

**PROJECT INFORMATION DOCUMENT (PID)
(FCPF READINESS FUND)
CONCEPT STAGE**

(The report # is automatically generated by IDU and should not be changed)

Project Name	<i>DRC – FCPF Readiness Grant</i>
Region	<i>AFR</i>
Country	<i>Democratic Republic of Congo</i>
Sector	<i>Agriculture, Fishing and Forestry</i>
Lending Instrument	<i>TF Grant</i>
Project ID	<i>P124072</i>
Borrower(s)	<i>Democratic Republic of Congo</i>
Implementing Agency	<i>National REDD Coordination</i>
Environmental Screening 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	<i>February 18, 2011</i>
Estimated Date of Appraisal Completion	N/A
Estimated Date of Participants Committee Assessment of Readiness Package	December 2012
Concept Review Decision	The team is authorized to finalize the preparation of the R-PP Assessment Note and the Grant Agreement, with a view to having the Grant signed once the FCPF Operational Guidelines are approved by the WB Board.

I. Introduction and Context

A. Country Context

DRC has the third largest population and the second largest land area in Sub-Saharan Africa. It is rich in natural resources: fertile soils, ample rainfall, immense water resources, and enormous mineral wealth including copper, cobalt, coltan, diamonds, gold, zinc, other base metals, and oil. Forests cover approximately 145 million hectares, 62% of the national territory. DRC harbors the second largest forest area in the world, and half of all African rainforests. DRC's biodiversity is a globally important asset. The country ranks fifth in the world for plant and animal diversity and contains five Natural World Heritage Sites, more than the rest of Africa combined. Forests of all types make a critical contribution to the livelihoods of about 40 million people who are among the world's poorest, by providing food, medicine, household energy, building materials, and cash income.

Forests touch the cultural and economic life of the majority of the Congolese population and have enormous global environmental significance. Deforestation and associated CO₂ emissions have remained relatively low in recent years. Nevertheless, it could escalate rapidly with an increase in political stability and reconstruction, both key to development objectives. Improved infrastructure facilitates access to forests, which could lead to increased logging, forest conversion into other land uses and poaching.

When the Bank re-engaged with the DRC in 2001, forest institutions were in complete disarray, the sector was still under colonial forest law, and no regulations could be enforced. Prior to and during the Congolese civil conflict, the majority of the country's productive forests had been allocated as forest concessions, often to rent seekers unable to operate the concessions themselves. By 2002, over 43 million hectares (twice the size of the United Kingdom) were under 285 logging contracts signed with no transparency, no local consultation, nor clear role and benefits for local and indigenous people. In addition, royalties owed to the Government were low and often remained unpaid.

The 2002 Forest Code introduced innovations such as legal protection of traditional users' rights in all forests, the right of local people to manage community forests, mandatory sustainable-management plans for all production forests, revenue sharing with local governing bodies, social responsibility clauses (*cahiers de charges*) attached to concession contracts, expansion of the protected area network, and promotion of environmental services, including carbon sequestration and storage.

B. Sectoral and Institutional Context

The Bank, working closely with a group of bilateral donors, has assisted the Government of DRC to reestablish the sector's policy and regulatory framework, restore the rule of law in the forest sector, set the stage for participatory governance, and strengthen the institutional capacity. As with other Bank assistance in the forest sector, the ultimate goal was to harness the potential of forests in reducing poverty, integrating forests in sustainable development, while protecting vital local and global environmental assets.

In 2007, along with various partners, the World Bank published the *Forest in Post Conflict Democratic Republic of Congo: Analysis of a Priority Agenda*, which provides the analytical basis for overall Bank support to the DRC forest sector. It emphasizes the nature of forests as a public good, and the importance of the rule of law, transparency, and public participation in managing natural resources. It highlights the multiplicity of claims on forests; calls for multipurpose participatory uses and land-use planning, while emphasizing the need to secure traditional-user rights.

Under strong Government leadership, a significant number of donors contributed to the design of the **National Forest Management and Nature Conservation Program (PNFoCo)**, a new comprehensive program aimed at: i) creating institutional capacity to ensure implementation of the new forest policy; ii) ensuring that the forests' social, economic, and environmental functions are preserved in the long term; iii) ensuring that forests contribute meaningfully to improving the livelihoods of rural populations; and iv) expanding the network of protected areas to 15% of the country's land area. The World Bank's support to the PNFoCo is materialized in the **Forest and Nature Conservation Project (FNCP)**, a USD70 million operation blending International Development Association (IDA) and Global Environmental Facility (GEF) financing aimed primarily to increase the capacity of the Ministry of Environment, Nature Conservation, and Tourism (MECNT) and that of the Congolese Nature Conservation Institute (ICCN).

Seeking alternatives to the management of DRC's forests is a common goal shared by the Government, civil society and donors. The establishment of an international mechanism to compensate countries to **reduce emissions from deforestation and forest degradation (REDD+)** as part of the international climate change negotiations offers DRC with an opportunity to capitalize on its natural wealth and promote new models of forest management.

The **Forest Carbon Partnership Facility (FCPF)**, a multi-donor initiative led by the World Bank, is assisting DRC in its efforts to reduce emissions from deforestation and forest degradation, and to promote the role of conservation, sustainable management of forests and enhancement of carbon stocks (REDD+). The FCPF assists countries in working out their national reference scenarios for emissions from deforestation and forest degradation, adopting and complementing national strategies for stemming deforestation and forest degradation, and designing national monitoring, reporting and verification systems for REDD+. These activities are referred to as '**REDD+ Readiness**'.

The Democratic Republic of Congo submitted an R-PP for consideration by the FCPF Participants Committee (PC) and the UN-REDD Policy Board in March 2009. After a thorough assessment of this Proposal, the FCPF PC authorized the allocation of a REDD+ Readiness Preparation grant for DRC to carry out activities outlined in its R-PP. As the FCPF grant will not fund the full REDD+ Readiness process, the country is expected to leverage resources from other sources to complete its REDD+ Readiness process.

The Democratic Republic of Congo is also a pilot country for the **Forest Investment Program (FIP)**, which aims to provide investment financing to priority activities, project and programs part of the emerging national REDD+ Strategy. In DRC, FIP activities will be closely aligned with the national REDD+ Readiness process. In institutional terms, the steering committee for the FIP will be the National REDD Committee and the overall coordination for the FIP will be ensured by the National REDD Coordination. In terms of investments, FIP resources will be targeted at programs addressing the key drivers of deforestation and degradation, which are currently being developed as part of the national REDD+ Readiness process.

i. Overall vision for REDD+ Readiness in DRC

To be able to fully participate in an international REDD+ mechanism, DRC will need to build substantial technical and institutional capacity. Currently, the Forest Carbon Partnership Facility (led by the World Bank) and the UN-REDD Program are supporting the country in their national efforts towards "REDD Readiness". In March 2009, the country finalized its **Readiness Preparation Proposal (R-PP)**, which lays out an ambitious three-year roadmap for REDD Readiness in the country. The overall goal of the Readiness process is to prepare DRC to participate in a future REDD+ system and to benefit from REDD+ finance flows. The national REDD Readiness process has three main elements:

- 1) **National coordination of REDD+ Readiness**, including the overall management of the process, multi-stakeholder consultations, and communication.
- 2) **Preparation of the National REDD+ Strategy**, including technical, institutional, and regulatory elements, backed by a highly consultative and transparent design process.
- 3) **Development and implementation of an experimentation program**, consisting of a series of pilot REDD+ projects addressing the main drivers of deforestation in the country, which are expected to generate key information for the National REDD+ Strategy.

The REDD Readiness Program is being led at the operational level by the **National REDD Coordination** within the MECNT, which was created by a Ministerial Decree in 2009. The Decree also created a National REDD Committee, to provide high-level guidance to the REDD process, and an Interministerial REDD Committee, to ensure consideration of cross-sectoral linkages affecting deforestation.

ii. Deforestation and Forest Degradation Drivers and Suggested Strategic Options

The available forest cover data for the 1990-2000 period indicate a gross yearly rate of deforestation of 0.25% (*State of the Forests*, 2008), substantially lower than the global average for tropical countries for the same period. However, that represents substantial deforestation in absolute terms, due to the large national forest cover, putting DRC among the ten countries worldwide with the highest annual loss of forest cover. Deforestation and degradation are not distributed homogeneously over the territory with the existence of important deforestation “hot spots”.

Detailed in-depth analysis of the causes of deforestation and forest degradation will be carried out during the REDD Readiness phase. Based on existing knowledge, the drivers of deforestation in DRC can be categorized into ‘proximate’ causes (direct and indirect causes) and underlying causes / context. The main **proximate causes of deforestation** in DRC are agricultural expansion, wood extraction, and infrastructure extension, and their indirect impacts. The most important **indirect causes** are related to demographics (population increase, urbanization, and displacement), to institutional factors (illegality, lack of law enforcement, rampant corruption in the natural resources sector, lack of land tenure security, conflicts across different land uses) and to technological variables (low productivity agricultural methods, inefficient charcoal transformation).

Four dominant deforestation patterns have been identified:

1. Food and energy demand in urban areas.

Population density in urban areas and the resulting demand for food and energy leads to pressure on surrounding forested land as the source of agricultural land and biomass energy. Congolese agriculture is mostly rain-fed and rarely mechanized. It is dominated by subsistence farming (mainly food crops) and based on slash-and-burn techniques. Rapidly increasing population leads to an increase in forest area cleared (without a corresponding increase in productivity per hectare) and a gradual decrease in rotation periods, no longer allowing for the regeneration of forest cover, and resulting in additional expansion of cultivated areas to compensate for decreasing fertility. Alongside agriculture, high dependence on fuelwood and charcoal (which account for nearly 80% of national energy supply) is a major source of degradation and deforestation around urban areas (degradation often acting as a catalyzer for deforestation).

2. Commercial logging – direct and indirect impacts

Currently, the direct impact of industrial logging in the DRC is often limited, largely due to a problematic legal and business environment and poor infrastructure. However, industrial logging has potentially extensive indirect impacts, deriving from resulting increases in accessibility and population. Roads and other infrastructure constructed by industrial logging companies increase accessibility to forests (for example, the road network related to industrial logging represents 38% of the road network in the Congo Basin region), leading to a rise in degradation and deforestation, often as a result of local communities’ slash and burn agriculture and sometimes of small-scale informal logging. Employees of logging companies and labor seekers in the area add to forest degradation and deforestation around industrial logging activity centers.

3. Mining – direct and indirect impacts.

Though direct impacts of mining operations on forest landscapes can be locally significant, their potential indirect impacts present a considerably larger risk to the integrity of DRC’s forests. Exploitation of DRC’s large mineral reserves (e.g. second largest global reserves of copper and cobalt) is currently minimal due to a dysfunctional industrial mining sector (due again to an unfavorable business environment and lack of infrastructure), but likely to increase rapidly with economic development and

political stability. Construction of infrastructure for mining projects, similarly to industrial logging, opens up previously inaccessible wooded zones to the local population, as well as to mining company workers who settle down with their families, leading to expansion of farming and hunting activities.

4. Informal logging in easily accessible forest blocks

The informal logging sector constitutes the principal source of timber supply to the domestic market, as well as sustaining cross-border markets (including high-value species exported to Uganda and other countries). The extent of this sector's activities remains uncertain, but they have increased over the last decade and continue to grow, and it has been suggested that the informal sector produces substantially more timber than the formal sector (Debroux et al., 2007; Fétiveau and Mpoyi, 2009). The impact of small-scale loggers on forests is different from that of industrial loggers. Informal logging operations are concentrated in forest areas (including protected areas) where infrastructure construction or heavy equipment are not necessary to harvest or extract the wood or to make its extraction cost-effective - principally in forest margins and forest fragments, e.g. along the large rivers (Congo, Oubangui, etc.) and the main roads in the East of the country. Small-scale loggers also tend to extract larger volumes from smaller areas, since they do not respect legal minimum exploitable diameters, and some of them also use a broader range of species (Debroux et al., 2007).

C. Relationship to CAS

The REDD+ Readiness Program will assist DRC in preparing itself for a future REDD mechanism, which should ultimately contribute to the country's sustainable development through improved management of its forest resources. Being "ready" for REDD+ will entail increased capacity to coordinate and harmonize land use policies with the view of mitigating future impacts on forest cover, while ensuring that benefits from forests flow to those communities dependant on these resources.

The REDD Readiness Program will contribute to pillar 1, 2 and 5 of the 2006 Country Assistance Strategy, respectively: i) Promoting Good Governance; ii) Consolidating Macroeconomic Stability and Economic Growth; and iii) Promoting Community Dynamics. By supporting the REDD Readiness process in the DRC, the Program will strengthen processes and capacity to manage natural resources equitably, transparently, and sustainably with the participation and to the benefit of rural and indigenous populations, while supporting the DRC in receiving compensation for the globally-valued ecosystem services provided by its forests.

The REDD Readiness process will also contribute to overall donor coordination in the forest sector in the DRC. The World Bank is working closely with the relevant UN agencies (FAO, UNDP, UNEP, part of the UN-REDD Program) and the African Development Bank (Congo Basin Forest Fund) on a joint program to support REDD readiness in the country.

The DRC's Poverty Reduction and Growth Strategy Paper (DSRP) of 2006 also stresses the importance of fostering environmental sustainability by maintaining forest cover and ensuring sound management of protected areas. The document emphasizes that poverty, amplified by conflict, is a strong driver of environmental degradation, and that forests are an important provider of food, energy, and other sources of income for the large majority of Congolese. To alleviate poverty and achieve livelihood security over the long term, natural resources must be managed sustainably and their depletion avoided.

Finally, the REDD Readiness Program is closely linked to the Forest and Nature Conservation Project (FNCP), furthering its goal of supporting the DRC in positioning itself as a provider of global environmental services in return for due compensation. The Readiness Program will also support the ongoing reform agenda in the forest sector by: i) strengthening institutional and technical capacity in the

forest sector; ii) further strengthening governance in the sector (including enhanced transparency and new benefit-sharing rules for forest ecosystem services revenues); iii) contributing to multi-stakeholder participation in decision making; iv) supporting sustainable forest management; v) ensuring forests contribute to improving rural populations' livelihood conditions. In operational terms, fiduciary responsibilities for the REDD Readiness Program will be carried out by the Implementation Unit for the FNCP.

II. Proposed Development Objective

The Project Development Objective is to reinforce DRC's capacities to design a socially and environmentally sound national strategy to reduce emissions from deforestation and forest degradation (REDD+) and to develop a national reference scenario of emissions from deforestation and degradation that takes into account national circumstances.

Key Results include:

1. A National REDD+ Strategy (including the legal framework) is prepared and validated by national stakeholders;
2. National circumstances affecting the reference scenario are identified and quantified.
3. A Strategic Environmental and Social Assessment (SESA) is prepared and validated by national stakeholders.

III. Preliminary Description

The REDD Readiness Program will comprise 4 components:

1. **Support to the coordination of the REDD Readiness process and multi-stakeholder consultations. (US\$ 1.2 million)**
 - National- and provincial-level institutions will be put in place to coordinate the overall REDD Readiness process in DRC. This component will finance the functioning of these institutions, as well as capacity building activities for national REDD management structures' staff.
 - Part of the implementation of the Consultation, Participation and Information (CPI) Plan, prepared as part of the R-PP, will be financed through this component. The Plan aims to inform and raise awareness of key stakeholders regarding REDD and ensure multi-stakeholder consultation to secure an overall participative REDD process. This component will finance the recruitment of a senior communication specialist at the National REDD Coordination, the production of informational material on REDD, the review of the national education program to integrate climate change and REDD issues more effectively into the curriculum of national education programs, and support the network of community radios to broadcast REDD-related messages.

2. **Contribution to the design of a national REDD+ strategy. (US\$ 1.3 million)**

- Support to the preparation of the national REDD+ strategy by strengthening the capacity of the National REDD+ Coordination to lead the design of the strategy through the recruitment of a series of national and international consultants.
- Financing to the legal and institutional analysis associated with the establishment of a national REDD+ regime, including analysis of: i) Legal, financial and administrative aspects of establishing a national REDD+ fund in charge of managing and of allocating REDD+ financing according to priorities set in the REDD+ strategy; ii) a legal and institutional assessment of choices for a national REDD framework (including options of mechanisms for benefit sharing, and analysis of forest carbon rights).
- Support the conceptualization of an Integrated Excellence Center on Climate aiming to foster production and dissemination of knowledge on issues related to climate change, by funding: i) a strategic study on the expertise that will be required in the medium- and long-term in DRC to allow the country to fully participate in a REDD+ mechanism; ii) recruitment of a consultant to design a capacity building program..
- In order to assess the potential risks associated with the National REDD+ Strategy and its Implementation Framework, as well as to consider potential alternatives and mitigation actions, this component will finance a Strategic Environmental and Social Assessment (SESA) of the national REDD process. This component will primarily finance consultants to aid in the preparation of the SESA, including the development of an Environmental and Social Management Framework (ESMF) for the REDD process in DRC.

3. **Preparation of a national reference scenario¹ for REDD+. (US\$ 0.6 million)**

- FCPF financing will support DRC in carrying out an analysis of ‘national circumstances’, to support the establishing of a national reference scenario of emissions from deforestation and forest degradation. This will include analysis of the country’s socio-economic context and sustainable development needs, as well as modeling of future deforestation.

4. **Grant management. (US\$ 0.3 million)**

- This component will finance the additional costs incurred by the Coordination Unit of the Forest and Nature Conservation Project (CU-FNCP) to ensure proper fiduciary management of the FCPF grant. This will also finance the external audits for the grant. Using this existing Project Implementation Unit to ensure fiduciary management (procurement and financial management)

¹ The use of ‘national reference scenario’ in this document is supposed to encompass both Reference Emissions Levels and Reference Levels. **Reference emissions level (REL)** is the amount of *gross emissions* from a geographical area estimated within a reference time period (used for activities related to reduced emissions from deforestation and forest degradation). **Reference level (RL)** is the amount of *net/gross emissions and removals* from a geographical area estimated within a reference time period (used for activities related to the expanded scope of REDD+, namely conservation of forest carbon stocks, sustainable management of forest, and enhancement of forest carbon stocks).

of the FCPF REDD+ Readiness Support Activity will foster economies of scale and closer alignment between the two programs.

IV. Safeguard Policies that might apply

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

V. Tentative financing

Source:		(\$m.)
Borrower/Recipient		
IBRD		
IDA		
Others (FCPF)		US\$3.4 million
Total		US\$3.4 million

VI. Contact point

World Bank

Contact: Simon Rietbergen,
 Title: Senior Forest Specialist
 Tel: +1 202 473-8350
 Email: srietbergen@worldbank.org

Recipient

Contact: Kanu Mbizi
 Title: National REDD Coordinator
 Tel: +243 998 251 555
 Email: kanumbizi@yahoo.fr

Implementing Agencies

Contact: Kanu Mbizi
 Title: National REDD Coordinator
 Tel: +243 998 251 555

* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

Email: kanumbizi@yahoo.fr

VII. For more information contact:

The InfoShop

The World Bank

1818 H Street, NW

Washington, D.C. 20433

Telephone: (202) 458-5454

Fax: (202) 522-1500

Web: <http://www.worldbank.org/infoshop>