



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 13-May-2021 | Report No: PIDA30756

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

Country Mozambique	Project ID P174635	Project Name Northern Mozambique Rural Resilience Project	Parent Project ID (if any)
Region AFRICA EAST	Estimated Appraisal Date 05-May-2021	Estimated Board Date 22-Jun-2021	Practice Area (Lead) Environment, Natural Resources & the Blue Economy
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Economy and Finance	Implementing Agency ProAzul, National Sustainable Development Fund (FNDS), BioFund	

Proposed Development Objective(s)

The project development objective is to improve access to livelihoods opportunities for vulnerable communities and management of natural resources in selected rural areas of Northern Mozambique.

Components

Improving Access to Livelihoods and Community Infrastructure
Improving management of natural resources
Institutional strengthening, project coordination, management and communication
CERC

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

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

DETAILS**World Bank Group Financing**



International Development Association (IDA)	150.00
IDA Grant	150.00

Environmental and Social Risk Classification

High

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

- Mozambique occupies an area of 800,000 square kilometers, with about 2,700 kilometers of coastline along the southwestern rim of the Indian Ocean.** The country has a population of 30 million, about 67 percent of which live and work in rural areas, and 68 percent of whom are aged 25 or younger. Mozambique is also strategically located, bordering six countries – four of them landlocked, and dependent on the country's three deep seaports as a conduit to the global market.
- Despite significant economic growth and macroeconomic stability over the last two decades, growth in Mozambique has not been inclusive, and has not translated into broad poverty reduction.** Although the country enjoyed an annual average economic growth rate of approximately 7.5 percent in the last decade, largely driven by foreign investments, it still ranks 180 out of 189 countries in the Human Development Index (2018) and in 2016 the hidden debt crisis caused GDP growth to decrease, inflation to rise, and debt levels to surge unsustainably. Mozambique has a Gross Domestic Product (GDP) of approximately US\$ 12 billion, and a GDP per capita of US\$ 417, which is among the lowest in the world.
- Mozambique has experienced a series of multidimensional shocks in recent years, which have compounded one another, and have placed further pressure on already strained systems and capacities.** Fallout from the hidden loans' crisis of 2016, wherein the revelation of USD\$2.2 billion in previously **undisclosed** external borrowing shook investor confidence and placed the country in debt distress, included the suspension of IMF budget support. It also more than halved the average rate of growth. This shock was followed in 2019 by Cyclones Idai and Kenneth, which devastated parts of Northern and Central regions. Since 2017, a rapidly escalating insurgency in the North, combined with the impact of the COVID-19 pandemic, has had deadly consequences for the population in terms of lives and livelihoods lost. Compounding this, the impact of the COVID-19 pandemic represents a further setback that could erase development gains, making paramount the need to invest in strengthening coping mechanisms of the population and boost the resilience of the most vulnerable to shocks.
- The security situation in the North of Mozambique has significantly deteriorated in the past four years.** It has challenged the Governments response capacities and threatens the economic potential of lucrative Liquefied Natural Gas (LNG) investments in the region, while destroying human and physical capital leading to a



mounting humanitarian and displacement crisis. It is estimated that the conflict has led to over 3,800 fatalities as of end- December 2020, and nearly 700,000 internally displaced people.

5. **Northern Mozambique is characterized by low welfare levels and faces deep-rooted fragility challenges, amid perceptions that development decisions have favored the South.** The Northern provinces continue lagging the Southern ones, with a significantly higher percentage of poor in Niassa (67 percent), Nampula (65 percent) and Cabo Delgado (50 percent) than in Maputo Province (12 percent) and Maputo City (4 percent), the two areas that have seen the largest decline in poverty rates in the past decade.

6. **Mozambique is also ranked Africa's third most vulnerable country to climate change.** Large areas of the country are exposed to tropical cyclones, droughts (every three to four years) and river/ coastal storm surge flooding. This vulnerability is heightened by the country's 2,700 km of coastline and socio-economic fragility. 60% of the population lives in low-lying coastal areas, where intense storms from the Indian ocean and sea level rise put infrastructure, coastal agriculture, key ecosystems and fisheries at risk.

7. **This project will address the identified climate risks and vulnerabilities by prioritizing investments that promote more resilient livelihoods and improved management of natural resources which these livelihoods depend on.** This will include prioritizing climate-smart solutions in the various community-driven activities, from agriculture to forestry, conservation areas management, biodiversity protection, and infrastructure development/upgrading. By addressing the main drivers of deforestation, such as slash and burn agriculture, and enhancing the effectiveness of CA management, the project will indeed contribute to reduce GHG emissions.

8. **Women and youth in Mozambique are at a particular disadvantage in accessing economic opportunities and political platforms** due to low levels of education, high maternal health risks, pressure to marry at a young age, gender-based violence and accepted cultural norms. Only 46 percent of girls finish primary school and 22 percent finish secondary school, and 56 percent of women are illiterate (77 percent in rural areas). Although women constitute the bulk of the informal and unskilled workforce, especially in agriculture (63 percent), their labour is largely unpaid. Mozambique ranks 142nd out of 162 countries on the UNDP Gender Inequality Index. Youth are increasingly marginalized, due to lack of access to quality education, thus excluded from political voice and opportunities to earn an income, for social mobility and self-improvement.

9. **Due to the Covid-19 pandemic, a sizeable number of Mozambicans will fall back into poverty as a result of the pandemic.** Given the depth of the Covid-19 crisis, Mozambique's already difficult poverty situation is expected to be aggravated further. It is likely that livelihoods, food security and nutrition will worsen as incomes are affected by the slowdown in economy activity. The pandemic could also heighten socioeconomic grievances and sharpen the inequalities and sense of marginalization that are contributing to the escalating insurgency in the northernmost province of Cabo Delgado.

Sectoral and Institutional Context

10. **Mozambique is well endowed with natural capital, including:** 36 million ha of arable land, 34 million ha of natural forests (Miombo dry forests being the predominant ecosystem) and the second largest mangrove resources in Africa, covering ca. 357,000 ha. Mozambique has the 4th longest coastline in Africa, harboring some of the most spectacular coral reefs in the world and several highly productive estuaries, significant energy resources, water, and gas including recently discovered offshore natural gas. The country has outstanding biodiversity, counting more than 10,000 species, 10 percent of which are endemic or nearly endemic.

11. **Mozambique's Northern provinces, including Cabo Delgado, Nampula, and Niassa, are among the richest in terms of renewable natural resources.** These resources provide global public goods, such as biodiversity, climate stabilization, and nationally significant ecosystem services. They also play a critical role in contributing to the resilience of local communities and their livelihoods, by providing goods and ecosystem



services to the local population.

12. **Agriculture in Northern Mozambique is practiced by about 80% of the population.** Yet the agricultural sector in this region still struggles with issues such as (i) low productivity, (ii) low quality of production and (iii) challenges for producers and MSMEs to access stable markets. This is coupled with a limited capacity in innovation and quality for production, processing and marketing. In addition, producers typically have limited access to adequate storage facilities and irrigation infrastructure, as well as to improved seeds and organic fertilizers. Women participate significantly in the Northern Mozambique agricultural sector, with about 30% of households being female-led in both Niassa and Cabo Delgado.

13. **Conservation Areas (CAs) occupy over 20 percent of Northern Mozambique's landscape.** An estimated 500,000 people reside in and around these areas. These CAs play a critical role in contributing to the resilience of local communities, through the provision of food, shelter, medicine, and climate change mitigation. Despite their socio-economic and environmental value, the CAs face several challenges to their long-term integrity and sustainability. To fully exploit their potential, there is a need to strengthen existing management capacity and explore co-management arrangements, including with private sector and communities. Improved livelihood options can help defer communities' involvement in unsustainable or illegal exploitation of resources. The nature-based tourism sector is suffering significant losses, leading to revenue shortfalls for Mozambique's CAs, which in turn imperil the proper functioning of CAs and wildlife protection.

14. **More than 75 percent of timber stocks and 85 percent of the precious wood species available in the country are concentrated in the Northern and Central provinces.** The sector holds great potential of contributing more significantly to the economy, incomes, and the job market in Mozambique's rural areas. Yet the Northern provinces have the highest deforestation rates, with Nampula alone accounting for more than 25 percent of the deforestation in the country (ca. 74,000 ha/year). Ensuring the sustainability and resilience of the natural resource base on which agriculture and forestry depend, particularly soil and water, is critical for resilient development.

15. **Northern Mozambique's long coastline teems with rich marine life, supporting livelihoods for hundreds of remote coastal communities.** Despite a relatively low contribution of about 2 percent of the national GDP, fisheries provide a major source of food and is a vital part of the rural job market. Nampula, Niassa and Cabo Delgado include over 54,000 thousand artisanal fishers, distributed across 571 fishing centers. If more sustainably managed, artisanal fisheries could contribute significantly to improve economic prospects and build the resilience of local communities living along the coast of northern Mozambique. While aquaculture is still in very early stages of development, its development is a priority for the GoM as reflected in the recently approved 2020-2030 National Aquaculture Development Strategy.

16. **The inclusion of women in natural resource management and their equal participation in economic and social life is essential for enhanced resilience and to facilitate Northern Mozambique's transition out of fragility.** Gender roles ascribed to men and women coupled with unequal gender power relations result in women having unequal access and control over productive and natural resources, lower access to education, skills development opportunities and employment than men. The conflict in Cabo Delgado and the impacts of the COVID-19 pandemic, have increased women's vulnerability, heightening the risk of gender-based violence and early and forced marriages. There is also a risk that the number of women-headed households will increase due to violent conflict. According to latest reports, 45% of IDPs due to the conflict are children, and 32% are women.

17. **There is a sense of broad-based disenfranchisement and exclusion among the youth in Northern Mozambique.** Due to lack of opportunities for jobs and livelihoods, there are increasing risks of youth being drawn into the illicit economy placing further pressure on natural resources. Within this context, there are signs



of growing activism among the youth, and technology is proving to be an important means of achieving economic freedom by facilitating engagement with the private sector and providing a platform to express individual rights and political voice.

18. **In Northern Mozambique more than 700,000 people are estimated to be internally displaced (IDPs), representing an increase of nearly 300 percent from the beginning of 2020.** In Cabo Delgado, IDPs are mostly concentrating in the southern districts for safety and access to humanitarian assistance. Violence, displacements, and consequent loss of livelihood also worsen food security in a region with the second highest rate of chronic malnutrition in the country and more than half of children under 5 chronically malnourished.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

19. The project development objective is to improve access to livelihood opportunities for vulnerable communities and management of natural resources in selected rural areas of Northern Mozambique.

20. **The project aims to improve the resilience of vulnerable communities in selected landscapes of Northern Mozambique,** more specifically, the project will address the following drivers: (i) exclusion of local communities and IDP (particularly women and youth) from access to sources of livelihoods depending on renewable natural resources; (ii) environmental degradation, climate variability and limited capacity of formal institutions to manage natural resources in a sustainable and inclusive manner; and iii) exclusion of local communities and IDP from managing and deciding over use of natural resources.

21. **Given the high vulnerability of Northern Mozambique to climate and geophysical hazards, as highlighted in the Climate and Disaster Risk Screening Report carried out for the project,** the design takes an overall climate-sensitive approach to help mitigate risks and enhance adaptive capacity of project beneficiaries. This will translate into promoting climate-smart solutions across all activities and sectors of intervention, from infrastructure to agriculture, fishery, forestry and community-driven activities.

Key Results

22. The project performance towards the PDO will be measured through key outcome and intermediate results indicators. The main expected project results will be measured by the following PDO Level Indicators:

23. To measure improved access to livelihood opportunities for vulnerable communities in selected areas of Northern Mozambique:

a) Number of beneficiaries that accessed livelihood improvement activities supported by the project (Number/ Annual)

24. To measure improved natural resources management in selected areas of Northern Mozambique:

a) Area under sustainable agriculture as a result of the project; (Ha / Annual)

b) Number of registered artisanal fishing gears annually licensed in targeted areas (Number / Annual)

c) Number of conservation areas with improved management (Number/Annual).



D. Project Description

25. **The proposed project will have four components:** (1) Improving access to livelihoods and community infrastructure; (2) Improved management of natural resources; (3) Multi-stakeholder Coordination and Project Management; and (4) Contingency emergency response (CERC).

Component 1- Improving access to livelihoods and community infrastructure (US\$ 98.7 million)

26. **This component will address fragility driver *exclusion of local communities and IDP (particularly women and youth) from access to livelihoods depending on renewable natural resources*.** More specifically, the component will comprise of the following sub-components:

27. **Subcomponent 1.1: Livelihoods Stabilization through Community Driven Development (CDD) (US\$ 52 million)**. This activity will provide grants to districts and communities to i) stabilise IDP and host communities' living conditions and generate sustainable livelihoods opportunities, ii) promote inclusive and participatory development, and iii) strengthen social integration. Through a participatory process, communities will define projects to be implemented in their communities, and progressively become more involved in community projects based on their capacity.

28. **Subcomponent 1.2: Sustainable agriculture interventions (US\$ 28.8 million)**. This sub-component aims at strengthening resilience of local agricultural production while promoting the stabilization and integration of farming hosting communities and farming IDP. Support to smallholder agricultural producers will be provided through two modalities, i) integration into input and output markets of Smallholder Farmers (SFs) through a Small Emerging Commercial Farmer (SECF) with some integration to the market, and b) organization of vulnerable farmers, including women associations, in groups or cooperatives supported by public extension agents.

29. **Subcomponent 1.3: Sustainable Fisheries Interventions (US\$ 18 million)**. Fisheries interventions will prioritize communities along the coast of Cabo Delgado and Nampula, and Lake Niassa, and will include (i) matching grant support to eligible fishers, including internally displaced fishers and fishers in host communities, as well as SMEs for the development of fisheries and aquaculture-related value chains; and (ii) support to select infrastructure linked to the marketing of fishery products, considering climate resilience standards, and iii) mangrove restoration.

Component 2 – Improving management of natural resources (US\$ 41.5 million)

30. This component will finance support for a) improved management of forests and climate risk, b) improved and inclusive management of conservation areas, and c) improved management of fisheries resources.

31. **Subcomponent 2.1: Improved Management of Forests and Climate Risks (US\$ 12.6 million)**. This subcomponent will finance forest management activities to improve the use of forest resources at the community level, to strengthen approaches for improved forest management and control, and to manage climate risks in the North.

32. **Subcomponent 2.2: Improved and more Inclusive Management of Conservation Areas (US\$ 24.6 million)**. This subcomponent will support activities in the Niassa National Reserve (NNR), including Chipanje Cheto community area, the Environmental Protection Area of Ilhas Primeiras e Segundas (APAIP), and Quirimbas National Park (QNB). These activities will support i) effectiveness of CA management, and ii) inclusive and participatory management of Conservation Areas.



33. ***Subcomponent 2.3: Improved Management of Fisheries Resources (US\$ 4.3 million).*** Interventions focusing on improving fisheries management will be delivered in coastal areas and Lake Niassa, including i) improving artisanal fisheries licensing and registration, ii) strengthening fisheries' MCS, including capacity building, equipment acquisition, and support to local surveillance operations; and iii) promoting local fisheries co-management through capacity building (for institutions and CCP), support to local fisheries management measures, and restoration of resources in overfished areas/no-take zones.

Component 3- Multi-stakeholder Coordination and Project Management (US\$ 9.7 million)

34. **The project will support operational costs of multi-stakeholder platforms at the level of each province,** to coordination and dialogue, private sector involvement, and landscape/local-level monitoring. Furthermore, the objective of this component is to coordinate and monitor project activities and manage financial and human resources in an efficient, results-oriented manner, in accordance with the project's objectives and fiduciary procedures. This component will finance operational costs of FNDS, ProAzul and BIOFUND related to project management.

Component 4- CERC (US\$ 0)

35. The Contingency Emergency Response Component (CERC) component is included to provide the means to support the recipient in case of a potential disaster-recovery need. The conditions for activating this component will follow procedures as agreed between the Recipient and the Bank, laid out in the Financing Agreement, in response to an eligible crisis or emergency.

Project Beneficiaries

36. **The project will cover around 300 communities (about 619,000 beneficiaries) with potential for economic activities.** The project will have positive social and environmental benefits at local, national, and global levels. At the local level, the project will directly benefit local communities living in the target landscapes, often among the poorest of the population, through the promotion of enhanced livelihoods and healthier ecosystems. A critical indirect benefit to communities will be the value derived from increased quality of the natural resource base.

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



E. Implementation

Institutional and Implementation Arrangements

37. **The project will be implemented by the National Sustainable Development Fund (FNDS), the Blue Economy Development Fund (ProAzul) and BIOFUND, under general oversight of MADER.** MIMAIP and MTA will provide technical oversight over their respective areas of responsibility. More specifically, FNDS will be responsible for project coordination among all three implementing agencies. It will also be responsible for implementing all project activities except for fisheries interventions, which will be implemented by ProAzul (under mandate of MIMAIP), and some activities inside the Conservation Areas, which will be implemented by BIOFUND (under mandate of MTA). FNDS, in collaboration with ProAzul and BIOFUND, will lead on technical supervision and coordination, project planning, quality oversight, communication, safeguards management, reporting, procurement, financial management, and activities' progress monitoring and reporting. The Agency for Integrated Development of the North (ADIN) will support coordination with other initiatives targeting the three provinces. The roles and responsibilities will be established in the Project Implementation Manual (PIM) that will be prepared jointly by FNDS, ProAzul and BIOFUND.

38. **A dedicated Project Implementation Unit (PIU) will be established in the city of Pemba, Cabo Delgado, at the FNDS provincial office.** The PIU will be led by a project coordinator, and will include a procurement specialist, financial management specialist, safeguards team (including gender and gender-based violence specialist), communication specialist and M&E specialist. This team will be supported by FNDS center of excellence for fiduciary management. The project coordinator will have overall responsibility to supervise the PIU staff in their planning, organizing and executing of administrative, technical and legal activities of the project. S/he will liaise with the provincial and district directorates to ensure strong local participation in the implementation of the project. The coordinator will ensure coordination with BIOFUND and ProAzul, who will carry out procurement and safeguards functions for activities under their leadership. The PIM will describe the roles and responsibilities of PIU coordinator, PIU staff, and fiduciary and safeguard coordination between FNDS, ProAzul and BIOFUND.

39. **A CDD management unit (CDDMU) will be set up with specialized staff to manage the CDD district and community grants component under FNDS.** The CDDMU will be based in the PIU in Pemba with assistants in the PIUs of Nampula and Niassa. The CDDMU will work in close collaboration with the provincial directorate for civil works, SDPIs (District Services for Planning and Infrastructures) and SDAEs (District Services for Economic Activities) and service providers. FNDS will prepare a comprehensive implementation manual that will be developed for the CDDMU that includes clear rules, eligibility criteria, accountability mechanisms and role of agencies and stakeholders involved. FNDS will transfer CDD funds to districts and service providers that will open specific bank accounts for the project.

40. **The project will work with UN agencies (WFP, UNDP, among other) and partners on the ground.** Experienced international and local NGOs (Aga Khan, PLAN, WCS, AIFO, CVM, CEPIC, etc.), local CBOs (PROMURA, Plataforma Makabo, Estamos, etc.) and Service Providers (SP) with on the ground presence (such as Technoserve, SOFRECO, etc.) will be hired as needed, based on their areas of expertise. Such NGOs, CBOs and, SP will provide support to the implementation of activities under Component 1. and Component 2. All NGOs, CBOs and, SP hired under the project will establish their duty stations in the project area. A detailed institutional mapping has been carried out to facilitate partner identification.

41. **The Provincial Services of Economic Activity (*Serviços Provinciais de Atividades Económicas, SPAE*),** SPAE will be responsible for providing implementation support and monitoring of project activities under Component 1. SPAE will provide technical guidance to the provincial PIU offices



42. **A Project Steering Committee (PSC)** will meet twice a year in Cabo Delgado, and be responsible for i) providing overall policy guidance and decision making on all issues related to the project, ii) facilitate coordination among relevant sectors, agencies, and partners, iii) reviewing and approving annual work and expenditure plans submitted by PIU coordinator, iv) ensure project alignment with other Government Programs and provide strategic direction. As such, the PSC will ensure there is adequate coordination between the main PIU and the line Ministries. The PSC will be chaired by MADER and composed of representatives of ADIN, FNDS, BIOFUND, ProAzul, national directorates, the private sector, and civil society organizations. National directorate representatives will be determined by the respective ministries, including MADER, MTA, MIMAIP, MOPH. Independent observers from the private sector and civil society will also be members of the PSC.

43. **At the provincial level, two satellite PIU offices will be established in Niassa and Nampula.** These PIUs offices will report to the project coordinator based in the Pemba office. They will coordinate the work with the provincial services and provincial departments, and will coordinate the implementation of activities at the district level with the District Services for Economic Activities (*Serviço Distrital de Atividades Economicas*, SDAE), the District Service for Infrastructure and Planning (*Serviço Distrital de Planeamento e Infraestrutura*, SDPI) and SPA, SPAE at the provincial level. At this level, activities will be implemented by PIU technicians, by extension workers who will be trained by the project and NGO, CBO and SP.

44. **A Project Implementation Manual (PIM)** will be prepared covering general purpose, project history, objectives, components, implementation timeline, institutional arrangements, landscape overview, beneficiaries and project locations description, budget, accounting policies, accounting and financial reporting system, administrative procedures (operating, administrative and financial, procurement, M&E, management of fixed assets, safeguards procedures and tools). The CDDMU will produce a detailed operations manual that will be also part of the PIM.

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APPROVAL

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