

CLIMATE INVESTMENT FUNDS

June 21, 2016

**FIP INVESTMENT PLAN FOR MOZAMBIQUE
COMMENTS FROM UK**

Mozambique IP

Comments from the UK

- The UK welcomed this ambitious Investment Plan which demonstrates the value of FIP in enhancing the coherence of other existing or planned investments. It is a strong forward looking plan which aims to secure additional funding from the GCF and includes an innovative component to test new ways of working with plantation investors. It also will operationalise landscape approaches – an important area of work requiring high levels of horizontal coordination at the sub national level in particular.
- There are a number of issues that will need to be made clear in the projects that come forward
- The IFC supported investment is part of a major area of work on-going in Mozambique to improve the chances of success for plantation investment. The project will need to make very explicit the inherent reputational risks associated with this type of investment and take every measure practicable to minimise the risks. Most of the UK's comments relate to this project.
 - The IFC project will need to make clear the distinction between those activities to be supported by the FIP and those in relation to the community development support activities of the plantation company within their concession area, and how these will interact. A clear theory of change setting out the underlying assumptions and risks will help.
 - There are a number of important assumptions that will need to be tracked carefully both in the IFC component AND by the company (given the IFC stake). Suggest that this project will strong monitoring and sufficient flexibility for course correction – particularly on the following issues:
 - Water impact of eucalyptus plantations – potential reduced run off – impact on local smaller water courses?
 - Pressure on remaining natural forest areas from zoning and mosaic planting .e.g. users outside the plantation DUAT area could also use the remaining natural resources
 - Social impacts and food security impacts etc
 - Explain land delimitation processes and intentions to fully delimit the communities where boundaries can be inside and outside the plantation DUAT
 - Provide clarity on how “degraded” is going to be determined by the plantation company – and how the company will decide which areas to consolidate etc

Other issues:

- A significant risk exists around as yet still unclear roles responsibilities and mandates across government institutions, at national and local level – where implementation of the landscape approach requires high levels of coordinated working across ministries. The Landscape project will need to set out clearly how this will be overcome

- A clear theory of change will be required to demonstrate the coherence of interventions in the landscape project, to ensure a strategic approach is taken rather than scattered and/or isolated interventions.
- We will be looking out for initiatives that promote positive gender outcomes and monitoring and reporting that tracks this accordingly
- We seek assurances from the World Bank that, if they intend to provide funds directly to Government, they will conduct a procurement, capacity and fiduciary risks assessment of the Ministry or stakeholders involved. In forthcoming project proposals it should be made clear whether government will be procuring or not, and how WB spending to Government will be done. Separately it would be helpful to know how funds will be monitored and followed up on (through the TSA/IFMIS system called “CUT” in Mozambique), and what will the mechanisms be to monitor financial (expenditure and forecast) reporting.