

**PROGRAM INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.:

Operation Name	Climate Change Technical Assistance Project		
Region	AFRICA		
Country	Mozambique		
Sector	Environment		
Operation ID	P131195		
Lending Instrument	Technical Assistance (non-lending)		
Borrower(s)	Republic of Mozambique		
Implementing Agencies	Ministry of Planning and Development and Ministry for the Coordination of Environmental Affairs.		
Environment Category	<input type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
Date PID Prepared	April 19, 2012		
Estimated Date of Appraisal	May 7, 2012		
Estimated Date of Board Approval	June 22, 2012		
Corporate Review Decision			
Other Decision <i>{Optional}</i>			

1. Country and Sector Background

Mozambique experienced average annual economic growth rates of over 8 percent between 1996. Pro-growth economic policies, tight monetary policy, a significant influx of foreign investment and high levels of donor support have contributed to this economic growth. However, the country remains one of the poorest countries of the world – ranking 169th for per capita GDP at US\$802 per year and 165th out of the 169 countries included in the Human Development Index (HDI). Life expectancy remains low at 47.8 years—166th out of 172 ranked countries. A decrease in rural poverty levels accompanied economic growth in Mozambique - poverty declined from 69 percent in 1997 to 54 percent in 2003. Since 2003, the rate of decline in the poverty rate has slowed - remaining unchanged since 2003 at around 55 percent. In central Mozambique, poverty rates actually increased by as much as 7 per cent in urban areas and 16 percent in rural areas. The recent slow-down in progress on poverty reduction results from a number of factors, but recent climatic impacts on Mozambique’s economy has made a contribution to this.

Progress to date on institutional and sector reform:

For climate change and disaster risk management (DRM), the calamitous events of 2000 and subsequent periods of floods and droughts have underlined that climate change will work against efforts to grow the economy and to reduce poverty in a sustainable way. For this reason, the GoM is developing policy and institutional responses to climate variability and change. Since 2000, Mozambique has put in place a strong governance framework for DRM including the Coordinating Council for Disaster Management (CCGC - Conselho Coordenador de Gestão de Calamidades), chaired by the Prime Minister, ensures multi-sectoral coordination in disaster prevention, assistance to victims and disaster rehabilitation. It receives advice from the Technical Council for Disaster Management (Conselho Técnico de Gestão de Calamidades). For the coordination of action on longer-horizon climate change issues, an inter-ministerial coordination committee – the National Sustainable Development Council (CONDES - Conselho Nacional de Desenvolvimento Sustentavel) chaired by the Prime Minister, coordinates policy and planning on sustainable development and climate change. CONDES is supported by a technical coordination committee - chaired by the Deputy Minister of MICOA. Under CONDES oversight, MICOA is preparing to start work on a national climate change strategy and has prepared a Strategic Program on Climate Resilience (SPCR) which has now been endorsed for support from the Climate Investment Funds (CIFs).

For low carbon growth, Mozambique's *per capita* emissions of greenhouse gases are extremely low by global standards. Only 12 per cent of households currently have access to electricity. However, emissions levels are likely to rise as the country's extensive coal and gas reserves in Tete, Moatize, Niassa and the Rovuma basin are tapped to generate electricity for export to regional markets and domestic consumption. Forest clearance is also increasing levels of emissions (see below). Lack of access to electricity constrains economic opportunities for the poor, reduces the quality of services available to them (since modern health and education services normally rely on access to electricity) and leaves rural populations over-dependent on declining forest resources for fuel. The burning of these fuels also has negative impacts on health.

Mozambique is losing its forests at a rate of about 0.58 percent per annum - more than double the deforestation reported in 1994 (0.21 percent). Overall forest governance frameworks (including forest land tenure arrangements) are weak and the country lacks the capacity to enforce existing legal and regulatory arrangements. Carbon markets and growing private sector interest in Reducing Emissions from Deforestation and Forest Degradation (REDD+) may generate some of the finance needed to strengthen incentives for sustaining forest cover and for delivering development benefits to forest-dependent communities. There is currently a high level of private sector interest in making such investments in Mozambique, but like in most countries, there is currently no governance framework for REDD+.

2. Objectives

The Project Development Objective is to strengthen the institutional and technical capacity of the Government of Mozambique to mainstream climate change resilience into key economic sectors.

3. Description

The CCTAP would consist of three components to be implemented over four years: (i) Policy and institutional reform; (ii) Knowledge management and evidence building; and (iii) Management and coordination support for the SPCR. Resources from the PPCR will support the overall structure of this technical assistance program.

Component 1: Policy and Institutional Reform. This component would provide advice on strategy preparation, institutional and policy reform. The component would build around three sub-components: (i) Preparation of the Mozambique Climate Change Strategy, (ii) Preparation of a Climate Change Development Policy Operation, and (iii) Support of policy and institutional reforms at the sector level.

Preparation of the Mozambique Climate Change Strategy. The project would support GoM to develop its first National Climate Change Strategy covering both adaptation and low carbon development. Preparation support would require deployment of national and international consultants to build national capacity and to support the strategy development process. The project would also contribute to the costs of national and regional consultation processes to ensure that strategy development is evidence-based and responsive to ideas and views from a wide range of stakeholders. The strategy would be reviewed by the National Sustainable Development Council (chaired by the Prime Minister) by September 2012 and is scheduled to be approved by the Cabinet by the end of calendar year 2012.

Preparation of a Climate Change Development Policy Operation. Over the next three years the government would engage in an ambitious program of policy and institutional reform which would receive World Bank support through a three cycle climate change DPO. Under this sub-component, specialist technical assistance support would help GoM prepare a climate change public expenditure review, and to build analytic evidence on the environmental, social and poverty impacts of the proposed policy reforms. The climate change public expenditure review will provide the GoM with an analytical basis and specific recommendations to increase the institutional capacity and efficiency of public resource allocation, utilization and implementation to support the Climate Change strategy.

Delivery of policy and institutional reforms at the sector level. The DPO would support a number of sector ministries to introduce policy and institutional reforms for agriculture, hydrometeorological services, energy, roads, social protection and health. At sector level, the CCTAP would support the delivery of specialist technical assistance – both national and international, to support delivery of specific policy actions identified in the DPO results framework.

Component 2: Knowledge Management and Evidence Building. This component would allow the Government to take full advantage of lessons learnt from PPCR investments and from DPO implementation, and fill knowledge gaps in a number of important sectors. This will be achieved through two sub-components: (i) Design and implementation support for the SPCR knowledge management system; and (ii) Addressing evidence gaps.

Design and implementation support for the SPCR knowledge management system. The project would support a ‘knowledge management and evidence specialist’ tasked with developing a coherent knowledge management strategy for the SPCR and preparing a comprehensive training needs assessment for key line ministries and agencies. These will identify priorities for future investments in training, communications and the sharing of experience, information and knowledge across government and with civil society and other stakeholders. The project would also support the costs of a part-time communications specialist to develop and manage a web portal to facilitate improved sharing of information on climate change and climate-related initiatives.

As part of the knowledge management work, the project would support the development of an institutional analysis and capacity-building needs assessment for key agencies and line ministries. Such an assessment will also identify specific areas where best practice guidelines might add value to efforts to build resilience into sector planning. In the event of additional financing opportunities, the assessment would help the design of capacity building activities.

Address Evidence Gaps. Scoping and design studies would be undertaken to detail and cost the analysis needed to address the evidence gaps identified in the SPCR. These are likely to include studies and vulnerability assessments of coastal zones and forests and for the health and fisheries sectors. These studies will build on the work being currently undertaken by the National Institute for Disaster Management.

Component 3: SPCR Management and Coordination. This component would strengthen the capacity of GoM to manage the SPCR effectively. It would strengthen the capacity of CONDES by supporting the establishment and operations of a climate change secretariat.

4. Financing

Source:	(\$m.)
Borrower/Recipient	0.00
PPCR	2.00
DFID	0.53
Total	2.53

5. Implementation

The CCTAP would be implemented jointly by MPD and MICOA under the auspices of the Climate Change Coordination Unit (CCCU). Office space has been assigned already to the CCCU and both ministries will assign national staff and logistical support to the CCCU for a period of four years. A financial management and procurement assessment of the procurement and financial management units in these Ministries will be undertaken prior to the start of the project.

6. Sustainability

The project places strong emphasis on capacity building of Governmental entities. It will help to strengthen the institutional architecture for mainstreaming climate change considerations in sector strategies and plans. No PIU is to be set up under this operation: rather, the operation will invest in the capacity of existing institutions and will strengthen skills and technical capacities.

7. Lessons Learned from Past Operations in the Country/Sector

Experience from other World Bank operations has shown that technical assistance can play a crucial role in enhancing the impact of policy and institutional reforms. In Ghana, the Implementation Completion and Results Report (ICR) for the DPO series on Natural Resources and Environmental Governance (NREG) showed that, although the triggers of the DPO series were met, more needed to be done to ensure that the policy changes adopted were adequately institutionalized and operationalized to deliver sustainable impacts. A key ICR recommendation was to ensure that follow-up operations (subsequent DPOs or other related instruments) should be supported by adequate levels of TA that would help government formulate policies and support their inclusion in the respective sectoral policies. TA support proves to be a critical input to provide the Government with timely support and concrete suggestions to debate relevant policy options and accompany their roll-out.

8. Safeguard Policies

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP 4.01)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Natural Habitats (OP/BP 4.04)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pest Management (OP 4.09)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Indigenous Peoples (OP/BP 4.10)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Physical Cultural Resources (OP/BP 4.11)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Involuntary Resettlement (OP/BP 4.12)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Forests (OP/BP 4.36)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Safety of Dams (OP/BP 4.37)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects on International Waterways (OP/BP 7.50)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects in Disputed Areas (OP/BP 7.60)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

9. Contact Point

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