



REQUEST FOR CEO APPROVAL

PROJECT TYPE: Full-sized Project

TYPE OF TRUST FUND: GEF Trust Fund

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PART I: PROJECT INFORMATION

Project Title: Payment for Ecosystem Services to Support Forest Conservation and Sustainable Livelihoods			
Country(ies):	Mozambique	GEF Project ID: ¹	5516
GEF Agency(ies):	FAO (select) (select)	GEF Agency Project ID:	625467
Other Executing Partner(s):	MITADER, Mozambique	Submission Date:	6 September 2016
GEF Focal Area (s):	Multifocal Area	Project Duration(Months)	60
Name of Parent Program (if applicable):	n.a.	Project Agency Fee (\$):	345,586
<ul style="list-style-type: none"> ➤ For SFM/REDD+ <input type="checkbox"/> ➤ For SGP <input type="checkbox"/> ➤ For PPP <input type="checkbox"/> 			

A. FOCAL AREA STRATEGY FRAMEWORK²

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Grant Amount (\$)	Cofinancing (\$)
(select) BD-2	Measures to conserve and sustainably use biodiversity incorporated in policy and regulatory frameworks	Payment for ecosystem services mechanism established in the forestry sector	GEF TF	1,945,206	21,100,000
CCM-5 (select)	GHG emissions avoided and carbon sequestered	Forests under good management practices	GEF TF	776,256	8,250,000
(select) SFM/REDD+ - 1	Good management practices applied in existing forests	Payment for ecosystem services mechanism established in the forestry sector	GEF TF	916,286	8,250,000
Total project costs				3,637,748	37,600,000

B. PROJECT FRAMEWORK

Project Objective: Promote biodiversity conservation and climate change mitigation in miombo forest ecosystems, through the improvement of the existing revenue sharing mechanism that that supports sustainable use and conservation of forests and wildlife and improves local peoples' livelihoods						
Project Component	Grant Type	Expected Outcomes	Expected Outputs	Trust Fund	Grant Amount (\$)	Confirmed cofinancing (\$)
1. Improved national revenue sharing mechanism	TA	National Revenue Sharing Mechanism (RSM) improved <i>Indicators:</i>	1.1 Forestry and wildlife revenue sharing mechanism ("20% Decree") ameliorated to reward local community	GEF TF	634,214	951,414

¹ Project ID number will be assigned by GEFSEC.

² Refer to the [Focal Area Results Framework and LDCF/SCCF Framework](#) when completing Table A.

		- Adoption of legal text to modify 20% forest revenue sharing mechanism into RSM	engagement in sustainable forest management 1.2 Common set of “rules of the game” developed for the integration of environmental performance criteria into existing sector funds and revenue sharing mechanisms, both for forestry and for other sectors			
2. Strengthening capacities for improved RSM	TA	Enhanced human and institutional capacity to oversee and implement improved RSM <i>Indicators:</i> - 15 government and 15 NGO staff whose capacity to implement revenue sharing mechanisms (RSM) has improved as a result of the training received (assessed through KAP surveys) - 20 NRM Committees whose capacity to implement RSM schemes has increased as a result of the training received	2.1 Capacity development program for Forestry institutions, NGOs and community-level Natural Resource Management Committees active in Zambézia RSM implementation designed and implemented 2.2 Capacity development program for managers of other sector funds and revenue sharing mechanisms to design and oversee the implementation of improved RSM designed and implemented 2.3 Capacity development program developed for cross-sectoral coordination re improved RSM, especially at Province and District levels	GEF TF	748,053	5,443,130
3. Pilot testing of improved RSM in Zambézia Province	Inv	Improved, environmental performance-based version of existing government forestry	3.1 Guidance for improved functioning (transparency and equity) of NRMCS developed and tested in	GEF TF	1,534,804	29,462,598

		<p>tax revenue sharing mechanism operational in 7 districts of Zambezi Province</p> <p><i>Indicators:</i></p> <ul style="list-style-type: none"> - 50 percent of total forestry tax revenue shared with local communities in Zambezi Province conditional on RSM agreements - Area (300,000 ha) where local communities are implementing one or more SFM practices (fire control, conservation agriculture, sustainable wood production) under RSM agreement³ 	<p>7 districts of Zambezi Province</p> <p>3.2 Guidance on performance criteria of improved RSM developed and tested in 7 districts in Zambezi Province through improved version of existing 20% forest and wildlife revenue sharing mechanism</p> <p>3.3 Lessons learned from the application of improved RSM in 7 districts shared with other districts in Zambezi province</p> <p>3.4 National replication plan for improved forest and wildlife revenue sharing mechanism that is conditional on environmental performance developed</p>				
4. Knowledge management and monitoring and evaluation	TA	Project monitored and best practices and lessons learned shared	<p>4.1 Project M&E implemented</p> <p>4.1 Midterm and final evaluations conducted</p>	GEF TF	547,451	1,171,429	
Subtotal						3,464,522	37,028,571
Project management Cost (PMC) ⁴					GEF TF	173,226	571,429
Total project costs						3,637,748	37,600,000

³ This indicator provides the information for Part III (Management Practices Applied) of Objective 2 of the BD Tracking Tool, mainstreaming of BD conservation in production landscapes.

⁴ PMC should be charged proportionately to focal areas based on focal area project grant amount in Table D below.

C. SOURCES OF CONFIRMED COFINANCING FOR THE PROJECT BY SOURCE AND BY NAME (\$)

Please include letters confirming cofinancing for the project with this form

Sources of Co-financing	Name of Co-financier (source)	Type of Cofinancing	Cofinancing Amount (\$)
National Government	MITADER	Cash	4,800,000
Other Multilateral Agency (ies)	Forest Carbon Partnership Facility (FCPF)	Grant	3,600,000
Other Multilateral Agency (ies)	FCPF REDD+ MRV platform	Grant	5,000,000
Other Multilateral Agency (ies)	Forest Investment Program (World Bank)	Grant	24,000,000
GEF Agency (select)	FAO	In-kind	200,000
(select)		(select)	
Total Co-financing			37,600,000

D. TRUST FUND RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY¹

GEF Agency	Type of Trust Fund	Focal Area	Country Name/ Global	(in \$)		
				Grant Amount (a)	Agency Fee (b) ²	Total c=a+b
FAO	GEF TF	Biodiversity	Mozambique	1,945,206	184,795	2,130,001
FAO	GEF TF	Climate Change	Mozambique	776,256	73,744	850,000
FAO	GEF TF	Multi-focal Areas	Mozambique	916,286	87,047	1,003,333
Total Grant Resources				3,637,748	345,586	3,983,334

¹ In case of a single focal area, single country, single GEF Agency project, and single trust fund project, no need to provide information for this table. PMC amount from Table B should be included proportionately to the focal area amount in this table.

² Indicate fees related to this project.

F. CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:

Component	Grant Amount (\$)	Cofinancing (\$)	Project Total (\$)
International Consultants	568,900		568,900
National/Local Consultants	807,500		807,500

G. DOES THE PROJECT INCLUDE A “NON-GRANT” INSTRUMENT? No

(If non-grant instruments are used, provide in Annex D an indicative calendar of expected reflows to your Agency and to the GEF/LDCF/SCCF/NPIF Trust Fund).

PART II: PROJECT JUSTIFICATION

A. DESCRIBE ANY CHANGES IN ALIGNMENT WITH THE PROJECT DESIGN OF THE ORIGINAL PIF⁵

A.1 National strategies and plans or reports and assessments under relevant conventions, if applicable, i.e. NAPAS, NBSAPs, national communications, TNAs, NCSA, NIPs, PRSPs, NPFE, Biennial Update Reports, etc.

NA

A.2. GEF focal area and/or fund(s) strategies, eligibility criteria and priorities.

⁵ For questions A.1 –A.7 in Part II, if there are no changes since PIF and if not specifically requested in the review sheet at PIF stage, then no need to respond, please enter “NA” after the respective question.

NA

A.3 The GEF Agency's comparative advantage:

The proposed project is aligned with FAO's comparative advantage on multiple levels: i) FAO's experience in dealing with natural resources management and rural development; ii) FAO's experience with PES initiatives and with forest and land use change assessment; and (iii) FAO's existing involvement in sustainable and integrated forest management in Mozambique since 1995. Specifically on PES, FAO has organized a special session titled: "Payments for Forest Ecosystem Services: Challenges and Opportunities in Africa" at the African Forest & Wildlife Commission meeting in Benin in 2012⁶ to promote awareness and policy development on the subject. As a follow-up to the recommendations of the Commission, FAO has also developed detailed practical guidelines on developing PES programmes in sub-Saharan Africa involving a number of organizations, governments and practitioners in the region. FAO was also instrumental in organizing an international forum on PES of tropical forests in Costa Rica in 2014⁷ where more than 150 participants from 60 countries representing governments, regional and international development partners, civil-society organizations and the private sector attended. PES as a means to financing SFM was also discussed at the 22nd Committee on Forestry (COFO). FAO has launched an Ecosystem Services and Biodiversity (ESB) Portal recently to share lessons learned from PES implementation experience with its members and partners.⁸

In Mozambique, FAO has been the main partner for policy and legal reform in the forestry sector since 1995 and has been one of the main providers of technical assistance for policy making and capacity building for community-based natural resources management. It has provided support to projects such as '*Support for community forestry and wildlife management*' and the EU-FAO Forest Law Enforcement, Governance and Trade initiative (FLEGT). The project also shows a good fit with the FAO Country Program Framework within the UN Delivering as One (2012-2015). Specially, it will contribute to the implementation of one of the priorities identified - improve natural resources management and resilience to food and agricultural threats.

FAO has a fully-fledged Representation in Mozambique. The office has the operational capacity to implement this project and has a dedicated Forestry Programme Officer. In addition, technical backstopping will be provided by a multi-disciplinary project task force comprising FAO technical staff based in Rome and the sub-regional office in Harare

A.4. The baseline project and the problem that it seeks to address:

The baseline scenario and the problem the project seeks to address remains the same as stated in the PIF. However, during the project formulation (PPG phase) baseline investments have evolved considerably as there are new major Initiatives and Programs planned for seven districts of Zambezia Province and elsewhere with Forest Carbon Partnership Facility (FCPF) has provided a REDD+ Readiness grant; a second FCPF grant to assist Mozambique with REDD+ Monitoring Reporting and Verification (MRV) system; a Forest Investment Program with Dedicated Grant Mechanism (DGM) and The Zambézia Integrated Landscape Management Program (ZILMP); a strong forest law enforcement program in Zambézia Province, which will also address the problems in distributing the 50% share of the fines that should go to officials and communities having assisted with law enforcement; through the "Standing Forest" (Floresta em Pé) project; the Mozambique Conservation Areas for Biodiversity and Development Project – MOZBIO and The project "National Forest Monitoring and Information Systems for a transparent and truthful REDD+ process" (GCP/GLO/456/GER) will build capacity in eighteen countries in Africa (including Mozambique).

The definition of the pilot areas where the project will be implemented were revised and specific local communities identified selected based on the following criteria: (i) existence of forest cover and biodiversity of global significance; (ii) 20% revenue sharing mechanism operational; (iii) natural resources management committees (NRMC) in place and operational; (iv) existing NRMC willing to participate in forest conservation and related natural

⁶ <http://www.fao.org/docrep/meeting/024/mc849e.pdf>

⁷ <http://www.fao.org/forestry/84884/en/>

⁸ <http://www.fao.org/ecosystem-services-biodiversity/en/>

resources management activities; (v) potential for synergies with other actor's initiatives, particularly the government's Zambézia Integrated Landscape Management Program, which will be co-funded by a number of donors, including the Forest Carbon Partnership Facility (FCPF) and the Forest Investment Program, a multi-donor trust fund managed by the World Bank. The project is now to be implemented in seven districts of the Zambézia Province (with in brackets the names of participating communities): Maganja da Costa (Muedebo, Ginama, Mocubela Sede, Naico, Muzo, Bala, Nante and Moneia), Pebane (Txalane, Namahipe, Impaca, Mulela and Naburi), Ile (Murrua, Mulevala sede and Gunguro), Gilé (Moneia, Nahetxe and Mamala) and Alto Molocué (Mololo and Mutala)⁹.

The problem. Mozambique is one of the few countries in southern Africa with a significant forest cover. A forest assessment carried out in 2007 estimates that about 70% of the country's total land area is covered by natural forest and other woodlands. Forests alone occupy 50% of the land, about 40 million hectares¹⁰. The forest ecosystems hold a significant livelihood value to local communities. They yield wood fuel, fodder for livestock, fibre for construction and furniture (for domestic use and export), foodstuffs (e.g. mushrooms, honey, animal protein, fruits, vegetables and nuts) and medicinal products both for subsistence and cash income generation. The forests also provide critical environmental services including carbon sequestration and biodiversity conservation. However, these services are being lost.

Deforestation, forest degradation and fragmentation caused by shifting cultivation and unsustainable timber and charcoal exploitation as well as uncontrolled forest fires, are reducing the capacity of the forests of Mozambique to deliver ecosystem services. From 1990 to 2010, Mozambique lost around 4,356,000 ha of forest. The rate of natural forest loss has increased from 0.21% (1972-1990) to 0.58% (1990-2005). In addition, the Mangrove area decreased from 408,000 ha in 1972 to 357,000 ha in 2004, with a total loss of 51,000 ha over a period of 32 years. Timber harvesting concentrates on just a few species, some of which have declined significantly as a consequence. The tree species most exploited include *Pterocarpus angolensis* (bloodwood), *Millettia stuhlmannii* (Indian beech), *Azelia quanzensis* (pod mahogany), *Dalbergia melanoxylon* (blackwood or Mozambique ebony), *Combretum imberbe* (leadwood) and *Julbernardia globiflora* (African munondo). The level of exploitation of *Combretum imberbe* exceeds the annual allowable cut (AAC), while the level of exploitation of other species is between 56% and 85% of the AAC. *Pterocarpus angolensis* and *Dalbergia melanoxylon* are near threatened according to the IUCN Red List of Threatened Species.

Over the past two decades, Mozambique has developed a number of laws, policies, strategies, programmes and action plans addressing conservation and sustainable management of the country's natural forests, as well as mechanisms for sharing benefits of commercial forestry and wildlife conservation activities with local communities. Implementation of this legal and regulatory framework, however, has remained a challenge. Illegal logging and charcoal exploitation are rife in many parts of the country, causing environmental degradation as well as robbing local communities of the benefits they would have received from legal forest harvesting activities.

Baseline program and gaps. The core of the baseline program is the forestry and wildlife revenue sharing mechanism. In 2005 the Government approved a Ministerial Decree (*Ministerial Decree 93/2005*) establishing a mechanism to share 20% of revenues from wildlife and forest use with the local communities. Currently, payments from the 20% Decree are channeled to communities living in areas where timber is extracted and wildlife based tourism or hunting is taking place, without any conditionality, except for the establishment of a Natural Resource Management Committee and the opening of a bank account. The 20% Decree has not led to significant changes with regard to improved forest management and reduction in deforestation and degradation due to gaps and weaknesses in the implementation of this Decree.

A detailed study of the implementation of the 20% Decree was conducted in 2012, looking at the status of distribution of benefits from forests and wildlife to local communities and the problems encountered in the disbursement of the 20% as well as the planning and implementation of community-level activities using the funds disbursed. The study

⁹ At the beginning of project preparation, there were only five districts, but two of these have been subdivided in 2015: Mocubela having been split off from Maganja da Costa and Mulevale from Pebane.

¹⁰ Marzoli, 2007. Inventário Florestal Nacional. Avaliação Integrada de Florestas em Moçambique FRA 2010. Global Forest Resources Assessment 2010. Country Report. Mozambique.

found that despite this being the focus of CBNRM in the past decade, the knowledge of the Ministerial Decree n° 93/2005 and its practical implications was still limited particularly at local level, not just with the communities but also with the local administrative authorities. The institutional capacity of government institutions in charge of forests for implementation of the decree is limited due to a combination of factors. The study found that CBNRM in general, and more specifically the accompaniment of the NRMCS in obtaining and managing the 20% revenue share received low priority in terms of allocation of human resources in all Provincial Forest and Wildlife Services, and that funds budgeted for these activities were often not released. The absence of more detailed guiding principles for the implementation of the 20% Decree (which consists of 1.5 pages of text only) also severely limits its correct application on the ground and leads to conflicts as the basis for revenue sharing is not transparent for the beneficiaries.

Several NGOs are actively involved in the dissemination of the 20% Decree, the identification of local communities that qualify to receive these funds, and the provision of support for their formal registration and opening of bank accounts. However, limited capacity of these institutions hinder their effectiveness. In addition, absence of transparency, documentation and timely sharing of information on revenue generated annually by Government and indication of beneficiaries also means that eligible communities are not aware of their entitlements. Community leaders and members of local management committees are at the centre of this process in terms of taking responsibility for managing resources. These local leaders are often not accountable to the rest of the community. Women are particularly marginalized. Finally, the lack of a monitoring framework at all levels reduce the opportunity for making adjustments in the process and to improve decision making processes that could lead to greater impact on community's livelihoods and on the resources.

Improving this existing revenue sharing mechanisms to deliver environmental and livelihood benefits is the primary focus of the GEF funded incremental activities. In doing this, the project will collaborate with and contribute to the REDD+ program in Mozambique. A full description of REDD+ baseline projects (including one on MRV) is provided in the project document, section 2.2 page 25 onwards.

- A. 5. Incremental /Additional cost reasoning: describe the incremental (GEF Trust Fund/NPIF) or additional (LDCF/SCCF) activities requested for GEF/LDCF/SCCF/NPIF financing and the associated global environmental benefits (GEF Trust Fund) or associated adaptation benefits (LDCF/SCCF) to be delivered by the project:

Project components and outcomes were rephrased since PIF approval to better reflect the idea of integrating PES into an existing national revenue sharing mechanism.

Government of Mozambique has put in place a policy and regulatory framework that supports community involvement and benefit sharing in the sustainable use and conservation of forest and wildlife resources, through the 20% revenue sharing mechanism described above. However, it has not been able to ensure that this mechanism contributes to forest conservation, because disbursement of the 20% revenue share is currently not conditional on the environmental performance of the local communities and because of a lack of institutional capacity to implement the existing policy and regulatory framework effectively. Without GEF incremental activities, revenue sharing would probably continue, but in the absence of a strong link between payments made and the forest management performance of local communities, the provision of forest ecosystem services, including global environmental benefits such as forest carbon emissions reductions and biodiversity conservation would be much lower. In addition, without GEF the socioeconomic development impact of the 20% revenue sharing mechanism would be hampered by the lack of communication and information sharing by government officials involved in its implementation and by the limited ability of the local Natural Resource Management Committees to use the funds effectively and transparently.

The GEF investment will support the revision and improvement of the revenue sharing mechanism. GEF funds will help to build the capacity of key government and non-government stakeholders for more transparent and effective implementation of the revenue sharing mechanism. With local communities undertaking sustainable resource utilization practices and monitoring to prevent illegal activities, threats to biodiversity will be significantly reduced. The SFM practices, sustainable agriculture and fire control measures adopted by the communities, in combination with the reduction in illegal logging brought about by improved community monitoring will ensure that the forest cover is maintained, and that degraded forests are restored, thus enhancing carbon stocks and reducing greenhouse gas (GHG) emissions while conserving biodiversity.

The project has been structured into three technical components plus a cross-cutting knowledge management and monitoring and evaluation component summarized below. A full description is presented in section 3.2 of the project document starting on page 37.

Component 1: Improved national revenue sharing mechanism

Component 1 focuses on improving the national enabling environment for investment in and payment for the provision of ecosystem services by amending the current forestry and wildlife revenue sharing mechanism to reward local community engagement in forest conservation. The project will focus on improving the national enabling environment for investment in and payment for provision of ecosystem services by developing and promoting the adoption of a common set of rules by a number of sectoral funds and revenue sharing mechanisms (including forestry, agriculture, mining, fisheries, infrastructure), together with MITADER and other key sector ministries. The project will help the government amend existing forestry and wildlife revenue sharing mechanism to reward local community engagement in forest conservation and clarify conditions for the participation of local communities, men and women alike. In addition, the project will develop communication strategies and engage key sector funds and revenue sharing mechanisms in policy dialogue, in order to raise awareness about the potential of PES. This dialogue will be informed by pilot integration of PES in the forestry and wildlife revenue sharing mechanism in Zambézia Province as well as by best practice from other countries.

Component 2: Strengthening capacities for improved RSM

The project will remedy the lack of human and institutional capacity to implement performance based RSM in a number of ways. At the institutional level, rules of the game will be established for engaging with local communities and agreeing PES performance criteria with them, as well as transparent rules for sharing revenue across different communities and frameworks for monitoring implementation. At the individual level, capacity will be strengthened both through courses and "on-the-job", by involving government and NGO staff and members of Natural Resource Management Committee (who represent the local communities) actively in the implementation of detailed design and practical testing of the improved government forest and wildlife revenue sharing mechanism under Component 3. Prior capacity assessments will enable the project to come up with well-tailored individual training courses and institutional strengthening programmes and to help government bodies develop institutional mandates regarding improved RSM and mechanisms for their implementation.

Component 3: Pilot testing of improved RSM in Zambézia Province

Component 3 is about testing the improved forest and wildlife revenue sharing mechanism on 3.9 million hectares in Zambézia Province as well as preparing the ground for its national replication. Zambézia has been selected as the pilot province because of its significant forest cover and the volume of forestry revenue shared. The province accounts for 13% of Mozambique's forests. Miombo is the forest ecosystem that is characteristic of the province. The province is rich in wildlife species like crocodiles, hippos, elephants and monkeys. It is one of the key reptile hotspots in the country (recently two new endemic reptile species were identified- a species of snake belonging to the genus *Dromophis*, and a dwarf gecko, *Lygodactylus* sp.) and is also home to endangered species like antelopes

and rhinos. Zambézia province has three conservation areas (Derre Forest Reserve, Gilé Wildlife Reserve and a Marine Reserve with mangrove forests).

Due to its ecological and climatic conditions, Zambézia province is also very rich in endemic plant species, some of which are endangered (*Cleistochlamys kirkii*, *Diplorhynchus condylocarpon*), and vulnerable to extinction (*Lanea stuhlmannii*, *Rhus* sp, *Sterculia appendiculata*, *Sterculia quinqueloba*). It is also rich in tree species of commercial importance such as *Millettia stuhlmannii*, *Pterocarpus angolensis*, *Azelia quanzensis*, *Combretum imberbe*, *Swartzia madagascariensis*, *Erythroploeum africanum*, *Erythroploeum suaveolens*, *Brachystegia spiciformis* and *Julbernardia globiflora*, to mention some of the main species.

With 0.75%, Zambézia province has the fourth highest deforestation rate in Mozambique, preceded only by Maputo (1.67%), Nampula (1.18%) and Manica (0.75%), which have important urban development. In terms of total area, Zambézia Province has the second highest forest loss of all provinces, with 31,000 ha lost annually, mainly due to shifting cultivation, illegal logging and charcoal exploitation.

Component 3 is the key component for the delivery of quantitative targets for Global Environment Benefits. Working with NGOs that have experience with participatory community development in the province, the project will develop and implement guidelines and a capacity development program for improved functioning of Natural Resource Management (NRM) Committees. The NGOs will work with local communities to i) reinforce the NRM committees and build elementary organizational structure, on subjects such as a participatory and gender decision making, planning, transparency, accountability, monitoring, interest groups, associations and community forestry guards; ii) improve community awareness of forest law, policies and regulations; iii) train NRM Committee members, including women on sustainable forestry management activities, such as stimulate vegetative regrowth, selective thinning and pruning, NTFPs and develop alternative resources etc.; iv) promote sustainable practices such as conservation agriculture, beekeeping, establishment of nurseries, controlled fires, sustainable fisheries; v) develop business plans for income generating activities related to forestry addressing women’s needs and their economic empowerment such as access to markets for non-wood forest products and cash crops; and vi) promote exchange visits and experience sharing among local communities. Below is a summary table presenting SFM activities to be promoted.

Main SFM activities	Description	Strategies/activities
Stimulate vegetative regrowth from rootstocks and stumps	<i>Miombo</i> species persist through vegetative regrowth from rootstocks & cut stems, the impact of shifting cultivation (clear cut) stimulates typical natural disturbances to which <i>Miombo</i> woodlands are adapted to ensure sustainable resource use, as long as regrowth from rootstocks and stumps is promoted and wildfire managed, especially during the first few years after cutting.	<ul style="list-style-type: none"> • Develop capacity of NRMC on subjects such as species and structure of the miombo forest and cutting trees at ground level to stimulate coppicing • Develop and implement specific training courses for small scale farmers on <i>miombo</i> vegetation dynamics and how they can benefit from mimicking these • Introduce regular, managed harvesting cycle (Cyclic clearing-cropping-fallow-woodland process)
Selective thinning and pruning	Thinning will create growing space, better growth, thicker stems and better hygiene and pruning small branches and forked stems will produce more straight poles.	<ul style="list-style-type: none"> • Support the introduction and development of secondary forest management • Support the use of thinning and pruning resources for the production of poles & fuel wood

Main SFM activities	Description	Strategies/activities
Non-timber forest products (NTFPs)	Sustainable forest management is not only about wood, but about managing the supply of both wood and non-timber product to satisfy the needs of users. Management actions can increase the production of NTFPs such as honey, mushrooms and fruits. Special measures may be needed for NTFPs that derive from (potentially) destructive harvesting, such as medicinal bark.	<ul style="list-style-type: none"> • Develop capacity to consider various options to optimize/improve use of natural resources through alternative resources in: <ol style="list-style-type: none"> i) disturbed woodland or degraded sites; ii) multiple-use agricultural and forestry systems; iii) domesticating NTFPs in home gardens
Develop alternative resources	Some products from some species may be in such short supply that alternatives are needed	<ul style="list-style-type: none"> • Develop alternative products/substitute resources through: <ol style="list-style-type: none"> i) Other species, including introduced tree species ii) Other plant parts (leaves versus bark for medicinal use) iii) Change to other products (Beekeeping, etc) iv) Domestication through selective breeding
Wildfire management	Wildfire is an important cause of forest degradation in Zambézia Province and reducing it is a priority for the reduction of CO2 emissions	<ul style="list-style-type: none"> • Help communities reduce destructive wildfire by <ol style="list-style-type: none"> i) agreeing rules and seasons for the use of fire ii) develop fire breaks around regenerating areas where fire should be excluded iii) use early burning to prevent destructive late dry season fires where appropriate

Main Conservation Agriculture activities	Description	Strategies/activities
Direct seeding or planting	Direct seeding involves growing crops without mechanical seedbed preparation and with minimal soil disturbance since the harvest of the previous crop. This term is synonymous with no-till farming, zero tillage, no-tillage, direct drilling.	<ul style="list-style-type: none"> • Land preparation for seeding or planting under no-tillage involves slashing or rolling the weeds, previous crop residues or cover crops; or spraying herbicides for weed control, and seeding directly through the mulch. • Crop residues are retained either completely or to a suitable amount to guarantee the complete soil cover, • Fertilizer and amendments are either broadcast on the soil surface or applied during seeding.
Permanent soil cover	A permanent soil cover protects the soil against the deleterious effects of exposure to rain and sun; provides the micro and macro organisms in the soil with a constant supply of "food"; and alter the microclimate in the soil for optimal growth and development of soil organisms, including plant roots.	<ul style="list-style-type: none"> • Use of appropriate/improved seeds for high yields as well as high residue production and good root development. • Integrated management and reduced competition with livestock or other uses e.g. through increased forage and fodder crops in the rotation. • Use of various cover crops, especially multi-purpose crops, like nitrogen fixing, soil-porosity-restoring, pest repellent, etc. • Optimization of crop rotations in spatial, timing and economic terms. • "Targeted" use of herbicides for controlling cover crop and weed development.

Main Conservation Agriculture activities	Description	Strategies/activities
Crop rotations	<p>Crop rotation offers a diverse "diet" to the soil micro</p> <p>Organisms while exploring different soil layers for nutrients since they root at different soil depths. Furthermore, a diversity of crops in rotation leads to a diverse soil flora and fauna, as the roots excrete different organic substances that attract different types of bacteria and fungi, which in turn, play an important role in the transformation of these substances into plant available nutrients. Crop rotation also has an important phytosanitary function as it prevents the carry over of crop-specific pests and diseases from one crop to the next via crop residues.</p>	<ul style="list-style-type: none"> • Design and implementation of crop rotations according to the various objectives: food and fodder production (grain, leaf, stalks); residue production; pest and weed control; nutrient uptake and biological subsurface mixing / cultivation. • Use of appropriate / improved seeds for high yields as well as high residue production of above-ground and below-ground parts, given the soil and climate conditions.

A.6 Risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and measures that address these risks:

The following table summarizes the main identified risks, rates their importance (low, medium or high) and highlights planned mitigation measures included in the project design. A detailed description of risks is given in section 5.3.1 page 62 onwards.

Risk	Rating	Mitigation measures
Insufficient coordination and collaboration among government institutions and community-based natural resources management committees may make it hard to implement the improved RSM.	Medium	The project mitigates this risk by (i) including representatives from all stakeholders in the Project Steering Committee; (ii) involving the national and provincial authorities actively in the preparation and implementation of the project, with clear roles and responsibilities for all; (iii) training government and NGO staff together in dedicated improved RSM and PES training courses to create a joint sense of purpose; (iv) increasing transparency in the application of the forest and wildlife revenue sharing mechanism, to increase trust and

		facilitate coordination between community-based institutions and government agencies.
Weak capacity of institutions at local government and community level may make it hard to change the status quo of illegal forest use, This would reduce the effectiveness of a tool such as performance based payments, even if the project were to achieve its objective of integrating PES into the existing national forestry and wildlife revenue sharing mechanism.	Medium	<p>The project has a strong focus on institutional capacity building, not just through training government staff and community members but also through clarifying the “rules of the game” for improved RSM and the resulting roles and responsibilities of government institutions and community-based organizations. The capacity needs assessments that the project will carry out at the start of the project for each of the key institutions involved in project implementation from national to community level increases the likelihood that functional capacities will be developed and maintained beyond the project duration.</p> <p>The fact that forestry and environment have recently been brought under the same ministry (MITADER), and that this ministry has embarked on an ambitious forest policy and institutional reform effort supported by the World Bank and other donors, with a strong focus on Reduced Emissions from Deforestation and Degradation (REDD+) also helps to mitigate this risk, both by creating incentives for local communities to engage in better forest resource management and by enhancing law enforcement.</p>
Potential climate change impacts, such as increased fire frequency due to higher temperatures and less reliable rainfall, may prevent the project from having the expected positive environmental outcomes, even if the project is successful in encouraging local communities to improve forest management.	Medium	<p>The improved forest management practices that the project will encourage local communities to adopt (such as fire control, conservation agriculture, sustainable wood harvesting) will considerably reduce the exposure and susceptibility of the miombo forest ecosystem to catastrophic fire. The introduction of such improved practices over a large contiguous area, working alongside similar efforts funded by other donors, will further mitigate the risks that climate change is likely to cause.</p>
The risk of “leakage” – simply displacing illegal and destructive forest use activities to other areas without a net positive environmental benefit – is inherent in any forest conservation intervention implemented at sub-national level.	Low-Medium	<p>The project actively mitigates the risk of “leakage” by: (i) helping local actors to engage in sustainable use of natural resources rather than in destructive activities by rewarding the former and discouraging the latter – thus reducing the risk of a simple displacement of their former activities to a new area; (ii) promoting the introduction of improved forest use and management practices over a large contiguous area, working alongside similar efforts funded by other donors, thus decreasing the spatial probability of important “leakage” events. Further risk mitigation measures are likely to be devised under the Emissions Reduction Purchase Agreement the government intends to conclude with the Carbon Fund of the Forest Carbon Partnership Facility.</p>

Deterioration of the security situation (political instability) in the Province that may disrupt project activities	Medium	Armed conflicts and unrest are localized. Project activities will take into account security issues and will follow the minimum operation security standard set by UNDSS.
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A.7. Coordination with other relevant GEF financed initiatives

NA

B. ADDITIONAL INFORMATION NOT ADDRESSED AT PIF STAGE:

B.1 Describe how the stakeholders will be engaged in project implementation

Stakeholder engagement in project implementation is described in detail in sections 1.1.4 to 1.1.7 and 5.1 in the project document.

B.2 Describe the socioeconomic benefits to be delivered by the Project at the national and local levels, including consideration of gender dimensions, and how these will support the achievement of global environment benefits (GEF Trust Fund/NPIF) or adaptation benefits (LDCF/SCCF):

The project will help local communities in a total of 26 Natural Resource Management (NRM) Committees in Zambézia Province to develop more sustainable agricultural systems (e.g. conservation agriculture, agroforestry) and alternative income-generating activities based on sustainable management of forest resources (apiculture, NTFP value chains). Women's opportunities and constraints to benefit from these activities will be explicitly taken into account (see also Annex 5 of Prodoc). The existing government revenue sharing mechanism, whereby 20% of forestry and wildlife taxes are shared with local communities, will be modified to make payment conditional on the environmental performance of local communities. During the period of GEF project implementation, performance-based REDD+ transfers will be piloted by the FIP-funded Zambezia Integrated Landscape Management Programme. These two types of performance-based payments will be mutually reinforcing and, together with the local community support described above, will help achieve Global Environmental Benefits through avoided deforestation and the biodiversity and climate change benefits this entails.

B.3. Explain how cost-effectiveness is reflected in the project design:

The project is highly cost-effective as it integrates PES into an existing mechanism for sharing government forestry and wildlife revenue with local communities, thus continuing to generate results long after the project ends. All GEF funds will be invested in developing and testing the parameters of the improved revenue sharing mechanism and in building capacity to implement it. All the payments to local communities will be from government resources.

The institutional capacity development component which includes national and local government institutions, non-governmental organizations and local communities will continue to generate benefits long after the project closes. With these skills, continuity of the project activities once the project is ended will be ensured. In addition, a replication plan to other districts and nationwide, will be developed by this project. In its institutional arrangement, the project will not create new institutions; it rather builds on existing government structures.

Cost-effectiveness will also be achieved, through partnership, synergies and complementarities with ongoing national initiatives such as REDD+ and civil society activities with local communities. The foundations for these partnerships had already been created during the project preparation when the final PPG workshop was combined with the Zambézia Provincial REDD Forum, to demonstrate that the two initiatives are closely aligned, and that the aim was to mainstream PES and REDD.

C. DESCRIBE THE BUDGETED M & E PLAN:

Project monitoring will be carried out by the Project Management Unit (PMU). Project performance will be monitored using the project results matrix, including indicators (baseline and targets) and annual work plans and budgets. At inception, the results matrix will be reviewed to finalize identification of: i) outputs ii) indicators; and iii) missing baseline information and targets. A detailed M&E plan, which builds on the results matrix and defines specific requirements for each indicator (data collection methods, frequency, responsibilities for data collection and analysis, etc) will also be developed during project inception by the M&E specialist.

The project document provides a detailed description of the monitoring, reporting and evaluation to be undertaken during the project (Section 6 page 69 onwards).

Full details of indicators, baseline values and targets are presented in Appendix 1 (Results Matrix).

Monitoring and evaluation activities will follow the FAO and GEF monitoring and evaluation policies and guidelines. Monitoring and evaluation of progress in achieving project results and objectives will be done based on the targets and indicators established in the project Results Matrix presented in Appendix 1 of the project document. The project Monitoring and Evaluation Plan has been budgeted at US\$ 129,020 (see table below). Integrated into all Outcomes, the project monitoring and evaluation approach will also facilitate learning and mainstreaming of project outcomes and lessons learned into international good practice as well as national and local policies, plans and practices.

A summary of the envisaged M&E activities is provided in the following table.

Type of monitoring and evaluation activity	Responsible parties	Time frame	Budget (USD)
Inception Workshop	The Chief Technical Advisor (CTA) leads the organization, in close consultation with FAO (BH, LTO and FAO GEF Unit).	Within first two months of project inception in Maputo and Zambézia	7,200
Inception report	CTA with inputs from project partners. Cleared by FAO and the Project Steering Committee.	Immediately after the project inception workshop	USD 0 - project inception report is developed by the CTA.
Design of monitoring and evaluation system	Monitoring and Evaluation Officer with support from the CTA and FAO Lead Technical Officer	Within the first six months after the project inception	11,320
Field-based impact monitoring and support	PMU with support from other project partners	Continually	55,350
Supervision missions	FAO LTO and FAO Mozambique	Annual or as required.	Paid by GEF Agency fee

Type of monitoring and evaluation activity	Responsible parties	Time frame	Budget (USD)
Project progress reports (PPRs)	PMU. Submitted to FAO MOZ (Budget Holder). Finalized reports submitted to the FAO GEF Unit by the LTO, and to the PSC by the CTA.	Six- monthly	USD 0 (as completed by CTA and PPF)
Project Implementation Review (PIR)	FAO LTO with inputs from the CTA and FAO Budget Holder. Submitted by the FAO GEF Coordination Unit to the GEF Secretariat. Final report also submitted to the PSC and the GEF Operational Focal Point by the CTA.	Annually	Paid by GEF Agency fee
Co-financing Reports	BH with support from PMU	Six monthly and annually as part of PPR and PIR.	-
Technical reports	PMU, Consultants, FAO	As appropriate	component budgets
Mid- term Review	External Consultant, in consultation with the project team including the FAO GEF Coordination Unit, the LTO, and other partners	At mid-point of project implementation	43,006
Final evaluation	External Consultant, FAO independent Evaluation Office in consultation with the project team including the FAO GEF Coordination Unit, the LTO, and other partners	At the end of project implementation	63,006
Terminal Workshop and Report	PMU	At least one month before end of project	7,000
TOTAL			186,882

PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT(S) ON BEHALF OF THE GOVERNMENT(S): (Please attach the [Operational Focal Point endorsement letter\(s\)](#) with this form. For SGP, use this [OFP endorsement letter](#)).

NAME	POSITION	MINISTRY	DATE (MM/dd/yyyy)
Ms. Marilia Telma Antonio Manjate	GEF Focal Point. Director of Cooperation	DEPARTMENT OF INTERNATIONAL COOPERATION. MINISTRY FOR THE COORDINATION OF ENVIRONMENTAL AFFAIRS (MICOA)	JUNE 7, 2013

B. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF/LDCF/SCCF/NPIF policies and procedures and meets the GEF/LDCF/SCCF/NPIF criteria for CEO endorsement/approval of project.

Agency Coordinator, Agency Name	Signature	Date (Month, day, year)	Project Contact Person	Telephone	Email Address
Gustavo Merino Director Investment Centre Division Technical Cooperation and Programme Management FAO Viale delle Terme di Caracalla (00153) Rome, Italy TCI-Director@fao.org		6 September 2016	Rao Matta, Forestry Officer, Forestry Department	+39 0657055346	Rao.matta@fao.org
Jeff Griffin Senior Coordinator Investment Centre Division Technical Cooperation Department GEF Unit Email: Jeffrey.Griffin@fao.org Tel: +3906 5705 55680					

ANNEX A: PROJECT RESULTS FRAMEWORK (either copy and paste here the framework from the Agency document, or provide reference to the page in the project document where the framework could be found).

Objective and Outcomes	Indicator	Baseline	Mid-project target	End of Project target	Source of Information	Assumptions
<p>Project objective</p> <p>Promote biodiversity conservation and climate change mitigation in miombo forest ecosystems, through the improvement of the existing revenue sharing mechanism that supports sustainable use and conservation of forests and wildlife and improves local peoples' livelihoods</p>	Carbon stored in forest ecosystems and emissions avoided from deforestation and forest degradation from this project (Mt CO ₂ e, direct lifetime)	0	n.a.	1.49	REDD+ MRV system that is being established with assistance of FCPF and FAO Forestry Department..	Interim performance criteria (proxy indicators other than directly measured CO ₂ emissions reductions, e.g. reduced frequency of wildfires) can be devised to measure annual performance of local communities having concluded PES agreements with MITADER;
	Area (ha) where local communities are implementing one or more SFM practices (fire control, conservation agriculture, sustainable wood production) under RSMagreement ¹¹	0	50,000	300,000	PES agreements concluded between MITADER and local communities.	Improved forestry and wildlife revenue sharing mechanism will be aligned with national REDD+ MRV system under development by MITADER with FCPF and JICA assistance, once this will have become operational (to prevent confusion among local communities); Illegal logging is reduced so that more forestry tax revenue is available for sharing with local communities.
	Number of households that are reporting increased revenue based on alternative income-generating activities, disaggregated by male and female-headed households.	0	n.a.	10,000 ¹²	Reports from partner NGOs working in Zambézia Province	

¹¹ This indicator provides the information for Part III (Management Practices Applied) of Objective 2 of the BD Tracking Tool, mainstreaming of BD conservation in production landscapes.

¹² This is equivalent to 40% of the 25,000 households (150,000 people) that are represented by the 26 NRM Committees the project will work with.

Objective and Outcomes	Indicator	Baseline	Mid-project target	End of Project target	Source of Information	Assumptions
Outcome 1. National Revenue Sharing Mechanism (RSM) improved	Adoption of legal text to modify 20% forest revenue sharing mechanism into RSM	0	0	1	Official journal of the government of Mozambique	National and provincial authorities remain supportive of environmental policy and institutional reform agenda.
	Number of productive sectors where PES rules: (i) have been adopted and (ii) are under implementation ¹³	(i): 0 (ii): 0	(i): 2 (ii): 0	(i): 3 (ii): 1	Sector funds and revenue sharing mechanisms rules and regulations and project records	
Output 1.1 Forestry and wildlife revenue sharing mechanism ("20% Decree") ameliorated to reward local community engagement in sustainable forest management						
Output 1.2 Common set of "rules of the game" developed for the integration of environmental performance criteria into existing sector funds and revenue sharing mechanisms, both for forestry and for other sectors						
Outcome 2. Enhanced human and institutional capacity to oversee and implement improved RSM	Number of government and NGO staff whose capacity to implement revenue sharing mechanisms (RSM) has improved as a result of the training received	0	Gov staff: 5 NGO staff: 5	Gov staff: 15 NGO staff: 15	Knowledge, Attitude and Practice (KAP) ¹⁴ surveys of government and NGO involved in implementing improved RSM	Staff trained by the project will be sufficiently motivated to continue to work for the government Government foresters willing to participate in RSM testing and training in the 7 Districts (despite minimal financial incentives)
	Number of NRM Committees whose capacity to implement RSM schemes has increased as a result of the training received	0	10	20	Knowledge, Attitude and Practice (KAP) surveys of NRM committees involved in implementation of RSM	
	Numbers of staff/overseers of other sectoral funds and		6	10	Knowledge, Attitude and Practice (KAP) surveys of	

¹³ This indicator provides the information for Part V (Policy and regulatory frameworks) of objective 2 of the BD Tracking Tool, mainstreaming of BD conservation in production landscapes.

¹⁴ The KAP methodology is a standard tool used in most FAO capacity building efforts. A detailed learning needs assessment will be conducted in the first year of project implementation to define exiting knowledge levels, job tasks, roles and responsibilities of government and NGO staff and community-level Natural Resource Management Committees, and to determine learning goals. Further KAP surveys will be carried out at mid-term and end of project to measure changes in PES capacity of the different target audiences.

Objective and Outcomes	Indicator	Baseline	Mid-project target	End of Project target	Source of Information	Assumptions
	revenue sharing mechanisms whose awareness about environmental performance criteria for RSM has improved	0			staff/overseers of other sector funds and revenue sharing mechanisms having participated in RSM awareness-raising activities	
	Quality and relevance of institutional / intersectoral coordination mechanisms ¹⁵	0	2	8	Project records and government documents.	
<p>Outputs:</p> <p>2.1 Capacity development program¹⁶ for Forestry institutions, NGOs and community-level Natural Resource Management Committees active in Zambézia RSM implementation (see component 3) designed and implemented</p> <p>2.2 Capacity development program for managers of other sector funds and revenue sharing mechanisms to design and oversee the implementation of improved RSM designed and implemented</p> <p>2.3 Capacity development program developed for cross-sectoral coordination re improved RSM, especially at Province and District levels</p>						
Outcome 3. Improved, environmental performance-based version of existing government forestry tax revenue sharing mechanism operational in	Percentage of total forestry tax revenue shared with local communities in Zambezi Province conditional on RSM agreements	0	10%	50%	Records of RSM environmental agreements with local communities Records of disbursement of incentives	Govt of Mozambique willing to revise the existing Ministerial decree to make forest (and wildlife) revenue sharing with local communities conditional on their environmental performance

¹⁵ This indicator is designed to capture the extent to which improved RSM issues are coordinated across relevant institutions such as ministries, government agencies, or other bodies with a responsibility to integrate CRM into their activities. The indicator takes the form of a scorecard (0-10) based on five criteria relating to the nature of coordination mechanisms and processes.

¹⁶ Capacity development programs will be based on good learning practices for effective capacity development in FAO Learning Module 3 on Effective Learning (www.fao.org/capacitydevelopment), including action-oriented peer-to-peer adult learning

Objective and Outcomes	Indicator	Baseline	Mid-project target	End of Project target	Source of Information	Assumptions
7 districts of Zambezia Province	Custom indicator to measure Improvement in functionality and gender equity of NRM committees ¹⁷	0	10	20	Custom-made scorecard to be assessed by partner NGOs.	Suitable community-level incentives can be agreed with MITADER/UT-REDD. Provincial and district authorities willing to experiment with more transparent ways of applying the forest revenue sharing mechanism.
	Percentage of women beneficiaries	n.a.	50%	50%	Project surveys and records.	
	National replication plan developed and disseminated	0	0	1	Publications, workshop records.	
<p>Outputs:</p> <p>3.1 Guidance for improved functioning (transparency and equity) of NRMCs developed and tested in 7 districts of Zambezi Province</p> <p>3.2 Guidance on performance criteria of improved RSM developed and tested in 7 districts in Zambezi Province through improved version of existing 20% forest and wildlife revenue sharing mechanism</p> <p>3.3 Lessons learned from the application of improved RSM in 7 districts shared with other districts in Zambezi province</p> <p>3.4 National replication plan for improved forest and wildlife revenue sharing mechanism that is conditional on environmental performance developed</p>						

¹⁷ Improved functionality assessed measured through score card from 0-5 based on criteria such as improved record keeping, improved representation of women in NRM Committee leadership, types of activities funded, assessment of whether funds were spent in accordance with NRMC decisions. At the end of the project 20 out of the 26 NRM committees should have reached a score of at least 3 out of 5 on the custom score card.

<p>12. Is the project consistent and properly coordinated with other related initiatives in the country or in the region? 8-20-13 There is no mention to the recent GEF projects in support of PES, like PMIS 2589 UNDP-Institutionalizing Payments for Ecosystem Services and PMIS 3807 UNEP-Project for Ecosystem Services (ProEcoServ). Have you consulted with these two agencies on their experiences in these two projects and the viability of the PES scheme in Mozambique in light of the experiences gained over the last 5 years? There is also the Katomba Group East and Southern Africa. These consultations need to be done prior to PIF approval. 1-21-14 Consultations with the developers and implementers of the projects now listed under A.4 are expected at CEO Endorsement.</p> <p>17. At CEO Endorsement: has co-financing been confirmed? The co-financing brought up by FAO (\$200,000 in kind) is very limited. We would like to see a more significant contribution with cash (at least at CEO endorsement)</p> <p>19. At CEO endorsement/ approval, if PPG is completed, did Agency report on the activities using the PPG fund?</p> <p>25. At CEO Endorsement: 1. Provide detailed carbon calculation 2. Develop the multiple benefits of SFM in addition to the GEB; 3. Develop a comprehensive stakeholder analysis and mapping; explain how the project will work at local level and will help to develop sustainable mechanisms and capacities.</p> <p>4. Include gender issues.</p> <p>5. Provide a comprehensive risk assessment and what the mitigation measures are.</p>	<p>and Verification data are strong enough to justify payments based solely on Certified Emissions Reductions (CER).</p> <p>12. The proposed performance based payment mechanism takes into consideration several existing PES mechanisms in Africa as well as in other regions. It particularly draws on the recent FAO PES Guidelines for sub-Saharan Africa which in turn was developed based on a thorough inventory and assessment of PES and other benefit sharing mechanisms operating in the region.</p> <p>17. Co-financing has been confirmed.</p> <p>19. Addressed. Kindly refer to Annex C in the CEO endorsement.</p> <p>1. Please refer to section 2.4.2 CCM page 34. 2. Addressed. Refer to section 2.4.1 page 33. 3. Please refer to the following paragraphs for a description of the various stakeholder groups who have been identified as implementation partners: 1.1.4 Key government institutions page 14 1.1.5 Civil society page 15 1.1.6 Academic and research institutions 16 1.1.7 Private sector page 16 The sustainability of the project results is concentrated on the project's focus on individual and institutional capacity building with all key stakeholders at all levels, from national government to local NGOs and communities.</p> <p>4. Gender issues have been integrated across the project activities. For details kindly refer to Annex 6. Gender analysis and strategies page 99.</p> <p>5. Addressed. Kindly refer to section 5.3.1, page 62 onwards and Annex 4 and 5 page 95 regarding the project risk log and risk classification form.</p>
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<p>6. Address in full the points raised in the PIF review on matters of leakage and sustainability of local governance mechanisms).</p> <p>7. Consult with the developers of the other GEF projects on PES.</p> <p>8. Develop sustainability aspects (PES, distribution mechanisms, local governance, monitoring).</p>	<p>6. Risk of leakage has been reduced further by enhanced efforts to address drivers directly (conservation agriculture, income-generating activities based on sustainable forest use) and by working alongside Forest Investment Program in the same province.</p> <p>Kindly also refer to section 5.3.1 Risks to the achievement of project objective page 62 describing the mitigation measure of potential leakage in the project and a detailed description on the leakage risks page 65.</p> <p>The project will rely on the government’s “Floresta em Pé” project and the component of the Forest Investment Program dedicated to national policy and institutional strengthening to improve forest governance and law enforcement more generally speaking.</p> <p>For detailed description of governance issues, kindly refer to the following sections for detailed descriptions:</p> <p>1.1.3 Legal, policy and institutional context page 11 onwards 1.1.5 Civil society page 15 onwards</p> <p>7. A PES specialist consultant from IIED was involved during the PPG and conducted an analysis of existing PES projects and how they do work or do not work well in a Mozambican context.</p> <p>8. The sustainability of the project is well reflected in the project’s close collaboration with government institutions at national, provincial and district levels. Inadequate mechanisms for their effective participation could seriously compromise the delivery of both local and global benefits. For this purpose, awareness campaigns about how the integration of PES will modify the existing forestry and wildlife revenue sharing mechanism will be organized at the early stage of the project under output 3.1 at community level. It is an important step in making understandable the mid and long-term benefits from sustainable forest management.</p> <p>The project will remedy the lack of human and institutional capacity to implement PES mechanisms in a number of ways. At the institutional level, rules of the game will be established for engaging with local communities and agreeing PES performance criteria with them, as well as transparent rules for sharing revenue across different communities and frameworks for monitoring implementation. At the individual level, capacity will be strengthened both through courses and ”on-the-job”, by involving government and NGO staff and members of Natural Resource Management Committee (who represent the local communities) actively in the implementation of pilot PES activities under Component 3. Prior capacity assessments will enable the project to come up with well-tailored individual</p>
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<p>9. Address the issue of the involvement of local communities in identifying and preventing incidences of illegal logging through this project. That will aid in improved fine collection.</p> <p>10. It is necessary to design a mechanism for monitoring how local communities would participate in law enforcement activities, identify and report illegal activities to DNTF, so they receive a fair share of the fines collected. This is related to the MRV system being developed by JICA-DNTF to be linked up to the system developed within the FCPF.</p> <p>FJ/CCM - 7 Mar 2014: a) Details on how the PES will work based on carbon benefit are expected at CEO endorsement stage.</p>	<p>training courses and institutional strengthening programmes and to help government bodies develop institutional mandates for PES and mechanisms for their implementation.</p> <p>Kindly refer to the following sections for detailed descriptions:</p> <p>3.5.2 page 47 onwards: specific design elements of the mechanism</p> <p>4.3.1 page 52: environmental sustainability</p> <p>4.3.2 page 52: social sustainability</p> <p>9. The PES mechanism will also target wildfires and other unsustainable forest use practices by local communities, not just illegal logging. The project will rely on the joint Government/World Bank efforts to strengthen forest law enforcement and improve the functionality of the fine sharing mechanism. However, the project will include local community assistance with signaling illegal logging in the PES agreements to be concluded between the government, the local communities and the private concessionaires.</p> <p>10. Project outcomes were rephrased since PIF approval to better reflect the idea of integrating PES into an existing national revenue sharing mechanism</p> <p>The main responsibility for developing the MRV system has now shifted to the REDD+ unit in MITADER implementing the FCPF grants, with JICA providing technical assistance. The FAO project preparation team has worked closely with the REDD+ unit to ensure alignment between our respective efforts. In addition, the final version of the Project document has been reviewed in detail by the REDD+ Unit. Kindly also refer to page 63 onwards regarding risk management of law enforcement issues.</p> <p>a) The project is not predicated on carbon benefits alone, but more on a government revenue. Kindly refer to section 5.1.2 coordination with other initiatives, page 59 onwards for further details.</p> <p>b) Since the PIF approval the Government of Mozambique has established new Ministry of Land, Environment and Rural Development (MITADER) consolidates the responsibilities of Land (demarcation, land use planning, and registry), Environment (regulations, enforcement and protected areas management) and Rural Development (poverty reduction in rural areas). MITADER has expressed a</p>
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b) Details are expected by CEO endorsement on the means available at the National Directorate of Land and Forests (considering their other duties) to adequately proceed with the monitoring and verification activities needed for the PES during and beyond project completion.

c) In the unforeseen event of the SNV project not following through activities on improved kilns, details are expected on how the GEF project will address and reduce fuel wood demand for charcoal and how the project will ensure the replicability and scaling up of the associated activities beyond project completion.

d) By CEO endorsement request, details are expected on how the project will ensure that the human and financial resources needed (to monitor and validate the carbon benefits on which the payments will be done) will be identified, put in place and secured for replication and scaling up beyond the proposed pilot.

significant level of commitment and ambition to promote sustainable forest management, reduce deforestation and increase forest cover. The Forest Carbon Partnership Facility (FCPF) is providing a grant to assist Mozambique with REDD+ Readiness, including the establishment of the REDD+ Monitoring Reporting and Verification (MRV) system. Specifically, the grant will help to establish a national forest resource information platform; generate CO2 emissions MRV data for the 10 provinces of the country; create reference emissions levels (RELS) and Reference Levels (RLs); and develop datasets of biomass and carbon estimates. This ongoing work on REDD+ and on MRV will also help to define performance metrics for PES and help the GEF project measure its results indicators, including CO2 emissions avoided.

There are new legal provisions such as the Biodiversity Conservation Law, that enhance the power of the ministry in enforcing compliance.

- c) Since the PIF approval there was a considerable update of the project baseline. A Forest Investment Program has been approved for implementation in Zambézia Province, including a sustainable biomass energy component, working on the supply side by improving charcoal production kiln efficiency and on the demand side by providing improved stoves to local urban centers.
- d) Addressed. Kindly refer to Section 4 on scaling up page 51 onwards.

RESPONSE TO COUNCIL COMMENTS

<p>FINDLAND'S Comments</p> <p>We consider crucial to manage expectations among all levels (among community members, among Gov. Officials nationally and regionally) regarding the word "payments" (for environmental services). Easily beneficiaries understand that the project will give payments but as far as we understand there is no established funding existing at this point to pay for future performance based offset. Managing expectations toward beneficiaries needs to be taken into account in the way project staff communicates. Another reason why expectation among beneficiaries need to be managed not to raise false hopes of quick money is the fact that it usually takes a long time before payments can be made. This is due to the fact that mechanisms first need to be established and the implemented and funding source found etc. The fact that things tend to take a long time might create frustration among beneficiaries and work against the project. Also the word "Payments" is a bit risky as de facto it might turn out that the benefits from the performance based offsets are not paid in cash but rather in form of a service, such as for example a school or health services. Generally people prefer hard cash but it might not be the best option.</p> <p>Efforts to find a source of funding for the actual payments (for the environmental services) needs to be done right from the start of the project. It is worth to explore opportunities with the World Banks Carbon Fund. They have a pot of 360 million USD dedicated to pilot REDD+ payment mechanisms.</p> <p>The activities listed in component 3 are not related to piloting PAYMENTs for environmental services but rather related to start up the possibility to sometime in the future be able to generate offsets and then have the right to obtain PES.</p> <p>Connected to the first comment under 3.1. it is expected that communities income will increase. This alludes to that we de facto are aiming for cash payments. This might be worth rethinking. There are a number of challenges in regards to sustainability etc. when it comes to cash payments.</p> <p>There are no references in the logical frame to clarification of land tenure and establishment of community based land tenure schemes. Clear tenure is directly linked to a functioning benefit sharing system.</p> <p>Regarding component 1. Strong coordination and keeping track of what other REDD+ related projects are ongoing.</p>	<p>FINLAND:</p> <p>As highlighted by Finland in its 2014 comments to the GEF Council, managing expectations of the local communities is indeed essential. With the government, the project design team agreed that under the PES mechanism (the Portuguese term for which will not include the word "Payment", precisely for this reason), there will not be individual or family level payments, only community-level investments. This will be the same for the REDD+ mechanism that is currently being designed. The NGOs that will be hired for the field-level capacity building activities with the local communities will receive detailed instructions to manage the expectations of local stakeholders. Finally, the funding source for the PES mechanism will be emphasized: that it will not be a new mechanism, but a modified version of the existing forestry revenue sharing mechanism introduced by the government in 2005. This is an important factor contributing to the likely sustainability of the GEF project results.</p> <p>We anticipate increased incomes of local communities as a result of higher-yielding conservation agriculture practices and income-generating activities based on sustainable miombo management (see Tables 4 and 5 in the ProDOC), not as a result of PES payments. As noted above, PES "payments" will consist of community-level investments, not individual payments.</p> <p>Land tenure is now explicitly referenced in the project design. The Mozambican land law facilitates the securing of community-level land titles (community "DUATs", which already cover more than 3 million hectares nationwide) and most of the NGOs that will be hired to work with the local communities have experience in helping communities to obtain DUATs.</p> <p>The project design incorporates lessons learned from other REDD+ projects implemented in Mozambique and elsewhere. The project will also invest in provincial-level coordination and national-level sharing of lessons learned.</p> <p>The project budget has been completely revised.</p> <p>FRANCE:</p> <p>In consultation with the government and the World Bank, it has been agreed that the area around the Gile Reserve would be included under the Forest Investment Program project, as the World Bank is already implementing a GEF-funded project in the Gile Reserve (MOZBIO). During GEF project preparation, FAO has coordinated with the French teams working on the Gile Reserve, who also kindly agreed to participate in the GEF project</p>
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There are quite a few already ongoing in Mozambique – not only FCPF.

A comment regarding the budget: Component 2 (capacity building) is over budgeted. Recommendation: move funds from component 2 to component 3 (implementation) and slightly to component 1 (design).

3.3.1. belongs to component 2 not 3.

FRANCE'S Comments

The project objective is to promote biodiversity conservation and climate change mitigation in miombo ecosystems, through the development of a payment of ecosystem services (PES) scheme that supports sustainable use and conservation of forests and wildlife and improves local peoples' livelihoods.

The project will focus its activity in the Zambezia province and concentrate PES development in two project sites bordering two conservation areas in this Province: the Derra Forest Reserve and the Gile Wildlife Reserve.

Comments:

We globally support this initiative and its objective to reduce deforestation through PES scheme.

We would like to raise attention to the FAO and JICA that the French Development Agency and the FFEM are completing a first 3,7 M – support to the Ministry of Tourism (MITUR) focused in the Gile national reserve and its bordering area (notably with the development of a buffer zone officially established November 1st, 2011 through a decree n°70/2011 over 167,100 ha) and are at the inception of a 5 M – second phase project dedicated to the development of a REDD + mechanism to finance avoided deforestation in the bordering area of the same Gile Wildlife Reserve.

There's clearly important opportunity of complementarity between the new REDD+ project (benefiting from FFEM funding) and this one (with GEF/JICA/FAO funding) if both Mozambican agencies (MINAG and MITUR) improve interministerial coordination to avoid competitive activities or overlaps of activities in the same bordering area of the Gile Wildlife Reserve.

preparation grant launch workshop and to contribute comments on the GEF project design.

SR. The institutional situation has completely changed, with both forests and protected areas having come under MITADER, the Ministry of Lands, environment and rural development. The GEF project has been prepared in close collaboration with the REDD+ Unit of MITADER and the GEF project consultation workshop held in late 2015 in Quelimane, Zambezia Province, was co-hosted with the Zambezia Provincial REDD+ Forum.

JAPAN:

The project team consulted with JICA at various stages of the preparation. The Mozambican private sector, in particular the Association of Mozambican Timber Producers (AMOMA) was consulted during project preparation, and participated in both the Project Preparation Grant national launch workshop and the Zambezia Provincial consultation workshop, both held in 2015. Further lessons learned and knowledge networking activities are programmed during project implementation.”

GERMANY:

As noted in Germany's comments to the Council, short-term economic benefits (including those that can be derived from illegal forest product harvesting) are an important driver of illegal logging. Some of the conservation agriculture and sustainable miombo management activities that will be promoted by the project do provide short-term, tangible benefits to the communities practicing them. In addition, the commitment of the government to strengthen forest law enforcement in the Zambezia Province and to reward communities assisting the government in signaling infractions, as stipulated in Mozambique's regulatory framework but not yet implemented, will also be key to enable the project to succeed.

Political security risks and mitigation measures are now included in project design (See ProDOC section 5.3.1, page 64).

Lessons learned from a number of relevant initiatives in the region and beyond are reflected in section 3.5.1.

The two projects could definitely work synergistically together and generate complementary outcomes, if they work closely together in a coordinated manner.

We urge FAO and JICA to support MINAG to coordinate this GEF project development with the REDD+ one managed with MITUR, and to associate AFD agency in Maputo to this project development phase to facilitate the final project design and a coordination framework amongst both projects.

Opinion: Favourable, with the above recommendation of coordination with MITUR and the French development agency office in Maputo.

JAPAN'S Comments

It is highly recommended that FAO coordinate this project with a JICA expert, dispatched to Ministry of Agriculture National Directorate of Land and Forests, as to effective alignment of the project component, especially because this project promotes development of PES schemes targeting ecosystems including forests and JICA supports establishment of national monitoring system of the forests.

Paragraph 38 : It is true that one of the barriers to promote private sector engagement is the perception of risk and the long payback periods for investment. On the other hand, it is also true that the opportunities for networking and exchanging information on the development needs are not sufficiently provided. The lessons learned from GEF projects should be widely shared in order to stimulate private investments.

GERMANY'S Comments

Germany approves the following PIFs in the work program, but asks that the following comments are taken into account:

Suggestions for improvement to be made during the drafting of the final project proposal:

Germany welcomes the PIF and agrees with the STAP assessment that the PIF provides a very relevant and feasible project design built on a thorough problem analysis. Germany would like to add the following comments for consideration:

Experience shows that short-term economic benefits, for example from charcoal production, are an important driver for illegal logging. Germany therefore recommends a very

<p>Careful consideration of the (short-term) benefits that can be derived from the sustainable production practices introduced by the project.</p> <p>In this context the project's support for the implementing of the National Biomass Energy Strategy providing incentives for the use of alternative energy sources plays a crucial role. Although already mentioned in the PIF (part A.1), Germany recommends to elaborate on this in greater detail in the project preparation.</p> <p>The described risks for the project implementation do not consider risks associated with political instability and changes in the security situation in the project region. Germany recommends including these risks.</p> <p>As part of the regional SADC REDD activities, Mozambique has also been selected as pilot country for the development and testing of a regional approach to measure changes in forest areas and associated carbon stocks in Mopane woodlands in the Tete area (Part A1, page 7). Germany recommends incorporating experiences already made in these regions in the project.</p>	
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ANNEX C: STATUS OF IMPLEMENTATION OF PROJECT PREPARATION ACTIVITIES AND THE USE OF FUNDS¹⁸

A. provide detailed funding amount of the ppg activities financing status in the table below:

PPG Grant Approved at PIF:			
<i>Project Preparation Activities Implemented</i>	<i>GEF/LDCF/SCCF/NPIF Amount (\$)</i>		
	<i>Budgeted Amount</i>	<i>Amount Spent To date</i>	<i>Amount Committed</i>
Activity 1. Stakeholder consultations	16,986	20,826	-3,840
Activity 2. National PES mechanism design- Elaboration of Component 1	25,000	10,956	14,044
Activity 3. Institutional capacity development – Elaboration of component 2	15,000	17,434	-2,434
Activity 4. PES implementation – Elaboration of Component 3	65,000	59,594	5,406
Activity 5. Information synthesis, project Design& budgeting	15,000	13,853	1,147
Total	136,986	122,662	14,324

¹⁸ If at CEO Endorsement, the PPG activities have not been completed and there is a balance of unspent fund, Agencies can continue undertake the activities up to one year of project start. No later than one year from start of project implementation, Agencies should report this table to the GEF Secretariat on the completion of PPG activities and the amount spent for the activities.

ANNEX D: CALENDAR OF EXPECTED REFLOWS (if non-grant instrument is used)

Provide a calendar of expected reflows to the GEF/LDCF/SCCF/NPIF Trust Fund or to your Agency (and/or revolving fund that will be set up)

NA