



Climate Finance Readiness Mozambique



Climate Finance Readiness

FACT SHEET 4.

MOZAMBIQUE

Steady progress in establishing politically endorsed, cross-sectoral institutional arrangements and a national climate change strategy positions Mozambique to increase access to climate funds.

Mozambique's geographical location makes it one of the most vulnerable to natural disasters, with a high occurrence of floods, cyclones and droughts experienced across its Central, Northern and Southern zones respectively. The country has one of the highest rates of growth within Africa, yet remains classed as a least developed country (LDC). Climate change is likely to result in significant damage to the economy due to its limited adaptive capacity and infrastructure. Mozambique's extreme levels of poverty and reliance on agriculture and hydropower make the country significantly vulnerable to climate shocks. The majority of the rural population is employed in the agriculture sector, for both livelihood and food production reliance, and agriculture contributed almost 30% towards GDP in 2013.

UNDP CFR PILLAR	CLIMATE FINANCE READINESS COUNTRY ASSESSMENT
Financial Planning	<ul style="list-style-type: none"> • National Climate Change Adaptation and Mitigation Strategy (ENAMMC) is aligned with national priorities, providing a framework for considering climate finance access. The Institute for Disaster Management (INGC) have a detailed Disaster Risk Reduction (DRR) and Climate Change Response strategy in place. • There is a limited budgetary allocation to the funding environment for climate change, and information is lacking on the sources of climate finance and their investment purpose. • Climate change activities are typically done in silos within various governments departments. Ministry of Environmental Affairs Coordination (MICOA) holds the climate change mandate; and INGC is responsible for Mozambique's DRR strategy. These two mandates sometimes overlap, causing tension between the two lead institutions • The ability to execute plans is weak at a district level largely due to a lack of information and government capacity
Accessing Finance	<ul style="list-style-type: none"> • Mozambique Environment Fund (FUNAB) will play an important role in coordinating and mobilising resources. FUNAB is preparing for accreditation as a National Implementing Entity (NIE); the lack of accreditation limits its role as a national climate fund • Mozambique has accessed significant sums of climate finance from bilateral and multilateral funders. ODA contributes a significant amount to GNI and Mozambique is dependent on continued donor support in order to achieve its national climate change objectives.
Delivering Finance	<ul style="list-style-type: none"> • The African Development Bank (AfDB) is leading as an implementing partner in several adaptation projects in Mozambique • The private sector has not accessed climate finance in Mozambique and few, if any, mechanisms and incentives exist to catalyse private finance for adaptation. Feed-In Tariffs for renewable energy investment have been proposed.
Monitor, Report & Verify (MRV)	<ul style="list-style-type: none"> • No tracking system for climate finance flows in the national budget exists. • MICOA (through FUNAB) is setting up an M&E system - FUNAB has an M&E system/framework for project level M&E as designed with KPMG. • In current and past projects on climate change, no consensus on modalities for data collection has been reached and there is still room for improvement among both national authorities and development partners.



Conclusions and Recommendations

Overall, Mozambique has made considerable progress in developing its institutional framework and national policy over recent years and, although further progress is required, the country is in a better position to access global and multilateral funds through their work in the last decade. The following key recommendations are critical for improving Mozambique's CFR status:

- Support strengthened coordination of climate finance activities. There is a need for coordination and information sharing between the stakeholders on issues of access, as well as MRV processes across various levels of government. More specifically, there is a need for devolution of MRV systems down to lower tiers of government.
- Clearly define the roles and responsibilities of entities in terms of accessing and managing climate finance, and distribute these responsibilities between key institutions whilst capitalising on areas where mandates overlap.
- Establish a designated team of skilled climate change experts to provide support for proposal writing and an overall supportive role in developing funding proposals.
- Reinforce the need for a more cross-sectoral approach to climate change in order to support programmatic delivery of climate finance.
- Enhance the strategic response by supporting the preparation of adaptation plans at the district, provincial and regional level.

This supplementary report forms part of research undertaken for UNDP's Regional Bureau of Africa Regional Environment Project on the Management of Environmental Service and Financing for Sustainable Development. The study and project provided support targeted at building the capacity of regional economic communities (RECs), governments, UNDP country offices and other stakeholders on sustainable ways to restore and manage natural ecosystems, while establishing enabling conditions for countries to access environmental finance from emerging carbon/environmental finance markets and mechanisms at the same time. This study was conducted between October 2013 and November 2014. The fieldwork behind the study was concluded in July 2014, and thus every attempt has been made to ensure the data referenced is factual up until this date.

