

## INFORMATION ON THE IMPLEMENTATION OF THE BENEFIT-SHARING PLAN

### I. Requirements of FCPF on Benefit Sharing Plans

**BSP Implementation Status Report** is the primary tool for the Program Entity to provide evidence on whether the BSP has been implemented in accordance with the terms of the agreed BSP, in line with the relevant applicable laws, including national laws and any legally binding national obligations under relevant international law, and that such information is provided in a transparent manner. This requirement is specified in the FCPF Methodological Framework (Criterion 29-33) and in the General Conditions applicable to Emission Reductions Payment Agreement (ERPA), and in the ERPA itself.

The BSP Implementation Status Report should include core information and data that Program Entities are required to report, as specified in this template. Any additional information can be provided in an annex to the report depending on the specific content of the BSP. The Program Entity should submit the report six months after receiving the first payment and every year thereafter<sup>1</sup>. The report will be considered valid and accepted only after all the core sections of the report using this template are filled with relevant details.

### II. BSP Implementation Status

| Reporting Period:        | Date of Submission: |
|--------------------------|---------------------|
| July, 2024 to June, 2025 | June 30, 2025       |

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<sup>1</sup> The first **BSP Implementation Status Report** should be submitted six months after the Program Entity receives the first payment and every year thereafter (as of June 30). The Emission Reduction Monitoring Report (ERMR) can refer to the latest annual BSP Implementation Status Report before a payment is made (where this template will replace Annex 2 of the ERMR). Countries that are still undergoing their first reporting period validation and verification (and, therefore, haven't received a first payment yet) will continue to maintain Annex 2 to report on the **readiness** of the BSP.

1. Overall fund disbursement: *[information below is extracted from the detailed excel Table 1 from Tab 2 prepared and submitted with this report]*

Table 1: Summary of the funds distributed by the Program Entity (PE) as per the BSP (includes advance payments)

| Source of funds | Total commitment (contract value)<br>(1) | Total received by PE - Payment 1<br>(2) | Total received by PE - Payment 2<br>(3) | Total disbursed by PE<br>(4) | % Disbursed<br>(5) = (4)/((2)+(3)) | Comments                                            |
|-----------------|------------------------------------------|-----------------------------------------|-----------------------------------------|------------------------------|------------------------------------|-----------------------------------------------------|
| FCPF ERPA       | 50,000,000.00                            | 6,430,245.00                            | 604,695.00                              | 3,923,703.60                 | 56%                                | There is a balance for CBOs for second call of CBOs |

2. BSP revision<sup>2</sup>: were there any changes made to the BSP during the Reporting Period (as specified above in section II): ☐ Yes ☒ No

3. Overall summary of the BSP implementation during the reporting period.

3.1 Have there been any challenges faced in the distribution of funds to beneficiaries? If yes, please describe them and how they will or have been addressed.

**Answer:** Yes, we had challenges with the disbursement of funds to local communities and the private sector. According with BSP, the value was channeled via an official payment system, the E-Sistafe, because of its rules; most of the communities and the majority of selected Private Sector companies were not registered in the system. It was necessary to carry out a long process to register them in the system to receive the resources, which made it necessary to organize a series of documents, which they did not have and this consumed time and resources for this process. The **Decree-Law No. 2/2006 of May 3**, which establishes the legal framework for Associations, states that recognition at the district level is sufficient for an Association-Based Organization (OCB) to be considered legal. It was based on this provision that the 133 Associations were contracted. However, as explained, when the time came for the disbursement of funds, it became clear that these CBOs did not meet the requirements to receive funds through **E-SISTAFE**, the Mozambican State's financial

<sup>2</sup> Any revisions to the BSP whether major and/or minor changes should be documented in this report, and the revised BSP should be submitted to the World Bank including the FCPF Facility Management Team (FMT).

management system. To be eligible, OCBs needed to have a bank account in the name of the CBO, synchronized with the **NUIT** (Unique Tax Identification Number). But to open a bank account under these conditions, several complex and time-consuming requirements had to be met, which are challenging for an association to fulfill, such as:

1. Preparing the statutes (someone must draft the CBO's statutes)
2. Name reservation
3. Definitive name reservation
4. Publication of the statutes in the *Imprensa Nacional* (National Press)
5. Processing the NUIT
6. Gathering all these documents to open a bank account in the name of the CBO (the name must match what was published in the *Boletim da República*)
7. Once the account is opened, the CBO must declare the start of activities with the Tax Authority, as this document is what allows the synchronization of the bank account with the NUIT
8. Signing the contract with FNDS
9. The contract is then submitted to the Administrative Court for approval
10. After the approval, the OCB must pay the applicable administrative fees
11. Only then can the funds be disbursed

Therefore, as can be seen, the process is long and complex. In some cases, after opening bank accounts, some associations leave them inactive for extended periods, and when that happens, banks may block or even close the accounts. When this occurs, the CBO must once again handle all the paperwork to either update or open a new account. In other cases, the synchronization of the NUIT with E-SISTAFE fails, and when that happens, the OCB cannot receive its funds and must return to the Tax Authority to request synchronization of the number.

3.2 Are the governance and funds flow arrangements as described in the BSP and operations manuals (if relevant) functioning well? Please provide as an annex a summary of meetings, consultations with stakeholders and decisions undertaken during the reporting period to implement and monitor the benefit sharing plan.

**Answer:** During the reporting period, several consultation and stakeholder engagement meetings were held, in total 15 meeting which evolved 462 participants, 326 Man and 136 Women, as shown in the summary table below.

| Meetings     | 2024       |           |            | 2025       |            |            |
|--------------|------------|-----------|------------|------------|------------|------------|
|              | M          | F         | Total      | M          | F          | Total      |
| 1            | 11         | 1         | 12         | 44         | 16         | 60         |
| 2            | 21         | 12        | 33         | 13         | 6          | 19         |
| 3            | 18         | 2         | 20         | 23         | 12         | 35         |
| 4            | 6          | 3         | 9          | 27         | 15         | 42         |
| 5            | 17         | 1         | 18         | 24         | 15         | 39         |
| 6            | 10         | 2         | 12         | 27         | 15         | 42         |
| 7            | 34         | 7         | 41         | 24         | 13         | 37         |
| 8            |            |           |            | 27         | 16         | 43         |
| 9            |            |           |            |            |            |            |
| <b>Total</b> | <b>117</b> | <b>28</b> | <b>145</b> | <b>209</b> | <b>108</b> | <b>317</b> |

And for more details you can access the Database of Public Consultations carried out, through the link below:

<https://docs.google.com/spreadsheets/d/1LOo1dvQyUOXMHOU20Djg61E3ECM7OgDbJEhf68jPZ5c/edit?gid=862126948#gid=862126948>

3.3 Is the FGRM functioning and accessible to people in the target areas with uptake channels? Is there evidence on the number and types of feedback and grievances, and how they were addressed? Please briefly describe them here and as relevant please also include links.

**Answer:** Yes, there are different channels through which beneficiaries and the general public can submit their concerns, such as community meetings, where concerns can be raised during the meeting and then channeled to the technical focal point; personal contact, where people can approach the technical focal points, assistants and specialists to present their concerns; via email, where complainants send their concerns to the email address: [mdr@fnds.gov.mz](mailto:mdr@fnds.gov.mz); by filling out forms available in the localities and Administrative Posts; they can place them in the complaint boxes; and finally a free hotline that can also be called anonymously by dialing 800900300 on the Vodacom and Movitel networks. The link to check records is: <https://sismdr.fnds.gov.mz/fnds/>

In cases where capacity building initiatives are ongoing, confirm whether the Program Entity has completed required capacity building

measures to ensure system effectiveness. What other measures are still outstanding?

**Answer:** 3 Service Providers were hired, who are training communities and providing technical assistance in the areas of Forestry and Conservation Agriculture, Beekeeping and social projects (Infrastructure), the contract for which is still in progress. And on other hands, in the safeguards component 14 training sessions were given on different points:

- Training for technicians was on good Environmental and Social practices, reinforcement in the dissemination of the MDR, Code of Conduct and use of the survey123 tool;
- Collection of geospatial data for screening forms (polygons);
- Preparation of screening forms;
- Configuration and interpretation of information from the GPS receiver (Garmin and Smart phones);
- Training in matters of protection of riverine ecosystems and preservation of natural resources;
- Training on cultivation in contour lines and combating erosion in fields;
- Presentation of the legal framework (main laws and decrees used in safeguards) Ex: Land Law, Forest Law, Biodiversity Law, Environmental Law;
- Use of the MDR platform to present concerns;
- Sharing experiences on integration, implementation and monitoring across landscapes;
- Rules/norms of conduct;
- Concepts and principles of Gender and Gender-Based Violence (EAS and AS);
- Socialization of Code of Conduct against GBV;
- Concept of GALS methodology and its potential in integration, implementation, monitoring and learning of Gender issues;
- Quality of a good GALS facilitator using the tools: Vision Walk, Gender Balance Tree and Empowerment Map.

4. Status of Benefit Distribution *[Indicate the payment period, e.g., first ER payment, etc.]*. If there has been any delay in overall disbursement of funds, please explain.

4.1 Indicate the overall number of beneficiaries who received benefits, and please provide this information as per the arrangements described in the BSP. For instance, number of beneficiaries should be disaggregated as follows:

- type of benefits: monetary and non-monetary
- gender
- type of beneficiaries: (public organizations, private sector, IPs, communities, CSOs, etc.). geographic location of the beneficiaries (e.g., village, province)

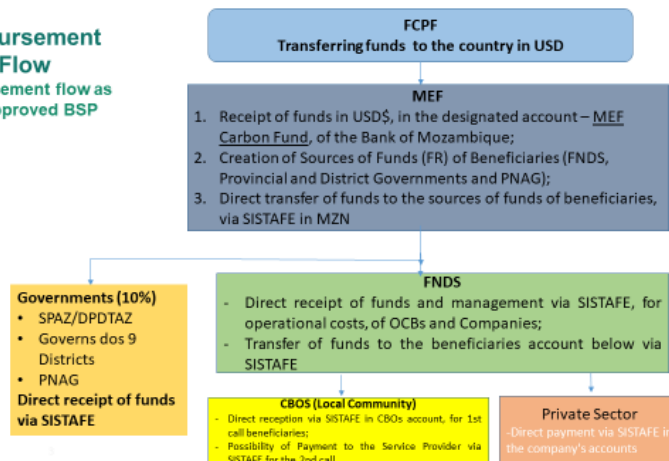
**Answer:** please see the table below:

| Type of beneficiary               | Subcategory                 | Number of beneficiaries |              | Gender       |              |
|-----------------------------------|-----------------------------|-------------------------|--------------|--------------|--------------|
|                                   |                             | monetary                | non-monetary | Male         | Female       |
| <b>Public Organizations (10%)</b> | FNDS (Project Management)   | 1                       | 0            | 11           | 6            |
|                                   | Provincial (2%)             | 2                       | 0            | 23           | 14           |
|                                   | PNAG (4%)                   | 1                       | 0            | 108          | 8            |
|                                   | District (4%)               | 9                       | 0            | 339          | 115          |
| <b>Private Sector (20%)</b>       | Enterprises /Companies      | 12                      | 0            | 150          | 122          |
| <b>Local Communities (70%)</b>    | CBOs (1 <sup>st</sup> Call) | 111                     | 22           | 1767         | 1220         |
|                                   | CBOs (2 <sup>nd</sup> Call) | 102                     | 0            | 4070         | 4742         |
| <b>Total</b>                      |                             | <b>238</b>              | <b>22</b>    | <b>6.468</b> | <b>6.227</b> |

4.2 Following the BSP and operations manuals (if relevant), please provide information on the mechanisms for benefit distribution. For example, a BSP may include the submission of project proposals or selected investments, community action plans, institutional work plans etc. for beneficiaries to receive benefits. For each type of benefit to be distributed, summarize the status of approval and allocation.

**Answer:** The mechanism used for distribution was direct allocation to the Provincial Council (2%), Gile National Park (4%), payment by results and forest area, district government (4%) and communities (70%), private sector matching grant scheme (20%). It should be noted that the mechanisms were already defined in the guidance document for the implementation of the BSP. Please Find below the disbursement flow and criteria for CBOs and Private Sector:

**Disbursement Flow**  
Disbursement flow as per approved BSP



**Eligibility criteria for the private sector, for 1<sup>st</sup> call**

1. Have actions in eligible districts that contribute or intend to contribute to the reduction of deforestation;
2. Present a business plan with economic and financial viability and environmental and social sustainability;
3. Have no debts/defaults with third parties (Bank/State/others);
4. Be formally registered;
5. Have at least 5 permanent employees;
6. Present a commitment to contribute 10% or 20%, depending on the financing window in which they are included, in order to access financing;
8. Participate in value chains that are compatible with conservation and/or that contribute to the reduction of deforestation and degradation of natural resources in general through the implementation of good economic and ecological technologies;
9. Work in the areas of natural resource management, agro-forestry-pastoral systems, forestry production, non-timber forest products or nature-based tourism management with community involvement.
10. Not be supported by other projects for the same activities for which you are applying.

**Eligibility criteria for communities, for 1<sup>st</sup> call**

1. Must have been working in the eligible districts for at least 1 year;
2. Must be formally registered at least at the district administration level;
3. Must not be a beneficiary of other FNDS projects whose activities are the same as those for which the applicant is applying.
4. Must have experience in implementing at least one project will be an advantage;

**Eligibility criteria for communities, for 2<sup>nd</sup> call**

- Be made up of a minimum of 20 members, considering the inclusion of people from vulnerable groups (Number of beneficiaries in the OCB (40% Women, 45% Young People (15-35 years old)));
- Be recognized at District level; (in terms of Law 2/2006, District dispatch or Administrative Post of the OCB headquarters)
- Not have defaults with third parties (Banks, State and others);
- Present a declaration of commitment to contribute to the reduction of emissions (not deforestation and/or not causing uncontrolled fires);
- Not have intra and inter-community conflicts.
- It is an advantage for the OCB to have an active Bank account (account available to move funds);
- It is an advantage for the OCB to be located in a Forest area;

Please see the table below, about the status of submission and approval project proposals or investments of CBOs for the 1<sup>st</sup> Call.

| # | DISTRICT | TYPES OF CBOs PROJECTS |          |           |          | TOTAL     |          |
|---|----------|------------------------|----------|-----------|----------|-----------|----------|
|   |          | Social                 |          | Economic  |          |           |          |
|   |          | Submitted              | Approved | Submitted | Approved | Submitted | Approved |

|              |                  |            |           |            |            |             |            |
|--------------|------------------|------------|-----------|------------|------------|-------------|------------|
| <b>1</b>     | Alto Molocué     | 36         | 4         | 60         | 9          | 96          | 13         |
| <b>2</b>     | Gilé             | 15         | 2         | 103        | 22         | 118         | 24         |
| <b>3</b>     | Gurué            | 55         | 3         | 50         | 9          | 105         | 12         |
| <b>4</b>     | ILE              | 10         | 2         | 27         | 9          | 37          | 11         |
| <b>5</b>     | Maganja da Costa | 13         | 1         | 52         | 6          | 65          | 7          |
| <b>6</b>     | Mocuba           | 29         | 3         | 172        | 18         | 201         | 21         |
| <b>7</b>     | Mocubela         | 45         | 5         | 44         | 13         | 89          | 18         |
| <b>8</b>     | Mulevala         | 24         | 0         | 78         | 10         | 102         | 10         |
| <b>9</b>     | Pebane           | 76         | 4         | 210        | 13         | 286         | 17         |
|              |                  |            |           |            |            |             |            |
| <b>Total</b> |                  | <b>303</b> | <b>24</b> | <b>796</b> | <b>109</b> | <b>1099</b> | <b>133</b> |

The status of submission and approval project proposals or investments of CBOs for 2<sup>nd</sup> Call.

| Districts        | Submitted  | Not selected | Selected for ESS | Approved   | Reproved  |
|------------------|------------|--------------|------------------|------------|-----------|
| Alto Molocué     | 27         | 20           | 7                | 7          | 0         |
| Gilé             | 35         | 23           | 12               | 9          | 3         |
| Gurué            | 28         | 6            | 22               | 7          | 15        |
| Ile              | 13         | 7            | 6                | 1          | 5         |
| Maganja da Costa | 37         | 19           | 18               | 8          | 10        |
| Mocuba           | 36         | 21           | 15               | 13         | 2         |
| Mocubela         | 22         | 6            | 16               | 16         | 0         |
| Mulevala         | 35         | 16           | 19               | 16         | 3         |
| Pebane           | 48         | 18           | 30               | 25         | 5         |
| <b>Total</b>     | <b>281</b> | <b>136</b>   | <b>145</b>       | <b>102</b> | <b>43</b> |

4.3 Are the eligibility criteria to access benefits as described in the latest BSP still relevant? If there have been any revisions to the criteria during the reporting period, please describe.



**Answer:** . In the first call, in Annex 4, in Step 3, Presentation of simplified Proposals, of the 1st point. Steps for the presentation, analysis and approval of project proposals, the CBOs could submit projects with social and economic activities, the options were more flexible.

Because in practice, the BSP team found that there were no conditions to analyze, train and guide social projects, such as building a water hole or a small bridge. As a lesson learned, in the 2nd call, social projects were removed from the list of options. In addition, with the beginning of the ENABLE project, a criterion for the inclusion of vulnerable groups was also included, that is, greater emphasis was placed on the inclusion of women, young people and disadvantaged people. In conclusion, in the second call, only projects that contributed to the reduction of deforestation were allowed.

4.4 Provide information on the processes and timeline for distributing the benefits (e.g., whether the benefits are distributed one-time or continuous/periodic).

**Answer:** The benefits were distributed in the following order:

i) For the public sector, a single installment was paid to all beneficiaries, such as the provincial, district Government and Gilé National Park;

ii) For the private sector, it is planned to pay the beneficiaries in two installments. The funds will be used to pay the equipment through procurement rules;

**Procedures to be taken into account when implementing project funds (BSP) for Companies to access a second installment:**

1. Request for at least 3 quotations of all goods or services to be purchased;
2. Awarding Report;
3. Contract with suppliers recognized by a notary;
4. Payment via bank transfer;
5. Invoices/Receipt, delivery note and receipt;
6. Proof of 20% contribution on each purchase;
7. Financial Report (bank statement, bank statement, expense summary).

iii) For rural communities, according to their investment plan, two installments are being paid. The funds will be used mainly for equipment purchase.

**Procedures to be taken into account when implementing project funds (BSP) for Companies to access a second installment:**

1. Request for at least 3 connotations of all goods or services to be acquired;
2. Awarding Report;
3. Seasonal workers' contract must be recognized by a notary or local office;
4. Payment via bank transfer;
5. Invoices/Receipt, delivery note and receipt;
6. Financial Report (bank statement, bank statement, summary of expenses)
7. Minutes signed by the members of the association.

4.5 Provide information on any specific agreements signed with the beneficiaries for them to receive the benefits, and the key terms of such agreements.

**Answer:** In the case of the public sector, the BSP was carried out on the condition that they present their annual plans, the execution of these plans and the presentation of a financial report;

In the case of the private sector and rural communities, contracts were drawn up between the beneficiaries and the FNDS, based on their investment plans. The second installment was dependent on the submission of account report and the implementation of activities.

4.6 Describe the mechanisms that are in place to verify how benefits are used and whether those payments provide incentives to participate in the ER program activities.

**Answer:** To check how the benefits are used, we use the monitoring and evaluation system and carry out periodic visits to the field. To check whether these payments provide incentives to participate in the ER program's activities, we work with the PMRV team, on periodic visits as well as by evaluating deforestation and monitoring the ER achieved. The platform can be accessed with the link below:

<https://app.powerbi.com/view?r=eyJrljoiYzUyOTJkOTctMWM5My00NmI4LTljMzUtY2RiY2Q1MWQxZDI1liwidCI6IjQwNTRkZDM4LWFmMzktNDQxYi04MjFkLWUyOTkOWlxZGQ1NCJ9>

4.7 Describe the financial management arrangements and financial control mechanisms that are in place for recording the distribution of benefits, tracking payments, and maintaining accounting and internal controls.

**Answer:** The e-SISTAFE system has been set up so that each payment is made on the basis of the documents presented in the initial contract. There are also internal audits of the program and external financial audits.

This system does not prevent deviations from occurring after the first payment, but there is regular monitoring by the BSP team and the district public services, allowing any deviations to be corrected immediately.

4.8 Provide information on how beneficiaries are using and reporting the benefits received. Are the systems in place able to track the use of the funds? Please describe any challenges encountered.

**Answer:** Regarding the way in which beneficiaries are using and communicating the benefits received, the process is organized as follows: -

Beneficiaries, with the support of BSP team and service providers, and using purchasing rules, acquire equipment to carry out of activities. And according to the projects, only some beneficiaries receive operating funds. The BSP team and focal points in each district regularly monitor this process. There is a regular exchange of information that allows us to closely monitor the use of funds and equipment. The challenge is to ensure that some problems can be fixed in a short period of time.

Table 3. Total monetary benefit distribution breakdown. The table below is a generic template, please adjust as per the BSP. *[information below is extracted from the detailed excel Table 3 from Tab 2 prepared and submitted with this report]*

| Total monetary benefits distributed per beneficiary |             |                  |     |                    |      |              |     |
|-----------------------------------------------------|-------------|------------------|-----|--------------------|------|--------------|-----|
| Category                                            | Subcategory | Amount allocated |     | Amount distributed |      | Balance      |     |
|                                                     |             | (US\$)           | %   | (US\$)             | %    | (US\$)       | %   |
| Gross Payment                                       |             | 7,034,940.00     |     |                    |      |              |     |
| Operational Cost                                    |             | 904,695.00       |     | 904,695.00         | 100% | -            | 0%  |
| Other (Buffer) (5%)                                 |             | 321,512.25       |     | 99,829.22          | 31%  | 221,683.03   | 69% |
| Net Payment                                         |             | 5,808,732.75     |     |                    |      |              |     |
| Government                                          | Provincial  | 116,174.66       | 2%  | 116,174.66         | 100% | -            | 0%  |
|                                                     | PNAG        | 232,349.31       | 4%  | 232,349.31         | 100% | -            | 0%  |
|                                                     | Districts   | 232,349.31       | 4%  | 232,349.31         | 100% | -            | 0%  |
| Private Sector                                      |             | 1,161,746.55     | 20% | 742,525.05         | 64%  | 419,221.50   | 36% |
| Local Communities                                   |             | 3,659,501.63     | 63% | 1,246,921.07       | 34%  | 2,412,580.56 | 66% |
| Capacity building                                   |             | 406,611.29       | 7%  | 348,859.98         | 86%  | 57,751.31    | 14% |
| TOTAL                                               |             | 7,034,940.00     | 1   | 3,923,703.60       |      | 3,111,236.40 |     |

*Note: Categories and subcategories should follow the BSP and as relevant for the program.*

Table 4. Total non-monetary benefit distribution breakdown. The table below is a generic template, please adjust as per the BSP. *[information below is extracted from the detailed excel Table 4 from Tab 2 prepared and submitted with this report]*

| Total non-monetary benefits distributed per beneficiary |             |                   |          |                    |          |                   |          |
|---------------------------------------------------------|-------------|-------------------|----------|--------------------|----------|-------------------|----------|
| Category                                                | Subcategory | Amount as per BSP |          | Amount distributed |          | Balance           |          |
|                                                         |             | (US\$)            | %        | (US\$)             | %        | (US\$)            | %        |
| Government                                              |             | 0                 |          | 0                  |          | 0                 |          |
|                                                         |             | 0                 |          | 0                  |          | 0                 |          |
|                                                         |             | 0                 |          | 0                  |          | 0                 |          |
| Private Sector                                          |             | 0                 |          | 0                  |          | 0                 |          |
| Local Communities                                       |             | 377,914.32        |          | 146,260.46         |          | 231,653.87        |          |
| Capacity building                                       |             | 0                 |          | 0                  |          | 0                 |          |
| Operational Cost                                        |             | 0                 |          | 0                  |          | 0                 |          |
| Other (Buffer)                                          |             | 0                 |          | 0                  |          | 0                 |          |
| <b>TOTAL</b>                                            |             | <b>377,914.32</b> | <b>0</b> | <b>146,260.46</b>  | <b>0</b> | <b>231,653.87</b> | <b>0</b> |

*Note: Categories and subcategories should follow the BSP and as relevant for the program.*

Table 5. Benefit distribution to local communities divided by monetary and non-monetary and gender. The table below is a generic template, please adjust as per the BSP. *[information below is extracted from the detailed excel Table 5 from Tab 2 prepared and submitted with this report]*

|              | Total monetary |                       |          |              | Total non-monetary |                       |            |             |
|--------------|----------------|-----------------------|----------|--------------|--------------------|-----------------------|------------|-------------|
|              | No. of people  | US\$ amount disbursed | % total  | TOTAL        | N. of people       | US\$ amount disbursed | % to total | TOTAL       |
| Men          | 1466           | 295,342.20            | 0.5676   | 5864         | 441                | 88,844.16             |            | 1764        |
| Women        | 1193           | 240,377.38            | 0.4324   | 4772         | 285                | 57,416.30             |            | 1140        |
| <b>TOTAL</b> | <b>2659</b>    | <b>535,719.58</b>     | <b>1</b> | <b>10636</b> | <b>726</b>         | <b>146,260.46</b>     | <b>0</b>   | <b>2904</b> |

## 5 Key issues and actions

5.1 Based on experience with the implementation of the BSP during the reporting period, identify and explain other key issues encountered not already described above, and how and when they are going to be addressed.

**Answer:** The biggest challenge was having the CBO administrative process completed in order to have access to the BSP benefits, as a way of motivating the results achieved, trying to make the process fair and transparent. The way to circumvent this process was to hire a service provider and reduce the bureaucratic effort in the CBO. This option is intended to be made for the next period from 2024 to 2025, in the second call.

Currently, the major financial constraints faced by the Program are related to the limited availability of funds for operational costs. In practice, the allocated amount has nearly been exhausted, which puts at risk the continuation of activities aimed at supporting communities. Additionally, another important issue concerns the limited time remaining for financing the communities. There are still around 30 OCBs from the first call that have not yet received funding, while those from the second call have already been approved. This, combined with the limited funds for operational expenses, presents a significant challenge that must be addressed.

5.2 Are there any other emerging risks that may affect implementation, sustainability or effectiveness of the BSP? Please describe.

**Answer:** Yes, there may be other risks to achieving a reduction in emissions, such as the migratory movements of people, where the opening of new forest areas for food production is the immediate consequence. Also as below mentioned:

### ***1. Loss of Trust from Communities***

If communities perceive that promises made under the BSP are not being fulfilled—especially regarding the timely and fair disbursement of benefits—they may lose trust in the implementing institutions. This can lead to:

- Reduced cooperation in future community projects
- Decreased participation in conservation and REDD+ activities
- Spread of negative narratives or community resistance

### ***2. Damage to Institutional Credibility***

Operational inefficiencies, such as failure to disburse funds due to unresolved bureaucratic barriers or poor communication, can tarnish the image of the BSP managers and donors. Stakeholders may begin to question:

- The capacity of FNDS or government bodies to manage large-scale benefit-sharing programs
- The transparency and accountability of fund management

### **3. International Reputational Risk for Donors**

Delays and implementation failures reflect poorly on international partners, such as the **World Bank**, especially when the program is externally funded and showcased as a success model for REDD+. Consequences may include:

- Criticism from civil society and watchdog groups
- Diminished donor confidence in future funding rounds
- Negative media coverage

### **4. Political Repercussions**

If communities voice dissatisfaction publicly, this can escalate into political debates, especially in areas already facing socio-economic fragility. It may:

- Undermine local and national political leadership
- Be used by opposition groups to question the government's management of climate funds

### **5. Risk of Misinterpretation or Misinformation**

Delays and technical procedures that are not well explained may give rise to **rumors** of corruption or mismanagement, even if none exist. This includes:

- Suspicions around why some OCBs receive funding and others do not
- Allegations of favoritism or fraud

5.3 Is the Benefit Sharing distribution contributing to the core objectives and legitimacy of the ER Program and effectively rewarding/incentivizing the adoption or sustainability of emission reduction measures? Please describe as relevant.

**Answer:** The Emissions Reduction Payment Agreement was based on payment for results, obtained with the preparation of the REDD+ process and then implementation of the four projects financed by the World Bank, from 2013 to 2024. In other words, the expected result is that the BSP will motivate the main actors to continue with the Emissions Reduction, and this project ended early. And as an alternative for Second call was considerate, the follow projects areas, which can contribute to reducing deforestation:

**Restoration:** community nurseries, restoration of degraded areas, reduction of uncontrolled fires, among others; **Non-timber forest products:** (Beekeeping, mushrooms, drying of fruits, caterpillars, handicrafts, among other products), with a view to conserving forest areas in communities; and **Agroforestry systems:** Combination of forest species, fruit trees, soil-improving plants, with annual agricultural crops.

5.4 Describe any lessons learned and, if relevant, recommendations for BSP improvement or modifications.

**Answer:** The implementation of the BSP in Zambézia revealed critical challenges, including the lack of legal and institutional readiness

among community groups to meet disbursement requirements through E-SISTAFE, low organizational capacity, inflation-related budget erosion, and weak government ownership at various levels. These factors delayed fund delivery and limited project impact. For future improvements, it is recommended to invest in early legal support and capacity building for communities, simplify disbursement mechanisms, adjust budgets to reflect inflation, and enhance multi-level government engagement to ensure stronger alignment, oversight, and sustainability of the initiative.

Effective communication and early information dissemination are not just support tools—they are strategic pillars for building community readiness and trust before implementation begins.

**TPM recommendations and action plan**

See the separate table in Annex 1.

- 6 If relevant, please provide information on any other indicators as contained in the BSP and operational manuals (if relevant), including the explanation of un-met indicators.

**Answer:** For this period we cover all indicators and have no relevant information to mention.

## Annex 1

| # | Recommendations of Third Part Monitoring Report                                                                                                                                                                                                                                                                                                                                                                                                                              | Responsavel         | Status      | Detail Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Resurrect and fund selected activities of the ZMSLF and encourage its active engagement in BSP implementation. The members understand the BSP from its inception, they could provide valuable services that are needed to implement the BSP, and they have manifested the desire to participate. Their support could also add transparency, accountability and experience providing capacity-building to support CBOs in ways that would be highly relevant for the project. | FNDS (BSP e EnAble) | In-Progress | During the implementation of the BSP, the ZMSLF/ZIDP (Zambezia Integrated Development Platform) members have been involved in the evaluation of proposals from CBOs and the Private Sector, for first and second call. The EnAble program includes support for ZMSLF, to revitalize and finance its activities, namely the Retreat and participatory diagnosis; preparation of the Strategic Plan; Advocacy, Communication, Visibility, and Knowledge Management Strategy; creation of ZIDP Webpage and social networks for sharing knowledge products and peer learning, Reports on meetings, campaigns and events, Preparation of the Activity Plan and Budget and production of communication and visibility materials. Which will add to the program's transparency, sharing of responsibility and experience. |
| 2 | Institute processes to improve communication about proposal status to all applicants to explain reasons for accepting or declining to fund the proposed activities.                                                                                                                                                                                                                                                                                                          | FNDS (BSP e EnAble) | Done        | Lessons learned from the first call and a communication plan was drawn up for the second call, to disseminate the results on the status of all candidates' proposals to explain the reasons for pre-selection or not pre-selection of funding for the proposed activities. The results has been communicated to the SDAEs and SDPIs, as well as on community radios, Administrative Posts and Localities.                                                                                                                                                                                                                                                                                                                                                                                                          |
| 3 | Provide additional support and resources for government implementers (FNDS, District Services) to strengthen their ability to effectively engage with the large number of CBO applicants and other stakeholders.                                                                                                                                                                                                                                                             | WB                  | Not Started | A proposal was prepared and presented to the World Bank to strengthen and reallocate resources to the Governments of the 9 Districts, from the remaining amount of USD 1.8 million, which is awaiting payment to make the activities viable, still this year of the program ending.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 4 | Streamline the contracting process so that service providers with the necessary experience, expertise and resources to support implementation by beneficiaries are hired in the envisioned timeframe.                                                                                                                                                                                                                                                                        | FNDS (BSP)          | In-Progress | Based on lessons learned from the first call hires, the process for the second call service provider will be streamlined. The contract will be a direct award to service providers that have the experience, knowledge and resources necessary to support CBOs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 5 | Identify and contract a subset of capacity-building specialists with complementary skills and sufficient reach to support the entire portfolio of CBOs in the process of legalization across the large geographical area of the nine districts and in the context of the poor road network and communications challenges.                                                                                                                                                    | FNDS (BSP)          | Done        | 2 Service Providers were hired (CESC/LIVANINGO and MzCC&ACEAGRARIOS), which have in their technical composition trained specialists with complementary skills and sufficient reach to support the entire portfolio of CBOs in the legalization process in the geographic area of the nine districts and in the context of deficient access roads and communication challenges. Now the legalization process is ongoing.                                                                                                                                                                                                                                                                                                                                                                                            |
| 6 | Combine technical training with support in other aspects of managing community organizations, business management, financial management, gender and other skills, based on                                                                                                                                                                                                                                                                                                   | FNDS (BSP)          | In-Progress | This is already foreseen in the Terms of Reference of the contracted SP and is already on the ground implementing the combination of technical training with support in other aspects of the management of community organizations, business management, financial management, gender and other skills, based on the needs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |



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|    | the needs of each CBO                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                    |             | of each CBO.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 7  | Strengthen FGRM processes and outreach to improve transparency and accessibility to the range of stakeholders who engage in the BSP, and to provide clarity on how each complaint was addressed                                                                                                                                                                                                                                                                                                                       | FNDS (BSP)         | Continuous  | BSP stakeholders were continually sensitized and engaged about the MDR, through different means and with the support of SP and District technicians, who distributed posters en masse at community meetings, established direct contact and encouraged the use of telephone calls through the MDR toll-free line 800900300, which can be made anonymously. Regarding the transparency of the process, it is worth mentioning that there is a digital platform where the complaint and contact are registered, where you receive an SMS about your registration, and after the resolution you are informed by the technician, while the direct digital SMS alert process is still being improved on the platform. |
| 8  | Include criteria that activities must contribute to reducing deforestation in the next call for proposals (i.e. activities that result in reducing emissions from deforestation and forest degradation, in the conservation of forest carbon stocks, the sustainable management of forests, and/or the enhancement of forest carbon stocks that can address the key drivers of deforestation and forest degradation in Zambézia, such as smallholder itinerant agriculture, charcoal production, and illegal logging) | FNDS (BSP, EnAble) | Done        | Having learned the lesson from the first call, and ensuring that the second call includes only 3 value chains with the potential to contribute to reducing deforestation, namely; Forests and Restoration; Promotion of Non-Timber Forest Products (Beekeeping and others), and Agroforestry Systems.                                                                                                                                                                                                                                                                                                                                                                                                            |
| 9  | Highlight these criteria in all communication efforts during the public call for proposals, during the support provided to applicants by governmental authorities and service providers, and in subsequent assessment of final proposals.                                                                                                                                                                                                                                                                             | FNDS (BSP, EnAble) | Done        | Once the above-mentioned criteria have been communicated and highlighted on community radio stations, communication bodies, Districts, Localities, during the dissemination of the second call, with the involvement of district technicians and Service Providers                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 10 | Support social inclusion interventions that improve the engagement of women and youth in leadership positions in the CBOs and in the ZMSLF.                                                                                                                                                                                                                                                                                                                                                                           | FNDS (BSP, EnAble) | Done        | This criterion of social inclusion was defined as the main one for the second call, where the following requirement was defined: The CBOs that apply must be made up of a minimum of 20 members, considering the inclusion of people from vulnerable groups (Number of beneficiaries in the CBO (40% Women, 45% Young People (15-35 years old);                                                                                                                                                                                                                                                                                                                                                                  |
| 11 | Provide the necessary resources and staff time needed for the first 12 private sector companies to receive their funds and implement activities.                                                                                                                                                                                                                                                                                                                                                                      | FNDS (BSP)         | In-Progress | All support was provided to the 12 private sector companies approved in the first call, of which 10 have already received the first installment of their resources and are already implementing their activities, and the remaining 2 are in the payment process for next days.                                                                                                                                                                                                                                                                                                                                                                                                                                  |

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| 12 | Seek opportunities to identify and build mutually beneficial, long-term relationships between CBOs and companies, starting with the call for proposals, preparation and selection of proposals, and subsequent capacity-building and support.               | FNDS (BSP e EnAble) | In-Progress | This is foreseen as the scope of work of the Contracted Service Providers (MzCC&ACEAGRARIOS and CESC/LIVANINGO), where they will look for opportunities to identify and build mutually beneficial and long-term relationships between OCB and companies, starting with the call for proposals, preparation and selection and subsequent training and support. On the other hand, for the Beekeeping value chain, the market is already assured. |
| 13 | Include criteria that successful private sector proposals must demonstrate a likely contribution to reducing deforestation.                                                                                                                                 | FNDS (BSP)          | Done        | Having learned the lesson from the first call, consideration will be given to including criteria that align private sector proposals and their contribution to achieving the program's objective of reducing deforestation when launching the next calls for private sector financing.                                                                                                                                                          |
| 14 | Review staffing and resources needs for BSP implementation and adjust the distribution of allocations or find new sources of funding to increase the funds available to District Services that provide direct support to CBOs and private sector companies. | WB/FNDS             | Done        | The experience of implementing the pilot program serves as inspiration to feed the redesign of future programs, especially regarding the needs for personnel and resources for implementing the BSP at all levels and the adjustment in the distribution of allocations, and the existence of new sources of financing for implementation, in order to ensure the achievement of the objective of reducing deforestation.                       |
| 15 | Continue to engage with ANAC to ensure that BSP Gilé National Park funds are quickly made available for use by Gilé National Park                                                                                                                           | FNDS (BSP)          | Continuous  | Support has been given to PNAG and interaction with ANAC to ensure that the Park's resources are quickly made available for its use.                                                                                                                                                                                                                                                                                                            |
| 16 | Ensure that work supported by District Services and by <i>Gilé</i> National Park within each district is well aligned.                                                                                                                                      | FNDS (BSP, PNAG)    | Continuous  | It ensured the alignment of activities between the work supported by the Service Provider and the Gilé National Park within each district, through regular meetings to harmonize activities, which took place every fifteen days.                                                                                                                                                                                                               |