/15/1999
Planned Date of Effectiveness	11/30/1999	01/01/2000

Prepared by: ROM Interagency preparation team, coordinated by MICOA

Preparation assistance: GEF PDF B, PHRD, FAO/CP

Bank staff who worked on the project included:

Name	Specialty
Indumathie Hewawasam	Current task team leader
Tanya Yudelman-Bloch	Previous task team leader/CZM specialist
William Leeds Lane	PSD and procurement specialist
Rod de Vletter	Biodiversity and NRM specialist
Agi Kiss	Principal Ecologist
Louise Scura	Biodiversity and CZM specialist
Kathryn McPhail	Social assessment specialist
Maria Aycrigg	Participation specialist
Anthony Heggarty	Financial Management specialist
Francesco Sarno	Procurement specialist
Vishvanathan Narayanaswami	Procurement specialist
Marcos Sugar	Disbursement specialist
Steve Gagnis	Disbursement specialist
Kishor Uprety	Lawyer
Jose Paulo Kastrup	Lawyer
Sofia Bettencourt	Peer reviewer
Kristin Elliott	GEF Coordinator
Christophe Crepin	GEF Coordinator
Kathy MacKinnon	GEF Biodiversity specialist
Jocelyn Herrington	Task Assistant
Ella Hornsby	Task Assistant

Non-Bank members of the project team included:

Tim Lamrock (FAO/CP)	Economist
Doug Martin (Consultant)	Social and participation specialist
Peter Burbridge	GEF STAP reviewer

Annex 8: Documents in the Project File

Mozambique: Coastal and Marine Biodiversity Management Project

A. Project Implementation Plan

B. Bank Staff Assessments

C. Other

- CMBMP Master documents
- CMBMP detailed cost tables
- Ministerio para a Coordenacao da Accao Ambiental Unidade de Gestao Costeira “ Actas do Workshop sobre Gestao da Biodiversidade Costeira e Marinha” (1998)
- National Environment Commission, “Master Programme for the Integrated Coastal Zone Management in Mozambique” (1994)
- Cordell, John, “Indigenous Peoples’ Coastal Marine Domains: Some Matters of cultural Documentation
- UNEP-OCA/PAC and CAN, “Coastal Erosion and Management Technical Background Papers and Workshop Notes” (1993)
- The Biological Diversity of Mozambique (1997)
- MICOA, IUCN, “Macrodiagnostico da Zona Costeira de Mocambique” (1998)
- Winrock International Environmental Alliance, “Environmental Issues Relevant to the Preparation of USAID/Mozambique’s Country Program Strategic Plan” (1994)
- National Contingency Plan for Oil Spills Control in Mozambique
- World Bank, “Mozambique: Urban Local Government and the Environment Sector Review” (1991)
- Sida and the World Bank, Lundin, C.G. and Linden O. ed. “Integrated Coastal Zone Management in Mozambique” (1996)
- Munslow, Barry, “Environmental Profile of Mozambique” (1992)
- Environment Working Group (GTA), “Mozambique: The Present Environmental Situation” (1990)
- Social Analysis and Participatory Approach

Annex 9: Statement of Loans and Credits
As of 12-Jul-99

Project ID	Fiscal Year	Borrower	Purpose	Original Amount in US\$ Millions			
				IBRD	IDA	Cancellations	Und
Number of Closed Projects: 20							
<u>Active Projects</u>							
MZ-PE-1767	1999	GOV	EMRO	150.00	0.00	0.00	
MZ-PE-1786	1999	GOVT. OF MOZAMBIQUE	GEN. EDUC. SEC. EXP. PRO	0.00	71.00	0.00	
MZ-PE-1799	1999		AGRIC SECTOR PEP	0.00	30.00	0.00	
MZ-PE-52240	1999	REPUBLIC OF MOZAMBIQUE	NATIONAL WATER II	0.00	75.00	0.00	
MZ-PE-39015	1998	REPUBLIC OF MOZAMBIQUE	NATIONAL WATER I	0.00	36.00	0.00	
MZ-PE-1792	1996	GOVT	HEALTH SEC RECOVERY	0.00	98.70	0.00	
MZ-PE-1780	1994	GOVT	GAS ENGINEERING(ENGY	0.00	30.00	0.00	
MZ-PE-1804	1994	GOVERNMENT	2ND ROAD AND COSTAL	0.00	188.00	0.00	
MZ-PE-1811	1994	ROM	FINANCE SECTOR CAPAC	0.00	9.00	0.00	
MZ-PE-1796	1993	GOVERNMENT	RURAL REHABILITATION	0.00	20.00	0.00	
MZ-PE-1797	1993	ROM	CAPACITY BUILDING(HU	0.00	48.60	0.00	
MZ-PE-1810	1993	ROM	LEG & PUB SEC. CAPAC	0.00	15.50	2.93	
MZ-PE-1781	1992	GOVT.	AGR. SER. REHAB.	0.00	35.00	12.30	
MZ-PE-1784	1990	GOVT	INDUSTRIAL ENTERPRIS	0.00	50.10	0.00	
Total				150.00	706.90	15.23	
				<u>Active Projects</u>	<u>Closed Projects</u>	<u>Total</u>	
Total Disbursed (IBRD and IDA):				423.40	1,098.81	1,522.21	
of which has been repaid:				0.00	7.96	7.96	
Total now held by IBRD and IDA:				841.67	1,066.36	1,908.03	
Amount sold :				0.00	0.00	0.00	
Of which repaid :				0.00	0.00	0.00	
Total Undisbursed :				408.45	23.53	431.98	

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.

Note:

Disbursement data is updated at the end of the first week of the month and is currently as of 30-Jun-99.

Annex 10: Country at a Glance

Annex 11a: Technical Review of Project Proposal

Mozambique: Coastal and Marine Biodiversity Management (CMBM)

1. Scientific and Technical Soundness of the project

The project proposal is scientifically sound in respect to the choice of locations for the planned biodiversity conservation measures. The selection criteria represent a sound cross section of environmental, social and economic factors which have a direct bearing on the conservation of the local ecosystems, their biological diversity and the human utilization of renewable natural resources.

The technical design of the project had many admirable features and the basic development objective of testing and refining an integrated approach to the planning and management of sustainable development in two coastal areas of northern Mozambique is laudable. The basic project design is sound and incorporates innovative practices in seeking to integrate economic development planning, spatial planning and conservation of coastal and marine ecosystems which form the main basis for expanding and diversifying sustainable economic activities.

There are, however, some weaknesses in the technical design which need to be strengthened if stated conservation and sustainable development objectives are to be realized. The main points which need to be considered are:

1.1 The major emphasis upon the development of strategic spatial plans that fully integrate conservation with regional development. This is a very sophisticated activity which requires established procedures for integrating different sectoral development policies, investment strategies, development plans and resources management arrangements.

Although there is mention of the need for the adoption of spatial development plans by national, provincial and district authorities, the current project documentation does not provide either a clear identification of the current development planning arrangements or an assessment of the capacity of such a system to support strategic spatial planning. It would be helpful to have a concise and robust assessment that identifies elements of the current development planning and biological conservation systems which would need to be strengthened. This would then provide a clearer sense of priorities for investment by the IBRD and how GEF funds would be used to achieve the greatest benefit. This would help put into perspective the needs for human resource capacity building to facilitate both the planning process and the ability of stakeholders to take an active and effective part in that process.

1.2 The project design emphasizes the production of two strategic spatial development plans within the first 18 months. This appears very ambitious given the shortage of well trained human resources, lack of sound information on key natural resources features of the two pilot areas, and the complexity of developing effective participatory planning where stakeholders, including local communities, can play an effective part in the formulation of development plans. It may be better to concentrate on the development of a robust strategic spatial development process, including capacity building, resources assessments, awareness building, etc., in the first 18 months and then to develop the SDPs.

There is also a need to develop a stronger procedural basis for integrating spatial plans and conservation priorities and site management plans. If these points are not better addressed, there is a danger that the plans will have to be developed by external experts, that LGU staff and others will spend their time providing consultants with information and learning little in the process, and that the plans will not be "owned" by those whose support is critical to their successful implementation. The establishment of and

integrated spatial planning process and capacity building are time consuming activities and it is not clear that sufficient resources are being devoted to these foundation type activities. Underestimation of the time and resources required suggests that the anticipated results during the 3.5 years of the project may be over-optimistic.

1.3 The role of local communities in the strategic spatial development process is mentioned in several places, but it is not fully explained how they will be enabled to take a positive part in the process of formulating and then implementing such plans.

1.4 The nature of the different stakeholders needs to be more clearly identified along with specific measures that would encourage their support for the development of the strategic spatial development process.

1.5 More information is needed on the legislative framework which could be used to support both the spatial development planning process and in-situ biological conservation. There are specific issues which need elaboration; for example, how would the project help ensure that government departments would respect and help to implement locally defined spatial development plans for the two target sites?

1.6 The staffing arrangements for the project indicate a person will be hired to facilitate coordination among the different sectoral bodies associated with the strategic spatial development process for the two pilot areas. Is there an established official process for coordination? If not, then this one person will have a virtually impossible task.

2. Identification of the Global Environmental Benefits and/or Drawbacks

The stated global objective of the CMBMP is to ensure the effective protection of globally significant coastal and marine habitats and species. The stated aims are to (i) strengthen coastal zone management capacity and coordination within and across sectors, at national and local levels; and (ii) protect and maintain the productivity and biological diversity of coastal and marine ecosystems. The project clearly identifies the global environmental benefits and the drawbacks are outlined in the "without project" scenario. Stated global benefits include contributions toward : the sustainable conservation of globally significant faunal and floral species and assemblages within and outside formally protected areas; significant expansion of knowledge regarding distribution, life histories and conservation status of important plants and animals and of local indigenous knowledge; improved protection of marine turtles and dugongs and their supporting habitats, complementing similar initiatives elsewhere in the region (e.g., IUCN/UNDP's Conservation of Western Indian Ocean Sea Turtles project); practical models for guiding participatory biodiversity management elsewhere in the region; piloting of a sustainable development model that fully integrates social and conservation considerations into the traditional economic development paradigm; and improved regional collaboration, particularly as relates to transboundary biodiversity conservation issues.

3. Fit with GEF Goals and operational strategies

Mozambique has ratified the International Convention on Biodiversity.

The project documentation states that the proposed activities are designed to fit within the GEF Operational Program on Coastal and Marine Ecosystems, a priority area for the first, second and third Conference of the Parties to the Convention on Biological Diversity. The Bank is identified as a GEF implementing agency and will use incremental grant resources from the GEF to assist Mozambique in tackling coastal and marine biodiversity issues of global environmental concern, including ecosystem and species protection as well as increasing capacity for sustaining this protection over time.

The proposed project fits well with the GEF Biodiversity Operational Strategy and Operational Program on Coastal and Marine Ecosystems. The project design accords with guidance from the first, second and third Conference of the Parties to the Convention on Biological Diversity (COP), which stresses in situ conservation activities as a whole, and coastal and marine ecosystems in particular.

Specific aspects of COP 3 guidance addressed in the project design include: involving local communities, including building on local knowledge, strengthening community management for sustainable use and promoting economic incentives such as alternative livelihood opportunities; strengthening local capacity to address global environmental issues and enhancing institutional capacity for intersectoral and transboundary cooperation; supporting national contributions to regional initiatives such as the Western Indian Ocean Initiative and promoting regional collaboration and exchange of experience

In addition, the proposed sites are considered to fit with the priorities identified within "A Global Representative System of Marine Protected Areas".

4. Regional Context

The regional context for interpreting the biological conservation values of the coastal and marine areas of Mozambique is reasonably well established in the project proposal. Due to the shortage of well researched scientific information on coastal and near shore ecosystems, there is a good deal of information that has yet to be recorded and assessed before the full value of the rich and biologically diverse resources of Mozambique and the dangers associated with current threats can be fully understood. The project should make a substantive contribution to addressing these issues.

5. Replicability of the Project

There are good prospects for the replication of the strategic spatial planning process that fully integrates sustainable biological conservation and natural resources development measures if the criticisms outlined in Section 1 (above) are addressed in the final project design.

Secondary Issues:

1. Linkages to Other Focal Areas

The project is directly related to the GEF Biodiversity Operational Strategy and Operational Program on Coastal and Marine Ecosystems.

2. Linkages to Other Programmes and Action Plans

Linkages to other programmes and action plans identified in the project proposal include: (a) the National Program for Forestry and Wildlife (PNFFB) which provides the overarching framework for forestry and wildlife and forms a core component of the multi-donor funded Agriculture Sector Public Expenditure Program (PROAGRI); (b) the National Biodiversity Strategy and Action Plan, prepared and now being implemented under the coordination of the Ministry for Coordination of Environmental Affairs (MICOA). The stated strategic goal is "...the conservation of biological diversity and the maintenance of the ecological systems and processes taking into account the need for sustainable development and a fair and equitable distribution of the benefits arising from the use of biological diversity."

3. Other Benefits or Damaging Environmental Effects

The GEF funded component to stimulate improved private sector involvement in sustainable use of coastal areas and resources will develop a process and guidelines for best practice for private sector investment that incorporates the principles of environmental and social sustainability and more equitable sharing of benefits with local communities.

There do not appear to any significant adverse environmental affects associated with proposed activities of the project.

4. Degree of Involvement of Stakeholders in the Project

The project proposal explicitly identifies active stakeholder participation in the formulation and implementation of strategic spatial development plans and in the development of conservation plans and management arrangements for specific sites as an essential element. The actual procedures by which this will be fostered within the project need to be clarified.

5. Capacity-Building

Capacity building is stated as a major element of the project design. A specific aim is to enhance the ability of the provincial and local governments to make strategic choices concerning integrated coastal zone management. Further capacity building objectives include: capacity building of key government and non-government stakeholders responsible for biodiversity protection; improved institutional capacity for integrated coastal zone; strengthening local capacity to address global environmental issues and enhancing institutional capacity for intersectoral and transboundary cooperation; increase knowledge and capacity for management of globally significant ecosystems and species, particularly through gathering of baseline data and establishment of a monitoring system; and appropriate training and capacity building for park staff and communities to work together on co-management of natural resources and development of revenue generating mechanisms.

6. Innovativeness of the Project

The proposal to integrate strategic spatial spanning and biological conservation as the basis for sustainable economic use of coastal and marine resources is an innovative feature of the project design. Should the development of this innovative process succeed, then the main aim of enhancing the ability of the provincial and local governments to make strategic choices concerning integrated coastal zone management will be achieved. In turn, this should lead to increased confidence on the part of the Mozambican authorities to expand the process and apply it to other coastal areas.

Annex 11b: Response to STAP Reviewer's Comments

Mozambique: Coastal and Marine Biodiversity Management Project:

1. Comments in paragraph 1.1 (identification of the current development planning arrangements or an assessment of the capacity of such a system to support strategic spatial planning):

Currently, there is no satisfactory development planning process in Mozambique at either the central or provincial levels. Sectoral ministries in a rather isolated fashion determine development priorities at the provincial level. Provincial government requests are sent to the central level, where budget allocations are made as part of a political decision-making process in which social and environmental factors are rarely taken into account. Furthermore, ad hoc development concessions are common. In many cases it is arguable as to whether these agreements include assessment, much less protection, of local or global biodiversity values and the expectations of local communities.

Hence, the CMBMP will, in effect, develop and test new policies and procedures for strategic development planning at the provincial and district level. This is in line with the central Government's ongoing efforts to devolve increasing responsibility for economic development planning to the local level. To date, what is being accomplished is mainly procedural. Little progress is being made to systematically manage investment/development in an environmentally sustainable fashion. Since the main concern is actually over the absence of Government development planning policies and procedures, care was taken to identify project areas in which significant existing private sector interest was limited and where provincial and district governments were actively seeking to strengthen their planning capacity.

Specifically, the socially and environmentally sustainable economic development-planning model being developed under the Project is designed to:

- a) *Support the institutional capacity building of local governments to manage development (including policies, procedures, regulations and legislation that support this process).* Experience shows that it is not sufficient for the Project to be limited to just supporting institutional strengthening. Just because something should be done doesn't mean that it will be done. If there is insufficient incentive (and benefit) to undertake the cost and trauma of institutional change, then the commitment to change and change itself becomes problematic. The CMBMP addresses this through the private sector component, which will provide the "carrot" for local governments to adopt the proposed integrated strategic development plan (SDP) approach. The CMBMP will directly catalyze economic development while ensuring that protection of the environment and the desires of local people are heard. As such, the development model that should evolve from the CMBMP will present the Government with a realistic, more beneficial, alternative to the ad hoc process currently;
- b) *Identify and test the roles of government and non-government organizations, and local people in economic development planning.* In this case, the district and provincial governments are implementers of a development plan. The SDP financed under the CMBMP will be prepared at the direction, and under the supervision, of the local government. The provincial arms of national agencies would serve as technical advisors to the local governments. For example, SPFFB would be the technical advisors to the local government on forestry and wildlife aspects of the SDP. SPFFB's national counterpart, DNFFB, would initially contribute to the overall technical team preparing the SDP, given the lack of current capacity at the local level. Once the SDP model of economic development is adopted and is replicated along the coast, efficient operation of the development process would *require* that DNFFB and the other line ministries deconcentrate more and more staff to the province and district, since preparation and

supervision of spatial development plans are inherently local activities (after a relatively short period, when a number of districts begin to develop and implement spatial development planning, the current centralized system will not be able to cope with the technical demands). The role of the central government would, under this scenario, eventually be limited to review, quality control and maintenance of consistency of spatial development plans being prepared at the local level.

2. Comments on Paragraph 1.2 (... This appears to be very ambitious given the shortage of well-trained human resources, lack of sound information on key).

It is recognized that the approach to be tested is ambitious, particularly in the context of a shortage of human resources, lack of sound information and the inherent complexities of participatory planning. For these reasons, the size of the pilot areas involved in the CMBMP were kept small enough to ensure that biodiversity/conservation and social studies could be undertaken in a thorough manner. Similarly, while specialized technical advisory services have been built into project design to support the limited pool of experienced government people during this first pilot phase, the responsibility for the production and approval of the SDP remains firmly with the government. This helps to ensure that the SDP approach itself contributes to capacity building, resource assessment and awareness raising.

Implementation of the Project has been kept purposely tight at 3.5 years to keep this piloting phase as short as possible (too long a delay between pilot activities and general adoption of the spatial development plan model may result in a situation where ad hoc development becomes a very serious threat to biodiversity in the coastal zone). A window of opportunity exists to present the Government with an environmentally and socially sustainable alternative to current development practice, but that window is closing quickly.). The general opinion being expressed by reviewers of the proposed project, however, is that 3.5 years is insufficient. The Project Preparation Team will therefore recommend to Government that Project implementation be expanded to 4 years.

Paragraph 1.3 (The role of local communities in the strategic development process....)

Participation of local communities is a key element of SDP preparation and will be facilitated under the guidance of the provincial community participation officer, with support from the social/participation advisor. Local communities will participate in the assessment of dependence on natural resources, and how these resources are used. They will also be consulted regarding how they expect to benefit directly and indirectly from economic development in their areas. Local attitudes regarding the relationship between biodiversity values and economic development will be determined and used to develop the SDP. This is discussed in the project document. However, the STAP review comments identified that the document did not clearly define the final step in ensuring community participation in creation of spatial development plans. Once the draft plans have been fully prepared, a series of community level meetings, organized by provincial and local government with the support of the social/participation advisor, will be held within the districts. The draft SDPs will be presented and explained. This will provide a feed back mechanism, to ensure community inputs to the SDP have been accurately and equitably reflected in the plan. The comments made during those meetings will be incorporated into the final version of the plan. The description of Component 1 has been edited to reflect this process.

Paragraph 1.4 (The nature of the different stakeholders needs to be more clearly identified...)

There are a variety of stakeholders to be involved in the SDP process. These include national, provincial and district level decision-makers; private sector and local resource users; and communities. All stakeholders, both government and non-government, at the provincial/district levels will play an active role in the SDP preparation and implementation be it through participating in field work; community mobilization and assessment activities; public meetings and workshops. At the national level, the key

stakeholders will be line ministries and national level decision-makers. Line ministry staff will actively assist the technical preparation of SDP outputs. Decision-makers will be targeted by awareness raising activities, so as to ensure their support for implementation of the plans and adoption of the SDP approach for broader application. A summary table of the level of participation of different stakeholders is included in the Section E, point 7, of the project document. A more detailed matrix will be developed by appraisal.

6. Paragraph 1.5 (More information is needed on the legislative framework...)

a) The section on “key policy and institutional reforms supported by the Project” has been slightly modified to indicate to the reader that this work is currently underway. The last sentence in that paragraph now reads: “Specific gaps in the legislative, regulatory and institutional framework, particularly as it relates to the SDP process and in-situ biodiversity conservation, are being identified under a soon to be completed PDF financed study.”

b) The Project will only be successful if there is local buy-in to the SDP process. The only way that this can be accomplished in the long term is to prove to the local governments that the process will promote economic development that is welcomed by the local people and is sustainable over the long term. Project sites were selected based upon demonstrated provincial and district government commitment to goals of sustainable economic development and local citizens interested in participating. The Project initially asks local governments to act on “faith alone” by requiring restrictions to development in Project areas where SDPs are to be prepared (action is required from the provincial governments by Negotiation). Project implementation has also been kept as short as possible to minimize conflicts that might develop between creation of SDPs and investors wanting to start projects in the area immediately. It is essential that Project implementation attempt to minimize pressure on the provincial governments to do “something” to encourage development in their areas immediately, rather than commit to a best practice model that requires time to develop. The private sector development component of the CMBMP is designed to let a tender for a specific activity that would be located and scoped to be in compliance with the SDP. It is expected that an investment in the range of \$10-\$30 million would likely result, thus providing tangible reasons for government “buy in”. If this component of the Project is successful in the period expected (within 4 years of Project Effectiveness), it is very likely that there will be full acceptance of the SDP process by the district and Provincial Governments involved.

7. Paragraph 1.6 (Staffing arrangements for the Project indicate a person will be hired to facilitate...)

The Project is designed to be implemented through the existing Government institutional structures at national, provincial and district levels. Provincial/district level coordination committees are being created specifically to facilitate integrated coastal zone management as part of the broader CZMP. The project’s coordination activities at provincial/district level will build on these. Where a specific structure for coastal zone management does not exist and staff numbers and/or staff capabilities are limited, consultant support to the Governor’s office will be procured under the Project (for example, to assist MICOA at the overall project management level, and the Provincial Governors Office at the project implementation Provincial level). However, it is expected that Government managers (the actual managers) will be available to the Project, and their salaries and office expenses included in the local component of the Project Finance Plan.

Annex 12: Biodiversity Matrix

	Cabo Delgado Terrestrial Habitats	Cabo Delgado Marine Habitat
Site Description	Deciduous Miombo woodland, Riparian forest, Littoral vegetation on recent dunes, Mixed baobab woodland.	Mangroves, seagrass meadows, estuarine & riverine habitat offshore coral archipelagos.
GEF Justification	Pristine examples of each habitat type, relatively undeveloped with potential for establishing conservation areas, contains viable populations of many large mammals (including the big five), rich biotas of avifauna, herpetofauna, ichthyofauna and invertebrates. A unique semi-arid baobab <i>Guibouria</i> habitat occurs south of the Rovuma River & warrants special protection. Extensive tracts of hardwood forest. Forest and wetland habitats support at least seven rare bird species. At present, none of these habitats or faunal communities are protected.	Extensive areas of undisturbed coral reefs, all major reef invertebrate fauna associated with the intertidal zone. Pe turtles, dugongs, dolphins & whales. Seagrass meadows endangered seahorses & possibly dugongs. Extensive area for juvenile growth of commercial fish species and prawn birds such as Mangrove Kingfisher and Crab Plover. Rich with seagrass meadows and coral reefs. Rich diversity of coral reefs. Proposals exist for the creation of a Quirimba there are no protected areas in this region. There appear declare the entire coastal zone as a conservation area. H
Biological Diversity	Plants ± 1000 spp Invertebrates unknown Fish unknown Amphibians > 16 spp Reptiles unknown Birds > 200 spp Mammals > 100 spp	Plants ± 150 spp Invertebrates unknown Fish ± 200 spp Amphibians unknown Reptiles unknown Birds > 200 spp Mammals ± 10 spp
Main Threats	Poaching, slash & burn agriculture. Development of ecotourism in the absence of environmental guidelines. Illegal hunting safaris, e.g. recently, two elephants were shot in this region by hunters using helicopters. The continued selective commercial exploitation of hardwoods will cause fragmentation of habitat types. Little is known about the impact of the use of traditional medicines on plant communities.	Commercial and artisanal fisheries are beginning to impact exploitation of holothurians because of their high commercial trade. The potential for the development of ecotourism & environmental guidelines. Influx of Tanzanian fishermen exploitation of biological resources. Illegal hunting of and collecting of turtle eggs is threatening the long-term persistence of rare species.

Cultural Features	Home to ethnic groups such as the Makonde, Kimwani and Macua who still follow a traditional way of life. Makonde art recognized worldwide. These culture have a rich oral heritage of myths and legends, these are often associated with sacred sites.	Historical use of the islands as seasonal home for artisan home to a small community under traditional authority.
Key Interventions	<ul style="list-style-type: none"> • Establish a spatial development strategy with a complementary environmental management plan in participation with a • Ensure that development (tourism) follows appropriate environmental guidelines and includes a profit-sharing compon • Establish formal links between relevant government ministries and institutes whose mandates fall within the scope of th to ensure an effective partnership and as a capacity building exercise for long term management of biological resource Mozambique in general. • Initiate pilot projects on sustainable exploitation of biological resources for the economic benefit of local communities • Identify areas of global biodiversity significance and develop the capacity for their effective protection (marine and ter • Quantify the vulnerability and viability of populations of rare and endangered species (large mammals, turtles & dugo • Implement protected area management plans and integrate into overall development objectives. Special consideration v conservation of the Rovuma River in Mozambique and the Selous Reserve in Tanzania. • Establish the impact of current practices of biological resource exploitation (fishing and other marine resources & wilc unsustainable practices with positive economic benefit to local communities. • Develop monitoring protocols and identify appropriate key species for use as indicators of ecosystem viability (marine 	

	Nampula Terrestrial Habitats	Nampula Marine Habitats
Site Description	<i>Guibourtia</i> thicket (with new tree species), mixed deciduous woodland, palm woodland, littoral vegetation on recent dunes.	Mangroves, seagrass meadows, estuarine habitats, intertidal reefs, several islands off Mossuril.
GEF Justification	Restricted coastal forests with new tree species protected for their hardwood species. One existing conservation area (Matibane Forest Reserve with potential for establishing other conservation areas. Rich biotas of angiosperms, avifauna, herpetofauna and invertebrates. The recently discovered new tree species was recorded along this coast. These forests are the home to four threatened bird species as well as leopard.	Well-developed coral reefs of world class importance, all major tropical invertebrate fauna associated with the intertidal zone. turtles, dugongs, dolphins & whales. The 15km of sandy beach for 5 spp of marine turtles (site is of global significance). Sea habitat for endangered seahorses & probably dugongs. Extremely important for juvenile growth of commercial fish species and endangered birds such as Mangrove Kingfisher and Crab Plover associated with seagrass meadows and coral reefs. Proposals Mossuril Marine National Park.

Biological Diversity	Plants \pm 1000 spp Invertebrates unknown Fish unknown Amphibians > 14 spp Reptiles unknown Birds > 200 spp Mammals > 60 species	Plants \pm 150 spp Invertebrates unknown Fish \pm 200 spp Reptiles unknown Birds > 150 spp Mammals \pm 10 spp
Main Threats	Slash & burn agriculture is encroaching on remnant forests. Indiscriminate illegal hunting is common practice. Ecotourism has been developing in the absence of environmental guidelines with hunting safaris concessions already granted. Anthropogenic pressures caused by migration of people to coastal regions	Fisheries-related activities, fish collectors, over-exploitation of turtles & dugongs. Dugongs are being killed at a rate of about 10% per year. establish the impact of this predation on the viability of dugong activity and sand extraction at Relanzabo beach is a threat to the integrity of shells and corals for the curio trade persists and is unsustainable. fishing is being allowed to develop in the absence of environmental guidelines. Destruction of mangroves to create salt pans. This could impact the importance of mangroves to ecosystem processes. Pollution potential from accidental spills occurring in Nacala
Cultural Features	Coastal communities (Macua) using a variety of natural resources; traditional management systems in place but are being weakened by social changes.	Littoral waters important for artisanal fishermen. Islands used for traditional purposes.
Key Interventions	<ul style="list-style-type: none"> • Establish a spatial development strategy with a complimentary environmental management plan in participation with all stakeholders. • Ensure that future development (tourism) follows appropriate environmental guidelines and includes a profit-sharing component. • Establish formal links between relevant government ministries and institutes whose mandates fall within the scope of the project to ensure an effective partnership and as a capacity building exercise for long term management of biological resources in general. • Initiate pilot projects on sustainable exploitation of biological resources for the economic benefit of local communities. • Quantify the vulnerability and viability of populations of rare and endangered species (dugongs & turtles). • Implement protected area management plans and integrate into overall development objectives. • Establish the impact of current practices of biological resource exploitation (fishing and other marine resources & wildlife) and compare with unsustainable practices with positive economic benefit to local communities. • Develop monitoring protocols and identify appropriate key species for use as indicators of ecosystem viability (marine and terrestrial). 	