



The World Bank

Crisis Response Window Food Security Additional Financing (P179060)

Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 22-Jul-2022 | Report No: PIDA34311

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

Country Mozambique	Project ID P179060	Project Name Crisis Response Window Food Security Additional Financing	Parent Project ID (if any) P174002
Parent Project Name Sustainable Rural Economy Program	Region EASTERN AND SOUTHERN AFRICA	Estimated Appraisal Date 30-May-2022	Estimated Board Date 29-Sep-2022
Practice Area (Lead) Agriculture and Food	Financing Instrument Investment Project Financing	Borrower(s) Republic of Mozambique	Implementing Agency BIOFUND, National Sustainable Development Fund (FNDS), ProAzul Blue Economy Development Fund

Proposed Development Objective(s) Parent

To improve the performance of targeted small agriculture producers and AgriMSMEs and improve natural resources management practices in selected project areas.

Components

Increasing productivity and market access
Enhancing natural resources management
Strengthening institutions and policies
Contingency Emergency Response - CERC
Food and Nutrition Security component

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

Total Project Cost	54.00
Total Financing	54.00
of which IBRD/IDA	50.00
Financing Gap	0.00

DETAILS

**World Bank Group Financing**

International Development Association (IDA)	50.00
IDA Grant	50.00

Non-World Bank Group Financing

Trust Funds	4.00
Miscellaneous 1	4.00

Environmental and Social Risk Classification

Substantial

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **Mozambique is a country with high levels of chronic food insecurity and chronic and acute malnutrition.** The chronic food insecure population in Mozambique totals 24 percent of the population (SETSAN¹ 2021) and 8.2 million people reported insufficient food consumption or caloric intake (WFP² 2021). In summary, between one-quarter and one-third of Mozambicans suffer from chronic hunger. In addition to chronic hunger, Mozambique also experiences a high rate of chronic malnutrition and acute malnutrition. Chronic malnutrition in children under five years of age is currently estimated to be at 42.3 percent at the national level (WFP 2021), while in most provinces acute malnutrition ranges from 6 to 9 percent but reaches high levels in Tete (14 percent), Sofala (19 percent), and Cabo Delgado (24 percent). This unfortunate combination of chronic hunger with chronic and acute malnutrition means that any temporary acute hunger crisis would be likely to have severe negative impact on the Mozambican population and will need a long time to recover.

2. **Despite a slight improvement between May and September 2021, the food security situation in Mozambique has worsened considerably in the past 18 months.** This trend has been confirmed by (a) the June 2021 Crisis Response Window Early Response Financing (CRW ERF) Technical Expert Group on Food Security review of the Technical Assessment as submitted by the Country Management Unit (which reached the consensus that the Mozambique Technical Assessment met the technical requirements for an eligible food security event under the CRW ERF) and the (b) the November 2021 internal assessment

¹ SETSAN = Technical Secretariat for Food and Nutrition Security.

² WFP = World Food Programme, Annual Country report 2021



(updated in March 2022) by the Technical Secretariat for Food and Nutrition Security (SETSAN), which is the institution leading the country's response to food and nutrition security established under the Prime Minister's office. According to the March 2022 update from SETSAN, the food insecure population³ in the country is currently about 3.4 million. The latest Famine Early Warning System Network (FEWS-NET) bulletin dated April 2022 still does not include a new set of data but indicates a clear deterioration of FNS all over the country. It also indicates that "a food crisis is highly likely to happen in the country even before the start of the lean season in October/November 2022."

3. The most important factor for the decrease in food security in the country is related to weather shocks. Several areas of Mozambique experienced droughts, floods, and prolonged periods of extremely erratic rainfall. In some cases, the same districts were hit by more than one of these shocks during a relatively short span. During the past six months the shocks included (a) flooding from Tropical Storm Ana, Tropical Storm Dumako, and Tropical Cyclone Gombe, which affected around 217,000 ha of agricultural land across Nampula, Zambézia, and Tete and parts of Niassa, Cabo Delgado, Manica, and Sofala provinces; (b) heavy rains which affected the upper basin of the Maputo, Incomati, and Umbelúzi rivers, which resulted in the flooding of 11,500 ha of agricultural land; and (c) dry spells which affected the southern part of Mozambique since January 2022 (FEWS-NET April 2022). Weather shocks are the deepest and well-known causes of the recurrent food crisis in Mozambique.

4. The food insecurity in the country has also been further amplified during at least the past two years by the COVID-19 mitigation measures and the internal conflict in Cabo Delgado. The impact of COVID-19 on the food security status of the Mozambican population concerned food access and food availability, but its impact has been recently softened after the Government introduced new measures in May 2022, which significantly relaxed the control measures. The same could be said for the conflict in Cabo Delgado province, which also affects the other two northern provinces of Niassa and Nampula.

5. The new danger is now the potential impact of the conflict in Ukraine on food price inflation. As a result of the conflict in Ukraine in February 2022, domestic fuel prices increased by 5–15 percent in mid-March 2022, resulting in higher transportation costs. The increase in the price of transport is likely to affect the price of food items and the overall purchasing power of households, particularly very poor and poor ones. Additionally, the increase in the Consumer Price Index is likely to create difficulties for poor households that had just recently regained their access to income-earning opportunities following significant relaxation of COVID-19 control measures. Increases in global grain prices, particularly for imported goods such as wheat, are likely to increase domestic prices over the projection period. However, the current national harvest and regional production of staple foods is likely to supply markets at least through September (FEWS-NET April 2022).

6. The gender gap in agriculture and fisheries is exacerbating food insecurity. Rural women in Mozambique face large constraints in accessing essential productive resources such as agricultural inputs and nutrition information services. Gender-specific obstacles put female farmers, women households and fishers at a significant disadvantage, increasing food insecurity within the households. Improving access to productive resources to women in the agriculture and fisheries sectors, would not only empower women to achieve their highest economic potential but also help reduce gender inequality, poverty and food insecurity.

³ Classified IPC3 or more



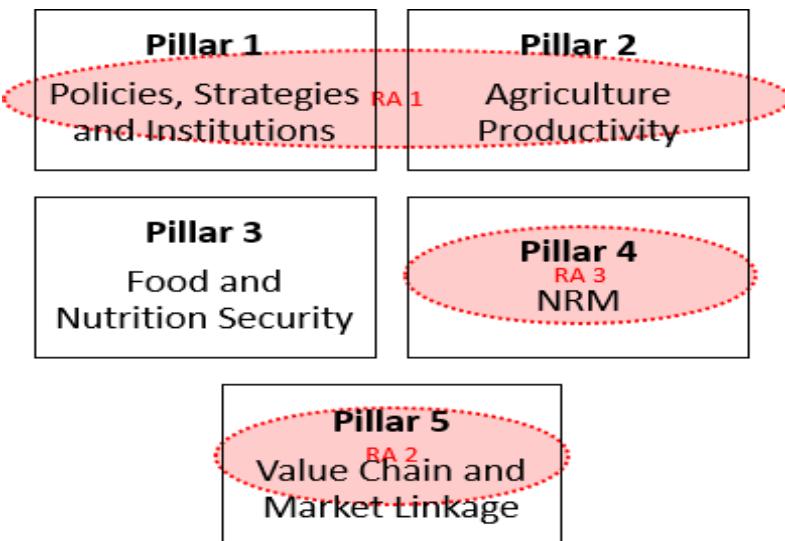
Sectoral and Institutional Context

7. **The GoM requested to be included in phase 2 of the upcoming regional FNS program.** The GoM is concerned about the high levels of chronic food and nutrition insecurity in the country and by the fact that subsequent crises are not allowing these numbers to decrease. Considering the importance of food security in the oncoming PEDSA II and in the associated investment plan, the National Investment Plan for the Agrarian Sector (*Plano Nacional de Investimento do Sector Agrario*, PNISA II), the Government addressed the World Bank on May 13, 2022. It requested that, beyond this short-term response provided under the CRW ERF allocation, the World Bank could complement its interventions in this area by allowing Mozambique to access longer-term and larger FNS interventions under Phase 2 of the upcoming Regional Food Systems Resilience Program for Eastern and Southern Africa (P178566) MPA.

8. **The GoM of Mozambique also requested continued and additional support to increase social inclusion and gender sensitive approaches in the management of natural resources and agricultural development.** The restructuring of this project paper will therefore include the Enhancing Benefits while Lowering Emissions (EnABLE)⁴ program which supports gender equality and social inclusion in the Zambezia Integrated Landscape Management (ZILM) Emission Reductions (ER) program (ZILMP) currently being implemented in Mozambique and being supported through the SREP. The ZILMP includes a socially inclusive benefit sharing plan (BSP) detailing how carbon and non-carbon revenues are to be distributed to the targeted beneficiaries of the program, to further promote sustainable and forest friendly agriculture development in the ER program area. The EnABLE program will complement the implementation of the ZILMP BSP with the aim of maximizing benefits to vulnerable communities, and most vulnerable members of communities, including women, youth, and persons with disabilities.

9. **Inclusion of the fifth PEDSA II Results Area (FNS) in the SREP.** The SREP is deeply anchored in PEDSA II, which is the medium-term strategy of the GoM to reduce rural poverty, food and nutrition insecurity, and the degradation of natural resources. Its original intention was to cover all results areas of PEDSA II except FNS, as shown in figure 1.

⁴ The overall development goal of the Enhancing Access to Benefits while Lowering Emissions (EnABLE) multi-donor trust fund is to enhance the inclusion of beneficiary marginalized communities and their disadvantaged groups in Emission Reductions Programs (ERPs) under the Climate Emission Reductions Facility (CERF) and its associated trust funds to maximize their carbon and non-carbon benefits. Achievement of this objective is expected to contribute to broader outcomes, including improvement in the resilience of livelihoods, biodiversity conservation, and climate change mitigation.

**Figure 1. SREP and PEDSA II Results Areas Covered by the SREP (from the SREP Project Appraisal Document)**

10. While the exclusion of FNS from SREP's key result areas could have been considered a sound approach in a phase in which FNS levels in Mozambique were still manageable, this does not seem to be the current situation anymore. Enhancement of the SREP's scope that allows the project to deal with FNS issues, although within a short-term horizon, is now strongly advisable. Implementation of this AF will not only positively affect the country's level of FNS in the short-term but will also lay the foundation for longer-term interventions to be implemented in the coming years through the Regional Food Systems Resilience Program for Eastern and Southern Africa MPA.

C. Proposed Development Objective(s)

Original PDO

To improve the performance of targeted small agriculture producers and AgriMSMEs and improve natural resources management practices in selected project areas.

D. Project Description

11. A new Improving FNS component will be included in the project as its fifth component and will have three subcomponents.

- (a) **New Subcomponent 5.1: Small infrastructure.** This subcomponent will finance the following:



- (i) **Rehabilitation of irrigation schemes.** The rehabilitation of three small irrigation schemes that were badly damaged by the cyclones in Zambezia (US\$1.62 million). The three schemes are located in the districts of Nicoadala and Maganja da Costa and total about 860 ha, which are all farmed by smallholders.
 - (ii) **Rehabilitation of rural roads.** This is the rehabilitation of selected market access rural roads which are key for producers and other actors to boost the development of value chains but which have been badly damaged by the cyclones. As already foreseen in SREP, the activities foreseen in the AF are localized interventions, specifically the rehabilitation of critical elements on selected rural roads and supervision of the execution of the referred works. This work will be led by FNDS in coordination with the National Roads Administration (*Administração Nacional de Estradas, ANE*) on the basis of a memorandum of understanding already in place.
 - (iii) **Construction/installation of boreholes and water tanks.** To improve access to water supply in districts in semiarid zones and districts with systems damaged by weather events, multipurpose boreholes will be built together with water tanks and public fountains mainly for drinking and sanitation purposes but potentially also for limited (drip for orchards) irrigation use. The pre-molded cisterns are expected to have a capacity of 10,000 m³ and be capable of accumulating and conserving rainwater and be located mainly in the proximity of schools and health centers.
- (b) **New Subcomponent 5.2: Support to small farmers, livestock breeder, and fishermen.** This subcomponent will finance the following:
- (i) **Provision of agricultural kits/seeds.** The AF will provide agricultural input kits (available for free) to selected beneficiaries in emergency conditions in the selected 53 districts following the '*fomento directo*' approach. The same rules adopted, and registered in the operations manual, in MozNorte to support the farming communities in need will be used. No large pieces of equipment (with the exception of small equipment, see point iii) will be provided, while it is expected to make wide use of nutritious and drought-tolerant crops to increase households' resilience to climate shocks.
 - (ii) **Provision of hermetic bags, installation of family silos.** Most family farmers do not have a drying and storage structure for grains and beans, having to pay a high price, or sell the produce and buy it later, to meet the family's needs. The AF plans to make hermetic bags and small family silos available, in the form of a donation, to conserve the food reserve and reduce post-harvest losses.
 - (iii) **Provision of small equipment/tools.** Most family farmers do not have proper tools to farm such as spades, groundnut rakes, hay pitchforks, and cutters, besides galoshes and gloves. The AF plans to make those available, in the form of a donation, to allow more effective use of farmers' time, improve the quality of production, and reduce losses.
 - (iv) **Building of small livestock infrastructure.** Within the area affected by Tropical Storm Ana, several districts in four provinces (mainly Zambezia, Tete, Nampula, and Manica) are currently experiencing problems linked to livestock both in terms of lost units and



destroyed small livestock infrastructure and potential outbreak of diseases, which would need to be detected and cured on time (see below). A total of 527 installations (fences, hog houses, poultry houses, and so on) of small breeders were destroyed (plus several thousands at the household level) and need to be rebuilt by using stronger materials and more resilient techniques.

- (v) **Provision of equipment for the veterinary lab in Tete.** The lab is currently not functioning and hampers the possibility for small breeders to sell their product in the market and to the new abattoir.
 - (vi) **Provision of diagnostic consumables to the veterinary service in Nampula.** The veterinary service in Nampula was weakened by the cyclones and does not have sufficient consumables to run diagnostics and handle potential outbreak of diseases.
 - (vii) **Establishment of a small ruminant scheme.** The scheme will be implemented in four districts, which still need to be selected. The allocation of goats (four females and one male) and specific training to households aim to promote animal health, improve family income, and improve food availability and nutrition outcomes. The animals will be delivered on a rotational basis to households to ensure that the greatest number of families in the communities are reached. The household that receives the first batch of five animals has the obligation to return two offspring to another family within one year. The delivery process of successive lambs will be accompanied by the local District Service of Economic Activity (*Serviços Distritais de Actividade Económica, SDAE*) offices. The project must ensure that 50 percent of the animals distributed will be provided to families that currently have no ruminants.
 - (viii) **Fisheries and aquaculture.** This will involve the promotion of small-scale aquaculture and artisanal fisheries and the handling, processing, and conservation of fish to reduce post-harvest losses, targeting beneficiaries whose livelihoods and food security were eroded by Tropical Storm Ana and Cyclone Gombe. The AF will enable the acquisition of material for the rehabilitation of fishponds, reconstruction of floating fish cages, acquisition of inputs (fingerlings and feed), and replacement of lost fishing units, aimed at livelihood recovery. It will also provide technical assistance (TA) at all levels of the production chain on good practices of cultivation, hygiene, and conservation of fish, involving all actors from extension workers, fishermen, fish farmers, processors, and traders. As in the parent project, fisheries activities will be implemented by ProAzul. The key differences between this subcomponent and the fisheries subcomponent in the parent project are the following: first, the subcomponent under the AF is focused on the rehabilitation of damages from Cyclone Gombe and Tropical Storm Ana, which was not directly considered in the parent SREP. Second, there is no small-scale aquaculture in the parent SREP given the commercial orientation of the project. Third, the parent SREP does not provide gear to fishers, but the provision for people with confirmed damages to gear from weather shocks is included in the AF.
- (c) **New Subcomponent 5.3: Implementing a local approach to improve nutrition.** This subcomponent will finance the following:



- (i) **Training in utilization of local products for enhanced nutrition security.** This is a training of trainers' activity that is focused on educating households on what should be included in a balanced diet and uses the existing local agricultural produce. It will be implemented by SDAE extensionists and Community Health Workers or (*Agentes Polivalente Elementar de Saúde - APEs*) and is aimed at teaching how farmers could produce, in the yard or on the plot, for example, produce which would be healthy but is not easily available in the market (or available in markets that are too distant), and will also provide advice on how forestry products and/or meat and/or fish could be integrated in farmers' diet. The list of products could also include those that are mostly directed to export but have high nutrition content. A module on officinal plants and herbs will also be developed and taught.
- (ii) **Mobile nutrition kitchens.** The experience of past and ongoing successful projects in several part of the world show that mobile kitchens are a means of communication capable of inducing behavioral change. In this case, it is proposed to support the activities of the 60 nutritionists already trained by the United Nations Children's Fund (UNICEF) (staff from the Ministry of Health, SETSAN, and INGC) and provide them with the means to travel in the selected districts and provide training according to modules that have already been developed. The training will focus on cooking techniques, healthy combination of products, safe storage, and so on with the objective of ensuring absorption of the correct amount of nutrients. For greater coverage of the demonstrations on good practices of food, nutrition, and health, the vehicles equipped with the educational kitchens should be made lighter to be mounted on 4x4 vehicles. The demonstrations will cover all villages of all selected districts and will also rely on the network of community radios which will be provided with small equipment such as megaphones, batteries, and other consumables.

12. Changes in Subcomponent 3.1. The allocation to subcomponent 3.1 (Policy and institutional support) will be increased to finance strengthening of SETSAN. SETSAN is the national authority responsible for updating the status of acute and chronic FNS in rural, urban, and peri-urban areas of the country. More specifically, it is in charge of assessing the progress achieved and the status of chronic food insecurity and of chronic malnutrition for children between 0 and 5 years. There is an urgent need to improve SETSAN's ability to collect and analyze data in IPC protocols and its capabilities to cover all districts in the country. SETSAN should also become capable to analyze the impact of past FNS interventions on the ground, to ensure the monitoring of ongoing FNS interventions, produce training material, and develop sound communication material in case of shocks/emergencies.

- (a) **Provide the necessary hardware and software capacity to SETSAN.** This capacity is needed for data collection and processing, communication, and timely provision of information on the FNS situation in the country. This will involve acquisition of information technology equipment (computers, mobile devices, and servers) and training for collecting, processing, and communicating relevant information to internal and external audiences. The design of SETSAN IT system aims at minimizing the number of staff needed to cover these functions.
- (b) **Strengthen the existing early warning System within SETSAN.** The system should be capable to predict the deterioration of the FNS status along all its dimensions across the country.



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- (c) **Emergency Preparedness Plans.** In line with the CRW ERF eligibility criteria, the client—with the Bank's technical assistance and financed by the AF—will prepare the Emergency preparedness plan within 6 months of project effectiveness.
 - (d) **Implement a new baseline study.** The only previous baseline study on FNS covered the 2013–2018 period. There is a need to update it to plan new interventions and assess the progress achieved in the implementation of the ESAN.
 - (e) **Implement post-shock FNS situation assessments.** These are needed to provide detailed information about the number and the status of vulnerable families in shock-affected areas (weather, pests/diseases, and conflict).
 - (f) **Implement recurrent (annual) post-harvest FNS situation assessment.**
13. **Changes in Subcomponent 2.1 (USD 4.0 million): Subcomponent 2.1 - Enhanced land, forests, and conservation area management** (with a current allocation of US\$18.0 million under the parent project) **will be increased by USD 4.0 million to include the EnABLE program supporting the ZILMP implementation.** Activities will be implemented in three of the ZILMP districts with the highest emissions in the landscape namely: Mocuba, Alto Molócué and Gilé. The selection criteria was based on: i) forest cover (%), ii) Deforestation rate (%), iii) districts with CBOs that are legalized or being legalized, and iv) districts with CBOs that benefited from regularization of land tenure security, territorial planning at the community level and promotion of tools for integrated management of landscapes such as RDUAT⁵ and DELCOM⁶. These 3 districts are responsible for 69% of emissions in the landscape in the period of 2018 to 2020. Additionally, these 3 districts, especially Mocuba and Gilé, contain a significant proportion of the forest area of the landscape (49%) and are the ones that exceeded their historical emissions in the 2019/2020 period, and as a result should be the priority for improvement of enabling conditions for the reduction of deforestation.
14. **Activities envisaged to be further refined under sub-component 2.1 include:**
- (a) **Provision of resources to implement inclusive climate smart agricultural activities** including (i) value chain of cashew nuts and other agricultural produce: ii) promoting agro-forestry, iii) sustainable NTFPs, iv) natural regeneration of Miombo and Mangrove. Mangroves provides high nutritional as well as livelihood value for farming communities (the oysters, shrimps, and small fish derives from mangroves have been documented to provide food nutrients as well as through sale in markets to enhance livelihood activities of farmers and fisherwomen). v); reforestation-tree planning and nurseries, vi) eco-tourism, vii) improved charcoal production, viii) legalization land tenure security and development of management plans, viii) fish farming and livestock.
 - (b) **Capacity building for beneficiaries implementing EnABLE as well as institutional strengthening of organizations promoting community based natural resource management (CBNRM) in Mozambique.** 3) promoting gender specific activities using the GALS framework. It has been identified that gender inequality limits women's participation

⁵ Regularização sistemática de terras /Land Tenure Regularization

⁶ Delimitação de Terras Comunitárias / Community Land Delimitation



in NRM and agriculture activities, including access to land, agricultural inputs, credit services, and markets. Increasing women's access to program activity as well as their participation in implementation, community representation and decision making would not only empower women to achieve their highest economic potential but also help reduce gender inequality, poverty, increase agricultural productivity and food insecurity. During the implementation of EnABLE activities, the Gender Action Learning System /methodology⁷ will be used to enhance gender equality in the ER Program.

15. **Changes in Subcomponent 3.2.** Subcomponent 3.2. The allocation of program management will be increased to finance the incremental operational costs linked to the implementation of the new component introduced under the AF.

Legal Operational Policies

Triggered?

Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

⁷ GALS: Gender Action Learning System (GALS) methodology has been used as part of ER Program activity implementation. GALS is a community-led empowerment methodology that uses principles of inclusion to improve income, food and nutrition security of vulnerable people in a gender-equitable way. It positions poor women and men as drivers of their development by identifying and dismantling obstacles in their environment. This methodology is proven to be effective for changing gender inequalities, strengthening negotiation power of marginalized stakeholders and promoting collaboration, equity and respect between value chain actors.



The environmental risk rating of the Project remains substantial since the new activities from the Additional Financing under Component 5 Improving Food and Nutrition Security are similar in nature and scale to the Parent Project and there is a slight scale up of TA activities under Component 3. The main risks of the AF will stem from Component 5 which involves civil works such as the rehabilitation of three small irrigation schemes and critical elements on selected rural roads, and the construction of boreholes and water-tanks and of small livestock infrastructure (fences, hog houses, poultry houses etc.). Likewise in the Parent Project, anticipated adverse risks and impacts related to civil works activities are expected to include fauna disturbance due to excavation and earth moving; physical and chemical hazards; soil and water resources contamination due to accidental spillages of hazardous products and waste (construction and domestic) management issues; dust emissions; vibration and noise emissions; occupational health and safety risks; and community health and safety risks (mainly related to the management of construction-induced traffic). Additionally, the financing of small farmers and fishermen through provision of agricultural input kits, farming equipment and tools, veterinary equipment and consumables as well as the supporting of small-scale aquaculture and fish processing activities may generate other risks such as air, soil and water pollution, vegetation clearing, biodiversity loss, soil erosion and habitat degradation, resource overexploitation, handling, usage and storage of chemicals, pesticides, fertilizers, OHS issues, etc. Some of these risks and impacts are expected to be significant but mostly are temporary, predictable and/or reversible with no effects on areas of high value or sensitivity. The AF also covers new geographic areas in Maputo, Gaza and Inhambane provinces that are similar to the Parent Project, i.e., are mostly in rural settings and with already transformed habitats as such no impacts are foreseen to conservation areas and sensitive terrestrial, marine, and coastal habitats, however if any risk is identified will be avoided as per ESS6. The TA activities scale up are likely to generate minimal to no direct environmental negative impact.

The Social risk rating of the parent project and the AF is assessed as Substantial. Under the AF, the project is restructured to add a new Food and Nutrition Security component (Component 5) to include activities that are not covered by parent project components. The sets of activities foreseen by the AF under Component 5 are the following: sub-component 5.1 small-scale infrastructure: rehabilitation of 3 small irrigation schemes and rural roads; Construction/Installation of boreholes and water-tanks) (US\$ 10.80 Million); sub-component 5.2 Support to small farmers, livestock breeder and fishermen (US\$ 27.0 Million) through the provision of agricultural kits, small silos, equipment/tools, building small livestock infrastructure, establishment of a small ruminant scheme small-scale aquaculture, artisanal fisheries and the handling, processing and conservation of fish to reduce post-harvest losses and; sub-component 5.3 implementing a local approach to improve nutrition (training in utilization of local products and mobile kitchens, i.e. nutrition training) (US\$ 2.90 Million). In addition, institutional support to SETSAN and an increase in the operational costs are new activities included under Component 3 ?Strengthening institutions and policies?. Activities considered for this AF are expected to have positive economic and social impacts by financing activities that supports immediate response, resilience building and the recovery of livelihoods in districts adversely impacted by the tropical storm Ana and cyclone Gombe in Nampula and Zambezia provinces; and increasing the resilience to potential FNS crisis in a relatively limited number of districts scattered in 8 provinces of the country.

E. Implementation

Institutional and Implementation Arrangements



16. **The AF will use the same SREP implementation arrangements.** No change to the existing setup for implementation is deemed to be necessary to implement the AF.

17. **MADER is responsible for the SREP's overall coordination and implementation.** MADER is tasked with promoting sustainable rural development, which includes proposing policies and strategies for integrated and sustainable rural development, facilitating intersectoral coordination for sustainable utilization of existing resources in the rural space, and ensuring integrated planning and definition of priorities for the implementation of infrastructure for sustainable rural development in Mozambique. In the overall project coordination, MADER will work in a coordinated manner with other ministries and institutions, particularly MIMAIP and MTA.

18. **Project Steering Committee (PSC).** The PSC is chaired by the Minister of Agriculture and Rural Development and composed of representatives of the FNDS, ProAzul, BIOFUND, key MADER, MIMAP, MTA, and MEF national directors and of program provinces. The PSC is expected to meet at least twice a year and FNDS will be the PSC technical secretary and ProAzul will be co-secretary. Independent observers from the private sector and civil society are members of the PSC. The PSC is responsible for (a) providing overall policy guidance and decision-making on all issues related to the project, (b) facilitating coordination among relevant sectors and agencies, (c) reviewing and approving annual work and expenditure plans submitted by the PIU coordinator, and (d) ensuring project alignment with other government programs and providing strategic direction.

19. **The project is implemented by the FNDS, ProAzul, and BIOFUND under oversight of MADER, MTA, and MIMAIP.** The FNDS is responsible for coordination, and all three entities are responsible for operational management with fiduciary and safeguards responsibilities. More specifically, the FNDS is responsible for implementing all project activities except for fisheries interventions, which are implemented by ProAzul, and some activities inside the conservation areas, where BIOFUND is instead responsible. The FNDS, in collaboration with ProAzul and BIOFUND, leads on technical supervision and coordination, project planning, quality oversight, communication, safeguards management, reporting, procurement, financial management (FM), and activities' progress monitoring and reporting. The FNDS, ProAzul, and BIOFUND are responsible for management of fiduciary matters in conformity with the standards and requirements contained in the Legal Agreement and agreed upon with the World Bank.

20. **A dedicated PIU is established at the FNDS, PROAZUL, and BIOFUND.** The PIU is responsible for day-to-day management of the project, including (a) managing the implementation of project activities; (b) managing the procurement, FM, disbursements, and safeguards aspects; (c) coordinating the preparation, adjustments, and use of the project management tools, including any updates to the Project Implementation Manual (PIM), annual work plan, Procurement Plan, and disbursement projections; (d) coordinating with key stakeholders on the technical aspects of all parts of the project; (e) monitoring the progress of the PDO and intermediate indicators of the Results Framework; and (f) preparing project reports. PIU key staff include (a) a project coordinator, (b) a technical specialist, (c) a procurement specialist, (d) an FM specialist, (e) an accountant, (f) an M&E specialist, (g) a social development specialist, and (h) an environmental specialist.

21. **At the provincial level, the program is coordinated through the FNDS provincial offices,** in close coordination with the Provincial Directorates of Agriculture and Fisheries (*Direção Provincial de Agricultura e Pescas*, DPAP), Territorial Development and Environment (*Direcção Provincial de Desenvolvimento Territorial e Ambiente*, DPDTA), and the Provincial Services of Economic Activities. These PIUs report to the project coordinator in the central PIU. They coordinate the work with the provincial services and provincial directorates and the implementation of



activities at the district level with the District Services for Economic Activities (*Serviço Distrital de Actividades Económicas*, SDAE) and the District Service for Infrastructure and Planning (*Serviço Distrital de Planeamento e Infraestrutura*, SDPI). Each PIU has a provincial coordinator who reports to the central project coordinator and with the provincial and district authorities and services. At this level, activities are implemented by PIU technicians, extension workers who are trained by the project, and service providers.

22. Inter-agency memorandums of understanding (MoUs) or Implementation Agreements. For the effective implementation of specific activities, the FNDS establishes MoUs or Implementation Agreements with other Government entities, including with the ANE and with the National Directorate for Assistance to Smallholder Farmers (DINAFF), before specific activities begin, such as investments in rural roads and in PACEs. With ANE, the FNDS has already signed an MoU for activities related to the design, supervision, and verification of infrastructure quality (rural roads and bridges). Based on recent experience in the implementation of the MoU, it will be maintained and upgraded as necessary. With DINAFF, the FNDS will establish an Implementation Agreement before the support to PACEs begin under Component 1 given the importance of the extension services in the implementation of project activities in the districts. Given the important role of the extension network for the success of this project, and in its role as the directorate tasked with the provision of extension services and technical assistance to smallholder farmers, DINAFF will allocate extension agents to the project. The FNDS will in turn provide training and the necessary resources to the extension agents to pursue their activities for the project. Details on the responsibilities of the parties in each MoU or Implementation Agreement is set out in the respective agreements and reflected in the PIM.

PIM. The PIM sets out detailed guidelines, methods, and procedures for the implementation of the project: (a) the different roles and responsibilities in the implementation of the project, including the various mechanisms for ensuring close coordination and collaboration between various project stakeholders; (b) budget and budgetary control; (c) flow of funds, disbursement procedures, and banking arrangements; (d) financial, procurement, and accounting procedures; (e) internal control procedures; (f) accounting system and transaction records; (g) personal data collection and processing in accordance with applicable national law and good international practice; (h) M&E arrangements, including procedure reporting requirements; (i) external audit; (j) the Annual Work Plans and Budget for the first year of project implementation; and (k) such other arrangements and procedures as shall be required for the effective implementation of the project.

Grants Implementation Manual. An Implementation Manual for the MGS, *Mais Peixe Sustentável*, and Performance-Based Grants is annexed to the PIM and has been updated in June 2022. The Grant Implementation Manual describes the basic guiding principles and procedures for the matching grants mechanisms to be scaled up under sub-components 1.1 and 2.1, which include (a) an elaboration of the selection, prioritization, and eligibility criteria and terms and conditions and procedures for preparation, approval, and M&E of matching grants; (b) procedures for the award of matching grants and selection of matching grants beneficiaries; and (c) amounts of matching grants to be paid on a non-reimbursable basis.

CONTACT POINT

World Bank



Tomas Ricardo Rosada Villamar
Senior Agriculture Economist

Franka Braun
Senior Natural Resources Management Specialist

Giuseppe Fantozzi
Senior Agriculture Economist

Borrower/Client/Recipient

Republic of Mozambique

Implementing Agencies

BIOFUND

Luis Honwana
Executive Director
luis.honwana@biofund.org

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

ProAzul Blue Economy Development Fund
Miguel Langa
CEO
miguelanga@gmail.com

FOR MORE INFORMATION CONTACT

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

**APPROVAL**

Task Team Leader(s):

Tomas Ricardo Rosada Villamar
Franka Braun
Giuseppe Fantozzi

Approved By

Practice Manager/Manager:

Country Director: