

**AFRICAN DEVELOPMENT BANK**



**PROJECT :**        **Integrated REDD Pilot Project Around the  
Luki Biosphere Reserve in Mayombe Forest**

**COUNTRY:**       **DEMOCRATIC REPUBLIC OF CONGO**

## **PROJECT APPRAISAL REPORT**

*June 2011*

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## TABLE OF CONTENTS

	<b>Page</b>
Currency Equivalents, List of Acronyms and Abbreviations, Project Brief, Project Summary, Project Matrix, Project Implementation Schedule	i – xi
<b>I. STRATEGIC THRUST AND RATIONALE</b> .....	<b>1</b>
1.1 Project Linkages with Country Strategy and Objectives .....	1
1.2 Rationale for Bank’s Involvement .....	1
1.3 Aid Coordination .....	2
<b>II. PROJECT DESCRIPTION</b> .....	<b>3</b>
2.1 Project Objectives .....	3
2.2 Project Components .....	3
2.3 Technical Solutions Retained and Alternatives Explored .....	4
2.4 Project Type .....	5
2.5 Project Cost .....	5
2.6 Project Area and Beneficiaries .....	7
2.7 Participatory Approach to Project Identification, Design and Implementation..	8
2.8 Consideration of Bank Group Experience and Lessons Learned in Project Design. ....	8
2.9 Key Performance Indicators.....	8
<b>III. PROJECT FEASIBILITY</b> .....	<b>9</b>
3.1 Economic and Financial Performance .....	9
3.2 Environmental and Social Impacts.....	9
<b>IV. IMPLEMENTATION</b> .....	<b>11</b>
4.1 Implementation Arrangements.....	11
4.2 Project Monitoring and Evaluation.....	14
4.3 Governance .....	15
4.4 Sustainability.....	16
4.5 Risk Management.....	16
4.6 Knowledge Building .....	17
<b>V. LEGAL FRAMEWORK</b> .....	<b>17</b>
5.1 Legal Instrument .....	17
5.2 Conditions Associated with CBFF’s Intervention .....	17
5.3 Compliance with Bank Policies .....	18
<b>VI. RECOMMENDATION</b> .....	<b>18</b>

### ANNEXES

Appendix 1:	Socio-economic Indicators of DRC
Appendix 2:	ADB Portfolio in the Country
Annex 1:	Map of Project Area
Annex 2:	Detailed Costs by Component and Activity, in Local Currency and Foreign Exchange.
Annex 3:	Procurement Arrangements
Annex 4:	Note on the REDD Coordination Unit

## Currency Equivalents

NA: CBFF Grants are only expressed in Euros

## Fiscal Year

1 January - 31 December

## Weights and Measures

1 metric tonne	=	2204 pounds
1 kilogramme (kg)	=	2.20 pounds
1 metre (m)	=	3.28 feet
1 millimetre (mm)	=	0.03937 inches
1 kilometre (Km)	=	0.62 miles
1 hectare (ha)	=	2.471 acres

## LIST OF ACRONYMS AND ABBREVIATIONS

<b>ADB</b>	African Development Bank
<b>CARPE</b>	Central African Regional Program for the Environment
<b>CBFF</b>	Congo Basin Forest Fund
<b>CDM</b>	Clean Development Mechanism
<b>COMIFAC</b>	Central African Forests Commission
<b>DRC</b>	Democratic Republic of Congo
<b>ERAIFT</b>	Regional Post-Graduate Training School on Integrated Management of Tropical Forests and Lands
<b>GCD</b>	Marketing and Development Association
<b>GIS</b>	Geographic Information System
<b>INERA</b>	National Institute for Agricultural Research and Studies
<b>LBR</b>	Luki Biosphere Reserve
<b>LDC</b>	Local Development Committee
<b>LSC</b>	Local Steering Committee
<b>MECNT</b>	Ministry of Environment, Nature Conservation and Tourism
<b>MRAC</b>	<i>Musée Royal de l'Afrique Centrale</i>
<b>MRV</b>	Monitoring, Reporting and Verification
<b>ONFi</b>	French National Forest Authority – International Division
<b>OSFAC</b>	Satellite Observatory for the Forests of Central Africa
<b>REDD</b>	Reducing Emissions from Deforestation and Degradation
<b>REDD-NC</b>	REDD National Coordination
<b>UCL</b>	Catholic University of Louvain
<b>WWF</b>	World Wide Fund for Nature

## PROJECT INFORMATION

### Client Information

**DONEE** : Government of the Democratic Republic of Congo (DRC)

**EXECUTING AGENCY** : World Wide Fund for Nature-Belgium (WWF-B)

### Financing Plan

Source	Amount (Euro)	Instrument
CBFF	2.34 million	Grant
Other Donors	None	
<b>TOTAL COST</b>	<b>2,339,105</b>	

### Key ADB Financial Information

Grant Amount (rounded)	2.34 million
Commitment Fee*	NA
Service Charge	NA
Tenor	NA
Grace Period	NA
IRR NPV	NA
ERR	NA

### Timeframe – Main Milestones (expected)

Duration: Three (3) years	
Concept Note Approval	7 March 2010
Project Approval	June 2011
Effectiveness	June 2011
Last Disbursement	January 2014
Completion	June 2014
Last Repayment	NA

## PROJECT SUMMARY

### 1. Project Overview

1.1 Pursuant to the instructions of the Governing Council of the Congo Basin Forest Fund (CBFF) of 5 December 2009, a mission visited all the Congo Basin countries to identify government projects for submission to CBFF for financing. Consequently, each Congo Basin country, including the DRC, produced concept notes submitted to CBFF for consideration and approval. The Governing Council, at its seventh ordinary session held in Tunis on 7 March 2010, approved the concept notes and instructed the CBFF Secretariat to assist the countries to produce detailed proposals and appraise them immediately. In early April 2010, following the submission of detailed proposals by the countries, the Secretariat initiated a mission to appraise the projects in the different countries, which led to the preparation of this report. At its ninth session held in Libreville, Gabon on 15 and 16 November 2010, CBFF's Governing Council approved the financing of this project for EUR 2.34 million.

1.2 The goal of the 'Integrated REDD Pilot Project Around the Luki Biosphere Reserve (LBR) in Mayombe Forest' is to contribute to the reduction of deforestation and degradation in the natural forests and to poverty reduction in the Congo Basin. Its specific objectives are to: (i) increase forest coverage and forest regeneration in savannah woodland and reduce deforestation; and (ii) improve the living conditions of those living in close proximity to the LBR and establish a system of local governance; (iii) contribute to the development of the REDD national strategy to enable DRC reap the benefits of carbon markets and payments for ecosystem services.. The project was initiated as part of DRC's REDD+ preparation process. Indeed, by experimenting with the different REDD strategy options in the field in order to test the many conditions of their implementation, the project will enable the DRC to build an appropriate strategy. To this end, the Government has selected a series of complementary sites, including Luki, to cover the necessary experimentation area for the preparation of a comprehensive and operational national strategy.

1.3 Project duration is 3 years and its total estimated cost is EUR **2 339 105**, EUR 2.34 million of which are required from CBFF in the form of a grant. The project will be implemented by the World Wide Fund for Nature- Belgium (WWF-B), an international NGO represented in DRC which participated in the project identification and preparation. Given its weak capacity, (DRC is a 'fragile' post-conflict country), the Ministry of Environment, Nature Conservation and Tourism (MECNT) has entrusted the project management to WWF-B. To this end, it has signed a Partnership Memorandum of Understanding with this NGO. The CBFF grant resources will be used to protect 20,000 ha of natural forests threatened by deforestation, establish an area of 5,000 ha of controlled savannah woodland and create 1,000 ha of new agro-forestry areas for about 10,000 households. The project will also make it possible to establish 200 nurseries and 30 pilot agro-forestry farms as well as build the capacity of the communities concerned and local government.

### 2. Project Beneficiaries and Impact on Beneficiaries

2.1 Overall, the project beneficiaries will be local communities around the LBR, representing a total of 100,000 people, 80% of whom are women. More specifically, 10,000 agricultural households will benefit through the 50 existing Local Development Committees from project support in drawing up a land inventory, development of agricultural production systems and reforestation/regeneration systems (agro-forestry, controlled management of

anthropogenic savannah, fuel wood production, natural forest protection, etc.). In addition, thirty (30) pilot smallholder farmers will receive support through the establishment of integrated production systems and 500 smallholder planters will receive assistance for planting small private woodlands.

2.2 The stakeholders will be involved in project implementation, especially local NGOs that will participate as service providers, but also State institutions (provincial administration) which will benefit from capacity building in the form of training of about 250 employees. All these institutions are represented on the Local Steering Committee (LSC). The private sector will be asked to define and establish a sustainable financing mechanism, based on public-private partnership – guaranteeing transparent and responsible management of a credit system. Belgian scientific institutions such as the Royal Belgian Institute of Natural Sciences (RBINS), the Royal Museum for Central Africa (RMCA), the National Botanic Garden of Belgium (NBGB) and the Regional Post-Graduate Training School on Integrated Management of Tropical Forests and Lands (ERAIFT) will provide complementary expertise if required.

2.3 The project will have environmental, climatic, social and financial impact. The exploitation of restored woodlands, private woodlands and pilot agro-forestry farms will ease pressure on the LBR protected forest and unprotected forest around it, which could be gradually replenished and thereby contribute to biodiversity conservation. With regard to the climate, the project will over time help to build carbon stock and reduce global warming. Similarly, the production work and the planting of forest and agro-forestry seedlings will create temporary jobs.

### **3. Needs Assessment and Project Rationale**

3.1 The project will contribute to the implementation of the priority strategies and actions retained in the Government's Poverty Reduction and Growth Strategy Paper (PRGSP), particularly of Forest Strategies 1, 2, 3 concerning ecosystem rehabilitation and conservation, rationalization of forest exploitation and environmental protection training. The project is in keeping with the Bank's Results-Based Country Strategy Paper for the 2008-2012 period, in so far as it will contribute to poverty reduction in its area of intervention - an action which is fully consistent with the second priority of the RBCSP, namely *promotion of pro-poor growth*.

3.2 The project covers three of CBFF's thematic areas, namely: (i) forest management and sustainable practice; (ii) ecological and socioeconomic monitoring and baseline data; and (iii) benefits of the carbon market and payments for ecosystem services. Consequently, the project needs to establish and maintain woodlands, ensure controlled savannah management, protect about 20,000 ha of natural forests, sensitize and build the capacity of stakeholders, help to establish a cohesive REDD framework, etc. These activities will be implemented by WWF-Belgium under partnership agreements signed or to be signed with various specialized agencies. CBFF is requested to provide financial resources in the form of a grant.

### **4. Bank Value-Added**

4.1 This project is in a very new field – Reducing Emissions from Deforestation and Degradation (REDD), a sector that is marginally represented in the Bank's portfolio of operations. However, the Bank has long experience in the establishment of woodlands,

restoration of degraded forest areas, mentoring and training local communities in agro-forestry etc. This experience was gained notably from the two consecutive *Projet Bois de Feux (PBF)* in the south of Benin, the *Projet d'Appui à l'Aménagement des Forêts au Rwanda (PAFOR)* and the *Projet d'Aménagement des Bassins Versants du Burundi (PABV)*. Lessons learnt from these experiences have helped for a more pragmatic design of the current project, taking into account the peculiarities of the project area and the difficulties associated with participative development in the dense forest region.

## **5. Knowledge Building**

5.1 In general, the project will help build knowledge among the various stakeholders on the LBR wood resources and ensure better understanding of the reasons for illegal fuel wood extraction in the LBR natural forests. The project will initiate reflection with the provincial government and communities concerned on how to create a framework conducive to participatory reforestation. The creation of alternative income-generating activities as a means of reducing illegal and uncontrolled natural forest exploitation will build knowledge of the mechanisms likely to conserve biodiversity and reduce poverty in the Congo Basin.

5.2 The project is an incubator for ideas and knowledge, the validity and practicability of which it will be able to test on a large scale. All the information collected by this project and similar ones will be recorded and disseminated through annual project reports and project completion reports. This information will further be used to enrich the skills of stakeholders in the REDD approach and in good practices regarding forest management and assistance to vulnerable groups.

5.3 This experience will complement the Bank funded *Programme d'Appui à la Conservation des Ecosystèmes du Bassin du Congo (PACEBCo)* and the Forest Investment Program (FIP). The Bank is supporting Congo DRC, Burkina Faso and Ghana in the preparation of their FIP strategy. The objective of the FIP is to promote the sustainable management of forests and to increase investments in order to help the countries in reducing emissions of greenhouse gases due to deforestation and forest degradation.

**INTEGRATED REDD PILOT PROJECT AROUND THE LUKI BIOSPHERE RESERVE IN MAYOMBE FOREST**

**PROJECT MATRIX (Results-Based)**

<b>HIERARCHY OF OBJECTIVES</b>	<b>EXPECTED OUTCOMES</b>	<b>REACH</b>	<b>PERFORMANCE INDICATORS</b>	<b>TIME FRAME OF INDICATIVE OBJECTIVES</b>	<b>ASSUMPTIONS AND RISKS</b>
<b>Overall Objective</b>	<b>Impact on Long-Term Outcomes</b>	<b>Beneficiaries</b>	<b>Impact Indicators</b>	<b>Anticipated Long-Term Progress</b>	<b>Assumptions and Risks</b>
Contribute to a reduction in deforestation and forest degradation in the natural forests and in poverty in the Congo Basin.	Expansion of the forest cover, integration of beneficiary communities into a local governance system and improvement of living standards of inhabitants of the areas around the Luki Biosphere Reserve LBR).	Population around the LBR, i.e. 100,000 inhabitants, including 10,000 households distributed among 50 LDC, 250 technicians and provincial officers, NGOs and authorities	<p>Net deforestation rate in the Luki BR.</p> <p>Number of inhabitants integrated into a local governance system.</p> <p>Increase in income of direct beneficiaries in the project area.</p> <p>Rate of reduction in the number of inhabitants living below the poverty threshold</p> <p>Number of recognized village plots with land tenure security</p> <p><b>Source:</b> Project Reports/ Socioeconomic Surveys</p>	<p>Deforestation rate is 0% in 2014</p> <p>100% of the beneficiary population integrated into a local governance system in 2014</p> <p>Average farmer income in pilot farms are up by USD 1 000 in 2014</p> <p>50% reduction in the number of beneficiaries living below the poverty threshold in 2014</p> <p>20 village plots with land tenure security in 2014</p>	<p><b>Assumption:</b></p> <p>The country remains politically stable;</p> <p>Social peace is maintained;</p> <p>Political will to support reforms;</p> <p>The local, provincial and national authorities actively participate;</p> <p><b>Risk Indicators:</b></p> <p>Country's instability</p> <p>Non-participatory population</p> <p><b>Mitigation Strategies:</b> Effective participatory approach and sensitization of inhabitants</p>
<b>Project Specific Objectives</b>	<b>Medium-Term Outcomes</b>	<b>Beneficiaries</b>	<b>Outcome Indicators</b>	<b>Anticipated Medium-Term Progress</b>	<b>Assumptions and Risks</b>
Expand the forest cover and carry out savannah forest regeneration	<p><b>1.1</b> The deforestation and degradation rates are reduced in the LBR</p> <p><b>1.2.</b> Forest cover around the LBR is expanded (through controlled areas and reforestation)</p>	<b>1.</b> Lower Congo 'Landscape', territories of Muanda, Seke Banza and Lukula	<p><b>1.1.</b> Area (ha) of natural protected forest</p> <p><b>1.2.</b> Area (ha) of new woodlands created</p> <p><b>1.3.</b> Area (ha) under controlled management</p> <p><b>1.4.</b> Number of pilot agricultural farms converting to agro-forestry</p> <p><b>1.5.</b> Number of infractions observed</p>	<p><b>1.1.</b> 20 000 ha of natural forests protected in 2014</p> <p><b>1.2.</b> 1 000 ha of new woodlands created in 2014</p> <p><b>1.3.</b> 5 000 ha of controlled savannah woodland in 2013</p> <p><b>1.4.</b> 30 new pilot agro-forestry farms established in 2013</p> <p><b>1.5.</b> Infractions observed down by</p>	<p><b>Assumptions</b></p> <p>Excellent collaboration among all stakeholders</p> <p><b>Risk Indicators :</b></p> <p>Reservation by the local community, LSC, inefficient coordination with LSC, availability of images</p>

<p>2. Improve living conditions of communities living around the LBR and establish a local governance system.</p> <p>3. Contribute to the development of the national REDD strategy to enable DRC to reap the benefits of the carbon market and payments for ecosystem services.</p>	<p>2.1 Higher household income for communities living around the LBR</p> <p>2.2 The proportion of the population living below the poverty threshold is reduced.</p> <p>2.3. Forestry sector jobs created</p> <p>2.4. The inhabitants of villages around the LBR are organized and have plot security.</p> <p>3.1. REDD institutional and financing mechanisms are defined and established.</p> <p>3.2. The actors in the establishment of REDD mechanisms are informed and trained.</p> <p>3.3. Opportunities are explored for the extension of the mechanism defined.</p>	<p>2. Local residents organized into 50 LDCs, i.e. 10 000 inhabitants.</p> <p>3. The provincial, regional and national authorities</p>	<p>1.6. Number of planters operational</p> <p><b>Sources:</b> satellite images, biomass mapping, project reports, carbon stock measurements</p> <p>2.1. Employment in the forestry and agro-forestry sectors</p> <p>2.2. Number of village plots with a local governance structure and with plot security.</p> <p>2.3. Number of pilot agricultural farms converting to agro-forestry.</p> <p>2.4. Income for local communities generated by controlled savannah areas</p> <p>2.5. Number of households benefiting from agro-forestry support.</p> <p><b>Sources:</b> Activity Reports, Monitoring/Evaluation Reports/Socio-Economic Studies/Participatory Mapping Reports</p> <p>3.1. System for determining and monitoring carbon stock</p> <p>3.2 Definition of a baseline scenario</p> <p>3.3. Feasibility of establishing environmental service mechanisms, revolving capital, public-private partnership</p> <p>3.4. Study on opportunities for extending the methodology</p> <p><u>Sources:</u> WWF reports</p>	<p>90% by the project closure..</p> <p>1.6. 500 planters operational in 2014</p> <p>2.1. 50% increase in jobs in the forestry and agro-forestry sectors in 2013.</p> <p>2.2. 20 village plots organized with mapping in 2013.</p> <p>2.3.. 30 new pilot agro-forestry farms established by end 2013</p> <p>2.4. Local population benefits from USD 15/ha from controlled areas</p> <p>2.5. 10 000 farming households benefit directly from agro-forestry support by end 2013;</p> <p>3.1. A system is set up and operational by end 2013 for the determination and monitoring of carbon stock</p> <p>3.2 A baseline scenario is prepared by 2013;</p> <p>3.3. The feasibility of establishing environmental service mechanisms, revolving capital and public-private partnerships is analysed in 2013</p> <p>3.4. A report is prepared on opportunities for expansion on 3 sites</p>	<p><b>Mitigation Strategy</b></p> <p>Local community sensitization programme, agreements for implementation of project with the LSC.</p>
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Activities	Outputs / Short-Term Outcomes	Beneficiaries	Outcome Indicators	Anticipated Short-Term Progress	Assumptions and Risks
<b>Component A: Forest Management and Sustainable Practice</b>					
<b>A1.</b> Seedling Production	<b>A1.</b> Nurseries established and plantlets produced	<b>A1.</b> Population of territories concerned.	<b>A1.</b> Number of seedlings produced and number of operational nurseries <b>Source:</b> nursery plans, contracts and reports	<b>A1.</b> 200 nurseries established and 1 600 000 forest seedlings produced and distributed to 500 planters by end 2012.	<b>Assumptions:</b> Acceptance by the population. <b>Risk Indicators:</b> Delay in making land available. <b>Mitigation Strategies:</b> Sensitization campaign; Involve all partners in outreach activities; Consult with the local authorities with a view to attracting massive participation of the local populations.
<b>A2.</b> Establishment and maintenance of micro-woodlands	<b>A2.</b> 1 000 ha of plantations established and maintained	<b>A2.</b> Planter associations	<b>A2.</b> Number of ha planted and contracts signed <b>Source:</b> corresponding plantation contracts, monitoring of reforestation by satellite images	<b>A2.</b> 1 000 ha of plantations established by end 2013.	
<b>A3.</b> Controlled savannah areas (regeneration)	<b>A3.</b> 5000 ha controlled by local communities	<b>A3.</b> Local communities concerned by controlled savannah areas	<b>A3.</b> Number of ha reconverted; number of contracts signed <b>Source:</b> Project activity reports / contracts signed with village communities concerned	<b>A3.</b> 5 000 ha of savannah land controlled by end 2013	
<b>A4.</b> Protection of 20 000 ha of natural forests (LBR)	<b>A4.</b> Patrols to combat illegal logging comprising 60 people, trained and operational.	<b>A4.</b> The LBR local steering committee and indirectly the inhabitants living around the LBR	<b>A4.</b> Number of patrols carried out <b>Source:</b> Project activity reports / patrol reports and infractions observed	<b>A4.</b> At least 432 patrols carried out by end of the project.	
<b>A5.</b> Support to agro-forestry development (30 pilot farms)	<b>A5.</b> Agricultural farms master agro-forestry techniques and set up 30 pilot farms	<b>A5.</b> Inhabitants living around the LBR	<b>A5.</b> Number of contracts signed with beneficiary farmers <b>Source:</b> List of beneficiaries and activity reports	<b>A5.</b> 50% of agro-forestry pilot farm contracts signed by 2013	
<b>A6.</b> Strengthening of technicians and provincial workers	<b>A6.</b> Provincial technicians and employees master database management and GIS methods (ARCGIS software)	<b>A6.</b> Technicians and provincial officers	<b>A6.</b> Number of people trained <b>Source:</b> Lists of people trained and training workshop report	<b>A6.</b> 6 technicians and 6 provincial officers trained in 2013	
<b>A7.</b> Sensitization of the population on sustainable management of wood resources.	<b>A7.</b> A sensitization strategy is defined and the population sensitized on sustainable wood resource management	<b>A7.</b> Inhabitants of territories around the LBR	<b>A7.</b> Strategy defined and number of people trained <b>Source :</b> Lists of people trained and training workshop report	<b>A7.</b> A sensitization strategy defined in 2012 and 10 000 people sensitized by end of the project.	

<p><b>A8.</b> Support to and strengthening of provincial authorities, local NGOs, LSC and LDC</p> <p><b>A9.</b> Participatory mapping of territories and land</p> <p><b>A10.</b> Supervision and monitoring of activities.</p>	<p><b>A8.</b> Capacity of local NGOs, LSC is built up.</p> <p><b>A9.</b> Maps of plots around the LBR are made with the number of inhabitants</p> <p><b>A.10.</b> A team of supervisors to provide the required skills is operational and ensures the smooth implementation of activities</p>	<p><b>A8.</b> Staff of NGOs and representatives of provincial authorities, members of the LSC and LDCs</p> <p><b>A9.</b> Population of village land</p> <p><b>A10.</b> 1 project assistant, GIS specialist, 6 foresters, 2 drivers and all project beneficiaries</p>	<p><b>A8.</b> Number of workshops organized <b>Source</b> : List of workshop participants and training workshop report</p> <p><b>A9.</b> Number of maps prepared <b>Source</b> : participatory mapping reports</p> <p><b>A10.</b> Number of planned activities implemented and reports on activities implemented <b>Source:</b> Project activity reports</p>	<p><b>A8.</b> At least 12 workshops are organized with the stakeholders: 650 smallholders and 250 provincial officers trained by end 2013.</p> <p><b>A9.</b> 20 land maps prepared by end 2013</p>	
<b>1. Component B: Ecological and Socioeconomic Monitoring and Baseline Data</b>					
<p><b>B1.</b> Establishment of forest biomass mapping</p> <p><b>B.2</b> Establishment of a baseline scenario for the Luki Reserve</p> <p><b>B3.</b> Development and establishment of a system for determining and monitoring carbon stock (Development of a national MRV system)</p>	<p><b>B1.</b> Forest biomass map available</p> <p><b>B2.</b> Baseline scenario available and validated</p> <p><b>B3.</b> System established for determining and monitoring carbon stock (MRV system).</p>	<p><b>B1.</b> Forestry sector managers and partners nationwide.</p> <p><b>B2.</b> Forestry service partners at provincial and national levels, and LBR Local Steering Committee</p> <p><b>B3.</b> Forestry service partners at provincial and national levels, and LBR Local Steering Committee</p>	<p><b>B1.</b> Forest biomass map available <b>Source</b> : National Forest Biomass Map</p> <p><b>B2.</b> Availability of a baseline scenario <b>Source:</b> Baseline scenario document, activity and monitoring/evaluation reports</p> <p><b>B3.</b> Existence of a system for determining and monitoring carbon stock <b>Source</b> : MRV system document, activity and monitoring/evaluation reports</p>	<p><b>B.1.</b> A forest biomass map of the project area is prepared in 2012</p> <p><b>B2.</b> A baseline scenario is established and validated end 2012</p> <p><b>B3.</b> A system for determining and monitoring carbon stock is operational by end 2012</p>	<p><b>Assumptions:</b> Participatory mapping</p> <p><b>Risk Indicators:</b> Reluctance of the population to participate</p> <p><b>Mitigation Strategies:</b> Sensitization of the population and customary chiefs</p>
<b>2. Component C : Benefits of Carbon Contracts and Payments for Ecosystem Services</b>					
<p><b>C1.</b> Methodological development and establishment of financial and institutional mechanism required for REDD certification</p>	<p><b>C1.</b> Systems considered for revolving capital and payments for environmental services</p>	<p><b>C1.</b> Lower Congo Province</p>	<p><b>C1.</b> Description of systems is prepared <b>Source:</b> Activity reports</p>	<p><b>C1.</b> Revolving capital and a system for payments for environmental services and public-private partnership are defined and their feasibility</p>	<p><b>Assumption:</b> The managers of the potential expansion sites are in favour of the project</p> <p><b>Risk Indicator:</b></p>

<p><b>C2.</b> Sensitization and institutional capacity building for REDD</p> <p><b>C3.</b> Expansion potential of Integrated REDD Project</p>	<p><b>C2.</b> Stakeholders master REDD concepts and tools, and apply them</p> <p><b>C3.</b> Opportunities for expansion are defined, sites identified and an assessment carried out and presented in a feasibility report. An MDD is prepared and applied to the assessed expansion areas</p>	<p><b>C2.</b> REDD stakeholders</p> <p><b>C3.</b> REDD stakeholders in identified sites</p>	<p><b>C2.</b> Number of stakeholders trained in REDD and number of meetings organized <b>Source:</b> Report/minutes of meetings, training and sensitization workshops + activity reports</p> <p><b>C3.</b> Number of sites identified and assessed. Applicability of MDD to sites is determined <b>Source:</b> Activity reports.</p>	<p>assessed by end 2013</p> <p><b>C2.</b> At least 100 000 people are sensitized and informed about REDD in 2014. At least 12 meetings are organized at each LDC (50) by end 2013.</p> <p><b>C3.</b> 5 specific sites are retained in 2013, three of which in the Mayombe transboundary reserve and 3 in CBFP landscapes. An evaluation report on the application of the MDD to each site is carried out in 2013.</p>	<p>Reluctance of project managers</p> <p><b>Mitigation Strategies:</b> Dialogue and sensitization, and possible financial motivation for the site managers</p>
Activities	Outputs / Short-term Outcomes	Beneficiaries	Outcome Indicators	Anticipated ST Progress	Assumptions and Risks
3. Component D: Project Management					
<p><b>D1.</b> Equipping and operationalization of the project management team</p> <p><b>D2.</b> Setting up of the project coordination and management team</p> <p><b>D3.</b> Continuous project evaluation and monitoring</p>	<p><b>D1.</b> The project team has the necessary equipment and resources for its operation</p> <p><b>D2.</b> Competent staff are recruited and installed</p> <p><b>D3.</b> Project monitoring and evaluation is correctly carried out.</p>	<p><b>D1</b> Project staff</p> <p><b>D2</b> Key project staff</p> <p><b>D3</b> Project managers and actors</p>	<p><b>D1.</b> Type of equipment and operating resources provided</p> <p><b>D2.</b> Activity monitoring and implementation are in accordance with planning. Timely submission of high quality reports</p> <p><b>D3.</b> Monitoring and evaluation mechanisms established and operational <b>Source:</b> Activity reports</p>	<p><b>D1.</b> The project team is equipped and operational from 2011</p> <p><b>D2.</b> The project team is established and implementing the project from 2011</p> <p><b>D3</b> Information collected and disseminated from early 2012</p>	<p><b>Assumptions</b> Mobilization of financial and human resources in accordance with the estimated schedule; compliance with procurement/contract award procedures</p> <p><b>Risk Indicators:</b> procurement delays.</p> <p><b>Mitigation Strategies:</b> Permanent assistance of CBFF Secretariat; close support of ADB Regional Office in Kinshasa.</p>

## PROJECT IMPLEMENTATION SCHEDULE

		2011				2012				2013				2014				
No	ACTIVITIES	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	
1	Negotiations																	
2	Grant Approval																	
3	First Disbursement																	
4	Project Workshop Launching																	
	<b>Forest Management and Sustainable Practice</b>																	
	Establishment of Baseline Situation																	
5	Seedling Production																	
6	Establishment and Maintenance of Micro-Woodlands																	
7	Capacity Building for Technicians																	
	Sensitization of Population on Sustainable Wood Resource Management																	
	Support and Capacity Building for Provincial Authorities, Local NGOs, the LSC and LDCs																	
	<b>Ecological and Socioeconomic Monitoring and Baseline Data</b>																	
8	Methodological Development and Provision of Necessary Technical Tools for REDD Certification																	
	Methodological Development and Establishment of the Necessary Financial and Institutional Mechanisms for REDD Certification																	
	Sensitization and Institutional Capacity Building for REDD																	
	Participatory Mapping of Territories and Land																	
	<b>Benefits of Carbon Contract and Payments for Ecosystem Services</b>																	
9	Methodological Development and Establishment of the Necessary Financial and Institutional Mechanisms for REDD Certification																	
10	Sensitization and Institutional Capacity Building for REDD																	
	<b>Project Management</b>																	
12	Establishment and Equipping of Project Management Team																	
13	Procurement of Goods, Works and Services required for Project Implementation																	
14	Project Administrative and Financial Management																	
15	Monitoring and Evaluation																	
16	Audits																	
17	Mid-Term Review																	
18	Final Evaluation																	

## **REPORT AND RECOMMENDATIONS OF BANK GROUP MANAGEMENT TO THE BOARD OF DIRECTORS CONCERNING THE REDD PILOT PROJECT AROUND THE LUKI BIOSPHERE RESERVE IN MAYOMBE FOREST**

Management submits this report and recommendations concerning a proposal for a grant of EUR 2,34 million from CBFF resources to the DRC Government to finance the REDD Pilot Project Around the Luki Biosphere Reserve (LBR) in the Mayombe Forest.

### **I. STRATEGIC THRUST AND RATIONALE**

#### **1.1 Project Linkages with Country Strategy and Objectives**

1.1.1 This project is a priority since it concerns the forestry sector, which the Government considers pivotal for the country's development. It is in keeping with the DRC's Poverty Reduction and Growth Strategy Paper (PRGSP) since it will contribute to implementing actions that are among the PRGSP pillars, namely reduce poverty and promote community dynamics. The DRC has also embarked upon a REDD+ preparation process aimed at drawing up a national strategy and operational action plan by end 2012.

1.1.2 As part of the DRC's REDD+ preparation process, it is essential to experiment with the different REDD+ options in the field to test the many conditions for their implementation (legal, organizational, financial, human, etc.). This will help to build an appropriate strategy to address the many problems and situations encountered in the DRC. To that end, the Government selected a series of complementary pilot sites to cover the necessary experimentation area for the preparation of an operational national strategy. These sites include the national forests around the Luki Biosphere Reserve, which will constitute this project's area of intervention.

1.1.3 As a pilot operation, the project will make it possible to carry out field tests on the scenarios of Government's interim REDD+ strategy, which comprises 4 components and 14 programmes in the 'Exploratory Study on DRC's REDD+ Potential' conducted in November by the Ministry of Environment, Nature Conservation and Tourism (MECNT), with the assistance of McKinsey and Company. Indeed, the lessons learned from this project, combined with those from other projects of the same type, will contribute to the preparation of a realistic, credible and operational REDD+ strategy based on practical experience. This project is also in harmony with the COMIFAC Convergence Plan, of which the DRC is a member. This Plan defines 10 priority intervention thrusts concerning forest management and conservation in the ten COMIFAC member countries. This project is in keeping with six of these thrusts, including resource knowledge, ecosystem development and sustainable enhancement of forest resources, etc.

#### **1.2 Rationale for Bank's Involvement**

1.2.1 The project is consistent with the Bank's RBCSP for the DRC regarding poverty reduction. It also complies with the Bank's general policy for environmental protection since, in time, it will result in the reforestation of about 1 000 ha of degraded forests that will help to stock CO<sub>2</sub> and consequently mitigate the negative impacts of global warming. The project is also in keeping with the CBFF's thematic areas of concentration, namely: forest management and

sustainable practice; livelihood and economic development; benefits from carbon markets; and ecological monitoring of baseline data.

1.2.2 The Bank's intervention is justified for the following reasons: (i) the project will help to resolve the current energy crisis around the towns of Boma and Matadi by creating conditions conducive to the development of productive and profitable private forestry, while assisting the local communities to establish plantations as an alternative to the use of the reserve's natural forests; (ii) the project will contribute to poverty reduction by increasing agricultural production and income through the grouped marketing system and financing mechanisms it will set up.

1.2.3 The project will also replicate the REDD+ international and national mechanisms at the local level through sensitization and by explaining the challenges and opportunities of REDD+, while concretely testing activities that will reduce deforestation and participate in local development.

1.2.4 The project also aims to develop a community reforestation model consisting of rapid, high-quality reforestation with the communities, good outcomes tracking and the establishment of a revolving capital system, including profits from carbon credits (CDM and REDD) to compensate non-government financed reforestation efforts.

### **1.3 Aid Coordination**

1.3.1 In the country's new post-election context, donors have adopted a country assistance framework (CAP), following consultations with the Government, the private sector and civil society in 2007. This new framework, based on results from the PRGSP pillars, served as a reference and coordination framework for external assistance during the 2007-2009 period.

1.3.2 The High Level Forum on Aid Effectiveness held in Kinshasa in June 2009 engendered the "Kinshasa Agenda", which describes the status of aid, identifies constraints and makes recommendations for improved coordination and aid effectiveness. External aid is coordinated by the Ministry of Planning through "Thematic Groups". The Bank chairs the thematic group on economic statistics. The ADB Group is a leading donor in the DRC after the World Bank. Since the resumption of cooperation, its position has been further consolidated with a total approval UA 249.75 million for the public sector in the current portfolio (see Appendix 2 attached). It is worth noting that the opening of the regional office in Kinshasa (CDFO) in 2007 helped to boost and facilitate the Bank's contribution to coordination efforts with other technical and financial partners (TFP), in accordance with the Kinshasa Agenda which advocates a more rational division of labour among TFPs and the use of harmonized mechanisms for implementing operations.

1.3.3 In the forestry sector, the World Bank, the European Union, Germany, the United States and Norway are the main donors, although support comes from many other sources (Japan, France, Belgium, etc.). Cumulative operations exceed USD 347 million (October 2010). Among the major projects worth noting are: "Project to Support Ecosystem Preservation and Development of Environmental Services" for USD 94.8 million financed by several bilateral

(U.S., Norway, Germany, Spain) and multilateral donors (WB, EU, UN Agencies). The Bank finances a single multinational operation in the forestry sector, namely the Congo Basin Ecosystems Conservation Support Project (PACEBCo), whose interventions largely concern the DRC. PACEBCo is ongoing.

## **II. PROJECT DESCRIPTION**

### **2.1 Project Objectives**

2.1.1 The sector goal of the *‘Integrated REDD Pilot Project Around the Luki Biosphere Reserve in Mayombe Forest’* is to help reduce deforestation and forest degradation in the natural forests, and fight poverty in the Congo Basin. Its specific objectives are to: (i) expand forest cover and carry out forest regeneration in savannah woodland; (ii) improve the living conditions of communities living around the LBR and establish a local governance system; and (iii) contribute to the development of the national REDD strategy.

### **2.2 Project Components**

2.2.1 The project activities are grouped together under four (4) components, briefly described in Table 2 below:

*Table 2.1: Project Components*

No.	Component Title	Estimated Cost (EUR)	Component Description
1	Forest Management and Sustainable Practice	1 243 240	<ul style="list-style-type: none"> <li>• Production of seedlings</li> <li>• Establishment and maintenance of woodlands</li> <li>• Establishment of a controlled savannah area</li> <li>• Protection of natural forests 20 000 ha;</li> <li>• Support to the agro-forestry development of 30 pilot farms</li> <li>• Building the capacity of technicians</li> <li>• Sensitization of the population to sustainable wood resource management</li> <li>• Support to, and capacity building for, provincial authorities, local NGOs, the LSC and LDCs</li> <li>• Participatory territory and land mapping; and supervision and monitoring of activities</li> </ul>
2	Ecological and Socioeconomic Monitoring and Baseline Data	217 980	<ul style="list-style-type: none"> <li>• Methodological development and procurement of the necessary tools for REDD certification</li> </ul>
3	Benefits of Carbon Markets and Payments for Ecosystem Services	191 650	<ul style="list-style-type: none"> <li>• Methodological development and establishment of necessary financial and institutions for REDD certification;</li> <li>• Sensitization and institutional capacity building for REDD</li> </ul>
4	Project Management	398 300	<ul style="list-style-type: none"> <li>• Equipping and operationalization of project management team</li> <li>• Procurement of goods, works and services required for project implementation.</li> <li>• Project administrative and financial management</li> </ul>

### 2.3 Technical Solutions Retained and Alternatives Explored

*Table 2.2: Comparison of Solutions Retained and Alternatives*

Solution Retained	Solution Considered	Reasons for Rejection
Community actions on the basis of a participatory approach	Administrative management , individual actions	Concept of public goods not clearly understood. Weak community integration. Sustainability unlikely.
Sub-contracting of tasks to the specialized agencies ONFi and UCL	Carried out by State institutions	Absence of State institution specialized in the targeted areas (measure CO2 stock, mapping, etc.)
Tasks sub-contracted to ONFi	Carried out by the government	Highly specialized tasks for which there is no national expertise. Hypothetical sustainability
Project management by WWF Belgium - an international NGO specialized in nature conservation	Management by a national administrative entity	Weak capacity in the administration of a post-conflict country. Sustainability not guaranteed

## 2.4 Project Type

2.4.1 This operation is a pilot project with an estimated three-year implementation period. The pilot nature of the project is mainly due to its limited scale (it is confined to the nature reserve) and the fact that it is intended to test in the field scenarios, designed as activities, which will help to define and constitute the backbone of Government's REDD strategy.

## 2.5 Project Cost

2.5.1 The total project cost is estimated at EUR **2 339 105**. All costs were calculated in Euros in compliance with CBFF rules, whereby the Euro is the currency in which its grants must be denominated. The project cost also comprises a 7% provision for price escalation, calculated on the basis of local economic data. Likewise, a 2% provision for physical contingencies has been secured for field activities related to the establishment and the nurturing of 1000 ha new woodlands and for the control of the 5000 ha of savannah woodlands. The low percentage used for physical contingencies is due to the techniques used in tree planting which are well known by LDC. . The summary of estimated costs by component, by expenditure category, and by source of funding is presented in Tables 2.3, 2.4, and 2.5 below:

*Table 2.3: Summary of Estimated Costs by Component (in Euros)*

COMPONENTS	L.C.	F.E.	Total	% F.E.
Forest Management and Sustainable Practice	1 115 000	128 240	1 243 240	10
Ecological and Socioeconomic Monitoring and Baseline Data.	93 380	124 600	217 980	57
Benefits of Carbon Markets and Payments for Ecosystem Services	175 650	16 000	191 650	8
Project Management	385 800	12 500	398 300	3
<b>Base Cost</b>	<b>1 769 830</b>	<b>281 340</b>	<b>2 051 170</b>	<b>14</b>
Physical Contingencies	6 000	0	6 000	0
Price Contingency	252 579	29 356	281 935	10
<b>Total Estimated Cost</b>	<b>2 028 409</b>	<b>310 696</b>	<b>2 339 105</b>	<b>13</b>

*Table 2.4: Summary of Estimated Cost by Expenditure Category (in Euros)*

CATEGORIES	L.C.	F.E.	Total	% F.E.
Works	340,000	0	340,000	0
Goods	155,800	136,240	292,040	47
Services	177,800	135,200	313,000	46
Personnel	558,000	0	558,000	0
Operating Costs	437,430	9,900	447,330	2
Other Management Expenditure	100,800	0	100,800	0
<b>Base Cost</b>	<b>1,769,830</b>	<b>281,340</b>	<b>2,051,170</b>	<b>14</b>
Physical Contingencies	6,000	0	6,000	0
Price Escalation	252,579	29,356	281,935	10
<b>Total</b>	<b>2 028 409</b>	<b>310 696</b>	<b>2 339 105</b>	<b>13</b>

2.5.2 Expenditure categories “Services”, “Staff” and “Operating Costs” represent 56% of the total grant amount. The category “Services” cover payment of consultancy services, training activities and capacity building sessions for local communities on the REDD specialized thematic. Payment of the project management staff are made under the category “Staff” while the operational costs for the three (3) project components are paid under the “Operating Costs” category.

2.5.3 **Project financing** will be borne entirely by CBFF in the amount of EUR 2,34 million. DRC is eligible for 100% financing under the Country Financing Parameters (CFP). Accordingly, during its session of 15 and 16 November 2010, the CBFF Governing Council (GC) approved the project budget as presented, excluding any contribution from the Donee in order to avoid problems during project preparation and implementation. Therefore, the GC’s decision waives Provision 5.2 of the CBFF Manual of Operational Procedures which stipulates that costs be shared between CBFF and the Donee.

*Table 2.5  
Sources of Financing (in Euros)*

Sources of Finance	L.C.	F.E.	Total	% Total
CBFF	2 028 409	310 696	2 339 105	100
<b>Total Estimated Cost</b>	<b>2 028 409</b>	<b>310 696</b>	<b>2 339 105</b>	<b>100</b>

2.5.4 The Expenditure Schedules are as follows:

**Table 2.6**  
**Expenditure Schedule by Component (in Euros)**

COMPONENTS	Year1	Year2	Year3	Total	% Base Cost
Forest Management and Sustainable Practice	532 440	405 400	305 400	1 243 240	61
Ecological and Socioeconomic Monitoring and Baseline Data.	73 500	113 840	30 640	217 980	11
Benefits of Carbon Markets and Payments for Ecosystem Services	34 750	95 950	60 950	191 650	9
Project Management	138 100	130 100	130 100	398 300	19
<b>Baseline Costs</b>	<b>778 790</b>	<b>745 290</b>	<b>527 090</b>	<b>2 051 170</b>	<b>100</b>
Physical Contingencies	2 300	2 300	1 400	6 000	
Price Escalation	54 676	108 326	118 933	281 935	
<b>Estimated Total Cost</b>	<b>835 766</b>	<b>855 916</b>	<b>647 423</b>	<b>2 339 105</b>	

## 2.6 Project Area and Beneficiaries

2.6.1 The project will be implemented in the Province of Lower Congo, specifically around the Luki Biosphere Reserve (LBR) which is part of the Mayombe Transboundary Forest. This site is of paramount importance since the LBR has been the subject of research since the 1950s. In addition, the natural forests surrounding it are threatened as they are subject to uncontrolled extraction by the generally very poor local communities. In terms of precise location, the project will intervene in three areas in Lower Congo (refer to Map of Project Area in Annex 1): Lukula, Seke Banza and Muanda.

2.6.2 The project direct beneficiaries are: (i) 10 000 households who will receive subsidies in agro-forestry inputs; (ii) at least 500 smallholder planters who will receive aid to establish small private woodlands; and (iii) 650 smallholders and 250 provincial officers who will be given training. The direct beneficiaries also include all those temporarily employed during implementation of the different tasks, such as seedling production and planting. The indirect beneficiaries comprise all the inhabitants of the areas surrounding the LBR, i.e. about 100 000 people.

2.6.3 The provincial authorities, civil society and local communities will benefit from training and sensitization sessions on the REDD theme with a view to their active participation in this national strategy. For their part, the national authorities will benefit from the information, data and experience acquired during project implementation, which for them are all new factors and useful tools in the preparation of the national REDD+ strategy.

## **2.7 Participatory Approach to Project Identification, Design and Implementation**

2.7.1 The inclusive approach during this project's identification and design phase consisted of two meetings organized in September and October 2009 by the LBR Local Steering Committee with support from the World Wide Fund for Nature (WWF). At these meetings, the administrative, political and customary authorities as well as representatives of potential project beneficiaries in the Lower River and Boma Districts discussed the many types of pressure on the reserve and identified the following constraints: lack of the Province's involvement in forest resource management, lack of resources and consequently of alternatives to the illegal exploitation of natural forests by the local population and an increase in demand for wood. Two CBFF missions visited the project area in April and September 2010 to discuss the operation with the beneficiaries and stakeholders. The project design has incorporated actions likely to address the concerns of the people met.

## **2.8 Consideration of Bank Group Experience and Lessons Learned in Project Design.**

2.8.1 The 2009 review report indicates that the DR Congo portfolio performance is moderately satisfactory. Indeed, the overall performance is satisfactory for compliance with conditions precedent and undertakings; however, it is considered unsatisfactory for procurement of goods and services, financial management and implementation of activities. With an active public sector project disbursement rate of 47.81% at end July 2010, the portfolio faces problems such as weaknesses in the preparation and design of the first projects approved in the aftermath of the conflict period, lack of familiarization with Bank rules, inadequate monitoring of project implementation, and difficulties relating to the release of Government counterpart funds for project financing.

2.8.2 The following lessons may be drawn from various operations conducted by the Bank and other donors: (i) the need for a competent Project Implementation Unit to ensure smooth implementation; (ii) the definition of conditions precedent to first disbursement should take into account DR Congo's fragile State status; and (iii) the need for capacity building for project preparation and implementation.

2.8.3 These lessons have been taken into account in this project, especially regarding its implementation which will be entrusted to WWF-Belgium - an international NGO with sound expertise and experience in forestry and nature conservation. The project also aims to build the capacity of local communities and government departments.

## **2.9 Key Performance Indicators**

2.9.1 The key performance indicators are presented in detail in the project matrix and include: the area (number of hectares) of protected natural forests, the area and number of plantations established for agro-forestry, the controlled area, CO2 stock, the number of jobs created, the rate of increase of income and reduction in the number of people living below the poverty line. The baseline situation giving the basic indicators in the 'without project' situation will be established by ONFi at project start-up. The basic indicators will be compared with the outcomes obtained in

the ‘with project’ situation to assess the actual project performance. Relevant data will be collected and verified under the monitoring/evaluation system to be established at project and local government level.

### **III. PROJECT FEASIBILITY**

#### **3.1 Economic and Financial Performance**

3.1.1 Technical Feasibility: The project’s technical implementation should not raise any special difficulties since it will be entrusted to WWF-Belgium, an NGO with a recognized experience in all sub-sectors concerning environmental conservation/protection: management of forest reserves, coaching of forest neighboring communities, restoration or degraded lands). The establishment and nurturing of the 1000 ha of new woodlands will be done by the local population on deforested lands around the Luki reserve. Farming activities will be carried out using traditional but improved cropping methods (appropriate cropping planning, improved but fairly hardy varieties, etc.) mainly using organic manures and compost as fertilizers.

3.1.2 Economic and Financial Rates of Return: the project will mainly generate intangible benefits that are difficult to measure and value. Indeed, the allocation of a value to the quantity of carbon stored (a key project output), raises the problem of the existence and operation of a ‘carbon market’. This market exists internationally, but price fixing is based on direct negotiations between partners (‘polluting countries’ and ‘non- or low-polluting countries’). As a result, it is difficult to make reliable price forecasts or projections. Similarly, it is impossible to estimate with any reasonable degree of confidence the value of the forests whose degradation or destruction the project will prevent.

3.1.3 For all these reasons, the project benefits will only be mentioned and not be the subject of the usual rate of return calculation. The main project benefits include:

- Increase in the quantity of CO<sub>2</sub> stored and consequently a reduction in greenhouse gas emissions;
- Establishment of a REDD strategy;
- An increase in income from the sale of agro-forestry products and through job creation. Indeed, the nursery and reforestation works are labour intensive and will be carried out by the local population in return for payment.

#### **3.2 Environmental and Social Impacts**

##### **Environment**

3.2.1 The project is classified under the Bank’s Environmental Category 3. This classification is justified by the fact that the project has no negative impact on the environment. On the contrary, it will contribute to improving the local environment. Indeed, the expansion of private micro-woodlands will ease pressure on the protected and unprotected natural forests. These will

in turn contribute to biodiversity conservation. It is worth noting that the forest areas to be protected (20 000 ha) and the controlled savannah woodlands (5 000 ha) are not new areas. They already exist but their plant cover has degraded as a result of uncontrolled exploitation by the local population. The 1 000 ha of new woodlands are community woodlands that will be established by the communities themselves on deforested land around the Luki Reserve. The production methods will be based on traditional but improved cropping methods (more appropriate cropping schedule, improved but fairly hardy varieties, etc.) mainly using organic manure and compost as fertilizers.

## **Climate Change**

3.2.2 By creating new woodlands, protecting the Luki natural forests and promoting agro-forestry systems, the project will help to increase the forest cover rate while reducing the deforestation rate. Thus, the increase in protected woodlands and the new woodlands established will over time have a catalytic effect on the formation of carbon stock and consequently on the slowdown or reduction of global warming. The project's value added in terms of climate change stems from the fact that it will act as a 'safety net' against the negative effects of that change. The additional income generated by the project will help the population to meet unforeseen expenditure arising from the possible consequences of climate changes such as floods, drought, food shortages, etc.

## **Social**

3.2.3 The establishment of small private woodlands will effectively contribute to conservation of the forest ecosystem and the supply of fuel wood. The induced effects will be an increase in the income of beneficiary households, a shortening of the time spent and reduction of the risks incurred by the population (especially women and children) seeking fuel-wood in the natural forests. Similarly, the temporary or seasonal jobs to be created by the population's participation in labour intensive works will generate significant additional income.

## **Gender**

3.2.4 Women, who represent almost 52% of the population, will benefit as much as men from the jobs created by the project. In particular, they will be involved in the establishment and maintenance of nurseries (a task for which women have a comparative advantage since they have a sound mastery of market garden activities). In addition, they will receive subsidies to be determined according to their working capacity and the surface area of the small woodlands to be established with help from these subsidies. These small woodlands will enable them to produce fuel wood, the gathering of which currently constitutes one of their main household duties. Wood production will enable women to save the time they would normally spend gathering wood in the forests and protect them from the dangers related to such a chore. They will also be able to use the time thus saved to engage in petty trading of food crops (cassava, maize, etc.) and/or other income-generating activities such as handicraft.

## **Involuntary Population Displacement**

3.2.5 The project will not result in any involuntary population displacement. As mentioned in paragraph 3.2.1 above, all the reforestation activities concern land previously covered by the forest, but which have been deforested over time by the population for domestic (fuel wood) or commercial (sale of charcoal) reasons. The aim is to reforest these lands with the voluntary involvement of the local population, who will not have to be displaced since they are settled and have lived for a long time around these degraded lands. Furthermore, small agro-forestry woodlands will be created around the villages, near their owners' concessions. Establishment of these woodlands will not require any fresh clearing or new spatial distribution of fields which could make the population cover long distances.

## **IV. IMPLEMENTATION**

### **4.1 Implementation Arrangements**

#### *Institutional Arrangements*

4.1.1 The Grant Agreement will be signed between the Bank and the DRC Government. However, grant resources will be on-lended to the Project Executing Agency (WWF-Belgium), as per a subsidiary financing agreement to be signed between the Government and WWF-B. WWF-Belgium was founded in 1966 as a non-profit organization under Belgian law; it is a corporate entity with financial and administrative autonomy. It has been a development NGO recognized by the Belgian State since 2007. WWF has been active in the Congo Basin for over 40 years. WWF's goal is to ensure biodiversity conservation and the sustainable management of natural, in particular, forest resources, in keeping with the needs of local communities. Currently the WWF is supporting about fifteen projects in the DRC for an annual budget of about USD 7 500 000 for all projects combined. The team comprises about one hundred employees. These projects are mostly financed by the European Union, USAID with its CARPE Program (*Central Africa Regional Program for the Environment*), Belgian, Netherlands, Norwegian and Swedish Cooperation as well as the WWF network (WWF-International, WWF-USA, WWF-Netherlands, etc.).

4.1.2 WWF-Belgium's ability to manage the project is not only due to the qualifications and expertise of its staff, but also to its experience acquired in managing similar projects in DRC and various other countries. WWF is recognized worldwide for its competence, efficiency and experience in all sub-sectors concerning environmental conservation/protection. The project coordination team will comprise a full-time project manager whose role will be to ensure smooth overall implementation and the day-to-day management of project activities. The other categories of part-time staff comprise a financial assistant who will be responsible for the project's accounts and a logistics assistant whose main duty will be to ensure the smooth operation of the different services (supply of fuel, electricity, water, office furniture etc.). All staff will be recruited locally. Staff will be complemented by a part-time programme manager from WWF-Lower Congo, who will be responsible for coordinating and ensuring synergy among the different operations being implemented within the Luki Reserve. Provision has also been made to recruit a project monitoring officer from WWF-Belgium.

4.1.3 WWF-B will sub-contract some of the project's highly complex aspects to specialized partners. Some partners already identified and with which WWF has signed agreements, will intervene in implementing certain project activities because of their skills in the highly specialized areas where they will have to operate. These partners are: (i) ONFi which is a French industrial and commercial public undertaking. ONFi employs 10 000 staff and manages 4.5 million hectares of public forest in metropolitan France and almost 8 million hectares of tropical forests in the French overseas territories. It has extensive international experience in forestry and agro-forestry (in over 50 countries) and sound knowledge of the DRC where it has participated in several projects. ONFi will be responsible for preparing the baseline scenario and setting up the Monitoring-Reporting-Verification (MRV) and carbon stock calculation systems. This partner was selected because of its reliability, its experience of the region and the support already provided to the EcoMakala 1 Project; and (ii) the Local Steering Committee (LSC) which will be responsible for law enforcement in the reserve (330 km<sup>2</sup>). This partner was selected due to the fact that it is responsible for managing this protected area. In return for additional resources, LSC will carry out patrols in the illegal timber and charcoal production areas in identified sections of the LBR.

4.1.4 The REDD National Committee which is already established will be responsible for steering the project. The Committee will be responsible for setting strategic orientations and approving activity programmes, annual budgets, annual progress reports as well as annual project financial audit reports. At the government level, project monitoring will be ensured by the REDD Coordination Unit within the MECNT which will also ensure that mission recommendations are implemented and synergy created with other projects and programmes sponsored by different donors, in accordance with the Kinshasa Agenda. Annex IV contains a note on the role and responsibilities of the REDD Coordination Unit.

### ***Procurement Arrangements***

4.1.5 All goods, works and services financed from the CBFF fund will be procured in accordance with Bank Rules and Procedures for the Procurement of Goods and Works, (May 2008 Edition) or Bank Rules and Procedures for the Use of Consultants (May 2008 Edition), as modified by CBFF procedures, using the relevant Bank standards Bidding Documents. WWF-B has prepared a 12-month procurement plan and submitted it to the Bank for approval prior to grant negotiations. The proposed procurement plan was approved and recorded. Table 4.1 below summarizes provisions on procurement and details are provided in Annex 3.

*Table 4.1: Procurement Arrangements*

Expenditure Categories	In Euros				
	LCB	Shopping	Shortlist	Others*	Total
<b>1. Works</b>					
1.1 Nursery Works				20 000	20 000
1.2 Planting and Seedling Maintenance				225 000	225 000
1.3 Mapping				20 000	20 000
1.4 Controlled Area Works				75 000	75 000
<b>Sub-Total</b>				<b>340 000</b>	<b>340 000</b>
<b>2. GOODS</b>					
2.1 Vehicles	60 000				60 000
2.2 Motorcycles	30 000				30 000
2.3 Bicycles		6 000			6 000
2.4 Computer Equipment		14 000			14 000
2.5 Seedling Production Equipment		73 000			73 000
2.6 Equipment for the Establishment and Maintenance of Micro-Woodlands		75 040			75 040
2.7 Agro-forestry Inputs		30 000			30 000
2.8 GIS Software		4 000			4 000
<b>Sub-Total</b>	<b>90 000</b>	<b>202 040</b>			<b>292 040</b>
<b>3. SERVICES</b>					
3.1 Short-term Consultants			38 000		38 000
3.2 Memoranda of Understanding/Agreements with the Different Partners				275 000	275 000
<b>Sub-Total</b>			<b>38 000</b>	<b>275 000</b>	<b>313 000</b>
<b>4. PERSONNEL</b>				<b>558 000</b>	<b>558 000</b>
<b>5. OPERATING COSTS</b>				<b>447 330</b>	<b>447 330</b>
<b>6. MISC. MANAGEMENT COSTS</b>				<b>100 800</b>	<b>100 800</b>
<b>BASE COST</b>	<b>90 000</b>	<b>202 040</b>	<b>23 000</b>	<b>1 736 130</b>	<b>2 051 170</b>
Unallocated					287 935
<b>TOTAL</b>					<b>2 339 105</b>

\*Others' refers to directly negotiated contracts or works implemented by the Local Development Committees.

**N.B.** All the expenditures of the project are covered by the CBFF.

### *Disbursement Arrangements*

4.1.6 The CBFF grant resources will be disbursed in accordance with ADB Rules of Procedure and CBFF operational procedures. The following two disbursement methods will be used: (i) the direct payment method for the payment of contracts for large amounts (above EUR 24 000) related to goods, works and services; (ii) the special account or revolving fund (RF)

method for works, goods and service contracts for low amounts (below EUR 24 000), for operating cost, salaries of personnel involved in the project as well as other management costs.

4.1.7 The Government and WWF-B will sign a subsidiary financing agreement (*accord de retrocession*) conferring the technical and financial responsibility to WWF-B, as follows: (i) the Government will open a Special Account (Transit Account) in the name of the project to receive the proceeds of the Grant in a commercial bank (Depository Bank) acceptable to the Bank. WWF-B will open an “Operations Account” in the Depository Bank to receive the proceeds of the Grant; (ii) WWF-B will prepare disbursement requests in accordance with the provisions of the on-lending agreement and submit them to the Government unit responsible for fiduciary management, the *Unité de Coordination du Projet Forêt et Conservation de la Nature (UCPFCN)*; (iii) UCPFCN will assess and submit the disbursement requests to the Bank, in accordance with the conditions of the on-lending agreement; and (iv) the Bank will disburse funds through the Special (Transit) Account.

4.1.8 Disbursements will be made in compliance with the Bank’s Disbursement Handbook in the form of advances, based on an annual work programme and budget, with the prior approval of the CBFF Secretariat. Each disbursement request for an advance will be submitted to the CBFF Secretariat for approval and will cover a maximum activity period of six (6) months. The special account will be replenished as per WWF-B requests, accompanied by supporting documents for all previous expenses and at least 50% of the previously received advance. The first disbursement will be made as soon as the Grant is effective upon fulfilment of Grant specific conditions. Details will be provided in the disbursement letter attached to the Grant Agreement.

### ***Financial and Audit Reports***

4.1.9 Accounting software has been installed in order to efficiently maintain the project accounts and ensure effective budget monitoring. The project financial statements and special account will be audited annually under the oversight of the CBFF Secretariat. To this end and based on the Terms of Reference in line with the Bank standard format, the CBFF Secretariat will recruit and retain an independent external auditor (by country or group of countries in which CBFF finances projects). This auditor will be responsible for carrying out an ex post evaluation and verification of supporting documents as well as an audit of the project(s) financed by CBFF.

## **4.2 Project Monitoring and Evaluation**

4.2.1 The MECNT will be responsible for the project’s external monitoring and evaluation. This task will initially be carried out by the REDD National Coordination, attached to the MECNT Sustainable Development Directorate. The professional staff of MECNT’s competent services who will be responsible for project monitoring and evaluation will be provided with adequate training. Other training sessions will also be organized for procurement officers. A monitoring/evaluation system will be established at MECNT, based on six-monthly missions.

4.2.2 At the beginning of the project, WWF will put in place a monitoring and evaluation system. A baseline situation will be established at project start-up. The operational objective of

internal monitoring and evaluation of project activities will be to ensure excellent control of the parameters related to the recruitment of operators, the creation of partnerships and service delivery in a drive to adhere to the estimated schedule as far as possible. WWF-B will prepare quarterly and annual activity reports which will specify the project's physical implementation status, procurements made, the level of expenditure execution, difficulties encountered during the implementation phase and measures taken, or to be taken, to improve project management. Similarly, the WWF-B will prepare annual work programmes and budgets for submission to the REDD National Coordination, MECNT's monitoring and evaluation services and the CBFF Secretariat for consideration and approval.

4.2.3 In addition, the project will be periodically supervised by the CBFF Secretariat to verify its progress on the ground, assess the level of actual compared to expected outcomes, give direction and formulate recommendations for more effective project management. The CBFF project operations officer based in Kinshasa will monitor the project more closely.

4.2.4 On project completion, WWF-B will prepare a completion report for submission to MECNT and the CBFF Secretariat. The latter will field an end-of-project evaluation mission to determine the actual outputs and performance, and draw lessons that will be used to enrich the list of CBFF's operational best practices.

### **4.3 Governance**

4.3.1 For several years, DRC has been among the poorest ranked countries in the World Bank's "Doing Business" report. This situation curtails investments and the financing of private projects in the country. In turn, this slows down growth and does not reflect the level of development that should be possible given the country's immense potential. In order to create an enabling business environment, the Government promulgated the law authorizing ratification of the Treaty on the Organization of Business Law in Africa (OHADA Treaty). Progress has also been made towards greater public financial management transparency since a public spending review has been carried out and a strategic public finance reform plan should be shortly adopted.

4.3.2 Moreover, the DRC has benefited from debt relief of USD 12.3 billion, i.e. USD 11.1 billion under the HIPC Initiative and USD 1.2 billion under the Multilateral Debt Relief Initiative. This decision was the culmination of the country's efforts to improve its macroeconomic policies and will create greater investment opportunities in the priority area of basic infrastructure. The ongoing decentralization process has led to the establishment of provincial governments which are helping to improve local governance through their pivotal role in regional planning. In addition, the effective implementation of the new Public Procurement Code will introduce greater transparency and fairness in procurement procedures.

4.3.3 With regard to this project, the Bank's procurement rules will be applied and the active involvement of the Bank's experts, both at the level of the Kinshasa Regional Office and at headquarters in controlling documents and awards, will considerably mitigate the risks of slippage. Furthermore, the participation of the provincial authorities and population in project design and implementation should help to promote local governance, ensuring sound

management of forest resources considered by the population as ‘free’ or ‘gratis’ resources - to be exploited without limit.

#### **4.4 Sustainability**

4.4.1 Project sustainability will depend, above all, on its compliance with the REDD national strategies and policies prepared by the DRC Government. The other determining factors of project sustainability include: (i) the integrated participatory approach that will facilitate the ultimate ownership of the project by its clients insofar as they are the ones who will implement project activities on the ground; (ii) its financing method and the manner in which it will be managed. Indeed, the project concerns a grant that will be managed by WWF-B an international NGO whose existence and operation depend on many sources of financing, thereby guaranteeing its financial viability. Thus, on completion of the CBFF financing, WWF-B will continue to exist and be able to provide technical advice to project beneficiaries. When the small private woodlands are established, the owners will be responsible for their maintenance. They will have income generated by these very woodlands. Therefore, no external financing will be required for that purpose. The owners concerned will only need the technical advice that the WWF-B and provincial administrative structures will be able to periodically offer. The provincial technical supervision structures will have the required resources for such technical advice since the project would have built up their capacity.

4.4.2 The project’s income-generating activities will ensure a sharp reduction in the population’s illegal access to the LBR’s natural forest wood resources. This will help to create ‘local governance’ that will promote responsible natural resource management, thereby ensuring the sustainability of project impact. Similarly, capacity building for project personnel and beneficiaries will ensure the practical and continuing application of the knowledge acquired, thus guaranteeing the sustainability of project activities beyond its financing period.

#### **4.5 Risk Management**

4.5.1 *The main risks relating to project implementation and their mitigative measures are indicated in the project logical framework.* However, it is worth stressing the project’s complexity and its highly specific activities, not all of which can be carried out by WWF-B, the executing agency retained. To address this weakness, WWF-B has signed specific agreements with specialized partners (ONFi and UCL) that it knows well, having already worked with them on similar projects.

4.5.2 The complexity of REDD tools and the challenges of this approach might not be properly understood by the population and the authorities. This could create disproportionate expectations in relation to the practical outcomes. A project launching workshop jointly organized by CBFF, WWF-B and the local authorities, and intensive sensitization of the parties concerned, should help to remove this obstacle.

## 4.6 Knowledge Building

4.6.1 The Bank's experience in the themes covered by the project, such as the REDD approach, carbon sink establishment, CO2 stock measurement, the carbon product market, etc., should be consolidated insofar as these new themes have been little developed to-date. By financing and monitoring the implementation of this project, the capacity of Bank experts on these issues will be honed and specialized. The Bank will also acquire greater knowledge and heightened visibility in the field of climate change.

4.6.2 The inclusion of REDD projects in the Bank's portfolio will enable its technical staff to enhance their knowledge in new areas such as community forestry and REDD in moist dense forest. This experience will complement the Bank funded *Programme d'Appui à la Conservation des Ecosystèmes du Bassin du Congo (PACEBCo)* and the Forest Investment Program (FIP). The Bank is supporting Congo DRC, Burkina Faso and Ghana in the preparation of their FIP strategy. The objective of the FIP is to promote the sustainable management of forests and to increase investments in order to help the countries in reducing emissions of greenhouse gases due to deforestation and forest degradation.

4.6.3 All the information collected by this project and similar ones will be recorded and disseminated through annual project reports and project completion reports. This information will further be used to enrich the skills of stakeholders in the REDD approach and in good practices regarding forest management and assistance to vulnerable groups.

## V. LEGAL FRAMEWORK

### 5.1 Legal Instrument

5.1.1 The legal instrument for this project is a Grant Agreement between the Government of DRC and the Bank. This document will set forth the grant terms and conditions.

### 5.2 Conditions Associated with CBFF's Intervention

5.2.1 The CBFF's intervention is subject to fulfilment of the following special conditions:

A. Conditions Precedent to Grant Effectiveness

5.2.2 Effectiveness of the grant protocol is subject to its signature by the Donee and the Bank.

*B. Conditions Precedent to First Disbursement*

5.2.3 The first disbursement of grant resources will be subject to fulfilment by the Donee of the following specific conditions:

(i) Provide evidence of opening by the Donee of a Special Account (Transit Account) in the name of the project meant to receive resources from the Congo Basin Forest Fund (CBFF) in a commercial bank (the Depository Bank) deemed acceptable to the Bank;

(ii) Provide evidence of opening by WWF-B of an “Operations Account” to receive the proceeds of the Grant in the Depository Bank;

(iii) Evidence submitted to the Bank that an irrevocable order was issued by the grant recipient to the Depository Bank for the permanent automatic transfer of funds from the Special Account to the Operations Account;

(iv) Submission of a signed subsidiary financing agreement (Accord de retrocession) conferring the technical and financial responsibility to WWF-B regarding the project has been executed between the Donee and WWF-B for the purpose of on-lending the proceeds of the Grant with the same terms and conditions;

(v) Submission of signed agreements, with terms and conditions acceptable to the Bank, entered between WWF-B and other partners (ONFi et CLP).

**5.3 Compliance with Bank Policies**

5.3.1 The project complies with CBFF’s objectives and the applicable Bank policies, in particular: (i) the Bank’s Country Strategy Paper for DRC; (ii) the Bank’s 2008-2012 Medium-Term Strategy; and (iii) the Bank’s Policy on the Environment.

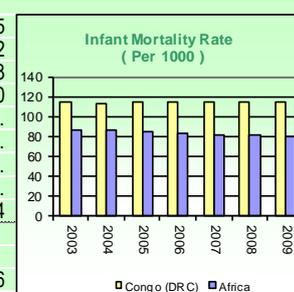
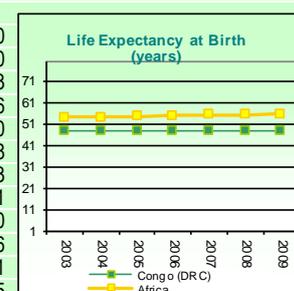
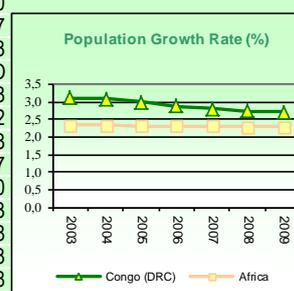
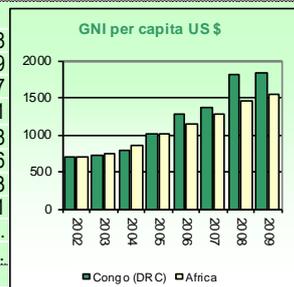
**VI. RECOMMENDATION**

In light of the foregoing, it is recommended that a CBFF Grant not exceeding EUR 2.34 million be awarded to the DRC Government to be used for implementing the project as designed and described in this report, subject to the specific conditions set forth in the Grant Agreement.

## Congo (DRC)

### COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Congo (DRC)	Africa	Developing Countries	Developed Countries
<b>Basic Indicators</b>					
Area ( '000 Km <sup>2</sup> )		2 345	30 323	80 976	54 658
Total Population (millions)	2010	67,8	1 031,5	5 629	1 069
Urban Population (% of Total)	2010	35,2	40,0	44,8	77,7
Population Density (per Km <sup>2</sup> )	2010	28,9	3,4	66,6	23,1
GNI per Capita (US \$)	2009	1 830	1 550	2 780	39 688
Labor Force Participation - Total (%)	2010	37,6	39,5	45,6	54,6
Labor Force Participation - Female (%)	2010	38,5	41,4	39,8	43,3
Gender -Related Development Index Value	2007	0,370	0,433	0,694	0,911
Human Develop. Index (Rank among 169 countries)	2010	168	n.a	n.a	n.a.
Popul. Living Below \$ 1 a Day (% of Population)	2006	59,2	42,3	25,0	...
<b>Demographic Indicators</b>					
Population Growth Rate - Total (%)	2010	2,7	2,3	1,3	0,7
Population Growth Rate - Urban (%)	2010	4,6	3,3	2,4	1,0
Population < 15 years (%)	2010	46,4	40,3	29,2	17,7
Population >= 65 years (%)	2010	2,9	3,8	6,0	15,3
Dependency Ratio (%)	2010	96,2	77,6	52,8	49,0
Sex Ratio (per 100 female)	2010	98,3	99,5	93,5	94,8
Female Population 15-49 years (% of total populati	2010	22,6	24,4	53,3	47,2
Life Expectancy at Birth - Total (years)	2010	48,0	56,0	66,9	79,8
Life Expectancy at Birth - Female (years)	2010	48,0	57,1	68,9	82,7
Crude Birth Rate (per 1,000)	2010	43,7	34,2	21,5	12,0
Crude Death Rate (per 1,000)	2010	16,6	12,6	8,2	8,3
Infant Mortality Rate (per 1,000)	2010	113,9	78,6	49,9	5,8
Child Mortality Rate (per 1,000)	2010	193,7	127,2	51,4	6,3
Total Fertility Rate (per woman)	2010	5,8	4,4	2,7	1,8
Maternal Mortality Rate (per 100,000)	2008	670,0	530,2	440,0	10,0
Women Using Contraception (%)	2005	...	...	61,0	75,0
<b>Health &amp; Nutrition Indicators</b>					
Physicians (per 100,000 people)	2004	10,2	42,9	78,0	287,0
Nurses (per 100,000 people)*	2004	50,6	116,6	98,0	782,0
Births attended by Trained Health Personnel (%)	2007	74,0	52,7	63,4	99,3
Access to Safe Water (% of Population)	2008	46,0	64,9	84,0	99,6
Access to Health Services (% of Population)	2005	...	65,4	80,0	100,0
Access to Sanitation (% of Population)	2008	23,0	41,0	54,6	99,8
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2005	3,2	4,6	1,3	0,3
Incidence of Tuberculosis (per 100,000)	2007	392,0	315,2	161,9	14,1
Child Immunization Against Tuberculosis (%)	2009	95,0	81,8	89,0	99,0
Child Immunization Against Measles (%)	2009	86,0	81,0	81,7	92,6
Underweight Children (% of children under 5 years)	2003	71,0	30,9	27,0	0,1
Daily Calorie Supply per Capita	2007	1 605	2 462	2 675	3 285
Public Expenditure on Health (as % of GDP)	2006	1,3	2,4	4,0	6,9
<b>Education Indicators</b>					
Gross Enrolment Ratio (%)					
Primary School - Total	2009	90,3	102,8	106,8	101,5
Primary School - Female	2009	83,0	99,0	104,6	101,2
Secondary School - Total	2009	36,7	35,0	62,3	100,3
Secondary School - Female	2009	26,2	30,6	60,7	100,0
Primary School Female Teaching Staff (% of Total)	2009	26,3	38,1	...	...
Adult literacy Rate - Total (%)	2008	66,6	64,8	81,0	...
Adult literacy Rate - Male (%)	2008	77,5	74,0	86,6	...
Adult literacy Rate - Female (%)	2008	56,1	55,9	75,6	...
Percentage of GDP Spent on Education	2005	...	4,6	...	5,4
<b>Environmental Indicators</b>					
Land Use (Arable Land as % of Total Land Area)	2008	3,0	7,8	9,9	11,6
Annual Rate of Deforestation (%)	2005	...	0,7	0,4	-0,2
Annual Rate of Reforestation (%)	2005	...	10,9	...	...
Per Capita CO2 Emissions (metric tons)	2008	0,0	1,2	1,9	12,3



Sources : ADB Statistics Department Databases; World Bank: World Development Indicators; last update : janvier 2011

UNAIDS; UNSD; WHO, UNICEF, WRI, UNDP; Country Reports.

Note : n.a. : Not Applicable ; ... : Data Not Available.

## THE BANK'S PORTFOLIO IN DRC

BANK PORTFOLIO IN DRC			Source of funding	Closing date	Approval Date	Amount Loan/Grant	Disbursement Rate	Age
		<b>National Projects</b>						
1	OWAS1	Drinking Water Supply and Sanitation Project (PEASU)	ADF public	31-Jul-12	6-Jun-07	70.00	25.76%	3.69
2	OWAS1	Emergency Multi-sectoral Socioeconomic Infrastructure Rehab Project "PMURIS "	ADF public	31-Jul-10	20-Dec-02	27.00	92.19%	8.17
3	ONEC1	Project for the Rehabilitation and Strengthening of the INGA Hydro-Power Stations and Kinshasa Distribution Grid (PMEDE)	ADF public	31-Dec-14	18-Dec-07	35.70	0.00%	3.16
4	ONEC1	Project of urban and outer-urban electrification	ADF /FSF	31-Dec-15	15-Dec-10	69.69	0.00%	0.15
5	OITC1	Nselé-Lufimi and Kwango-Kenge Road Rehabilitation Project	ADF public	31-Dec-15	15-Sep-10	31.64	0.00%	0.40
6	OITC1	Priority project of flight safety	ADF public	31-Dec-15	27-Sep-10	88.60	0.00%	0.37
7	OPSM4	ADVANS BANQUE (CONGO)	ABD	30-Jun-11	4-Feb-08	0.61	53.19%	3.02
8	OPSM2	TENKE COPPER COBALT	ADB	31-Dec-11	3-Oct-07	65.97	0.00%	3.37
9	OSAN3	Agricultural Sector Rehabilitation Support Project in the Provinces of Lower Congo and Bandundu (PARSAR)	ADF public	31-Mar-11	19-May-04	25.00	54.00%	6.75
10	OSAN3	Agricultural Sector Study (ESA)	ADF public	30-Jun-11	28-Jun-06	1.85	56.87%	4.63
11	OSAN3	Agricultural and Rural Sector Rehabilitation Project (PRESAR)	ADF public	31-Jan-13	12-Dec-05	35.00	63.89%	5.18
12	OSAN3	Project of arrangement of TANGANYIKA LAKE	ADF public	31-Jan-12	17-Nov-04	6.79	11.63%	6.25
13	OSHD1	Post-Conflict Socio-Economic Reintegration Support Project (PARSEC)	ADF public	30-Jun-11	24-Jul-07	15.00	9.65%	3.56
14	OSHD3	Province Health Care Development Master Plan Support Project (PAPDDS)	ADF public	31-Mar-12	17-Mar-04	25.00	28.00%	6.92
		<b>Multinational Projects</b>						
1	OITC1	ROAD KETTA-DIOUM	ADF public	31-Dec-18	25-Sep-09	61.90	0.00%	1.38
2	OITC1	Study bridge Road -railways KINSHASA/BRAZZAVILLE	ADF public	30-Jun-11	3-Dec-08	3.59	0.00%	2.19
		<b>Total</b>				<b>563.34</b>	<b>24.70%</b>	<b>3.70</b>

### Map of Project Area



Encircled Area = Project Area



**Expenditure Schedule by Component and Activities (Base Cost)**

(in Euros)

No	COMPONENTS	Year 1	Year 2	Year 3	Total
<b>A</b>	<b>Forest Management and Sustainable Practice</b>	<b>532,440</b>	<b>405,400</b>	<b>305,400</b>	<b>1,243,240</b>
A1	Seedling Production	35,500	35,500	22,000	93,000
A2	Establishment and Maintenance of Micro-Woodlands	108,640	103,600	53,600	265,840
A3	Controlled Savannah Land (Regeneration)	25,000	25,000	25,000	75,000
A4	Protection of Natural Forests 20,000 ha	50,400	50,400	50,400	151,200
A5	Support to the Agro-Forestry Development of 30 Pilot Farms	30,000	30,000	30,000	90,000
A6	Strengthening of Technicians and Provincial Officers	2,500	2,500	0	5,000
A7	Sensitization of Population to Sustainable Wood Resource Management	20,000	0	0	20,000
A8	Support to and Capacity Building of Provincial Authorities, Local NGOs, the LSC and LDCs	26,000	26,000	11,000	63,000
A9	Participatory Mapping of Territories and Land	19,000	19,000	0	38,000
A10	Supervision and Monitoring of Activities	215,400	113,400	113,400	442,200
<b>B</b>	<b>Ecological and Socio-Economic Monitoring and Baseline Data</b>	<b>73,500</b>	<b>113,840</b>	<b>30,640</b>	<b>217,980</b>
B1	Establishment of Forest Mapping	18,000	27,040	13,540	58,580
B2	Establishment of a Baseline Scenario for the Luki Reserve	30,500	7,000	3,500	41,000
B3	Development and Establishment of a Carbon Stock Determination and Monitoring System	25,000	79,800	13,600	118,400
<b>C</b>	<b>Benefits of Carbon Market and Payments for Ecosystem Services</b>	<b>34,750</b>	<b>95,950</b>	<b>60,950</b>	<b>191,650</b>
C1	Methodological Development and Establishment of the Required Financial and Institutional Mechanisms for REDD Certification	650	66,300	6,300	73,250
C2	Sensitization and Capacity Building for REDD	34,100	29,650	29,650	93,400
C3	Extension of Integrated REDD Project	0	0	25,000	25,000
<b>D</b>	<b>Project Management</b>	<b>138,100</b>	<b>130,100</b>	<b>130,100</b>	<b>398,300</b>
D1	Goods	8,000	0	0	8,000
D2	Personnel	88,800	88,800	88,800	266,400
D3	Operating Cost	7,700	7,700	7,700	23,100
D4	Other Management Costs	33,600	33,600	33,600	100,800
<b>Base Cost</b>		<b>778,790</b>	<b>745,290</b>	<b>527,090</b>	<b>2,051,170</b>
Physical Contingencies		2,300	2,300	1,400	6,000
Price Escalation (7% compound)		54,676	108,326	118,933	281,935
<b>TOTAL COST</b>		<b>835,766</b>	<b>855,916</b>	<b>647,423</b>	<b>2,339,105</b>

**Expenditure Schedule by Detailed Component (Total Costs)**

No	COMPONENTS	Year 1	Year 2	Year 3	Total
<b>A</b>	<b>Forest Management and Sustainable Practice</b>	<b>572,172</b>	<b>466,776</b>	<b>375,843</b>	<b>1,414,791</b>
A1	Seedling Production	37,985	40,644	26,951	105,580
A2	Establishment and Maintenance of Micro-Woodlands	118,171	120,672	66,765	305,608
A3	Controlled Savannah Land (Regeneration)	27,285	29,195	31,239	87,719
A4	Protection of Natural Forests 20,000 ha	53,928	57,703	61,742	173,373
A5	Support to the Agro-Forestry Development of 30 Pilot Farms	32,100	34,347	36,751	103,198
A6	Strengthening of Technicians and Provincial Officers	2,675	2,862	0	5,537
A7	Sensitization of Population to Sustainable Wood Resource Management	21,400	0	0	21,400
A8	Support to and Capacity Building of Provincial Authorities, Local NGOs, the LSC and LDCs	27,820	29,767	13,475	71,063
A9	Participatory Mapping of Territories and Land	20,330	21,753	0	42,083
A10	Supervision and Monitoring of Activities	230,478	129,832	138,920	499,230
<b>B</b>	<b>Ecological and Socio-Economic Monitoring and Baseline Data</b>	<b>78,645</b>	<b>130,335</b>	<b>37,535</b>	<b>246,516</b>
B1	Establishment of Forest Mapping	19,260	30,958	16,587	66,805
B2	Establishment of a Baseline Scenario for the Luki Reserve	32,635	8,014	4,288	44,937
B3	Development and Establishment of a Carbon Stock Determination and Monitoring System	26,750	91,363	16,661	134,774
<b>C</b>	<b>Benefits of Carbon Market and Payments for Ecosystem Services</b>	<b>37,183</b>	<b>109,853</b>	<b>74,666</b>	<b>221,702</b>
C1	Methodological Development and Establishment of the Required Financial and Institutional Mechanisms for REDD Certification	696	75,907	7,718	84,320
C2	Sensitization and Capacity Building for REDD	36,487	33,946	36,323	106,756
C3	Extension of Integrated REDD Project	0	0	30,626	30,626
<b>D</b>	<b>Project Management</b>	<b>147,767</b>	<b>148,951</b>	<b>159,378</b>	<b>456,097</b>
D1	Goods	8,560	0	0	8,560
D2	Personnel	95,016	101,667	108,784	305,467
D3	Operating Cost	8,239	8,816	9,433	26,488
D4	Other Management Costs	35,952	38,469	41,161	115,582
<b>TOTAL</b>		<b>835,766</b>	<b>855,916</b>	<b>647,423</b>	<b>2,339,105</b>

**Expenditure Cost by Category (Base Cost)**

(in Euros)

CATEGORIES	YEARS			TOTAL	L.C.	F.E.
	1	2	3			
<b>1 WORKS</b>	<b>132,500</b>	<b>132,500</b>	<b>75,000</b>	<b>340,000</b>	<b>340,000</b>	<b>0</b>
Nursery Establishment Works	7,500	7,500	5,000	20,000	20,000	0
Seedling Planting and Maintenance Works	90,000	90,000	45,000	225,000	225,000	0
Mapping	10,000	10,000	0	20,000	20,000	0
Works on Controlled Area	25,000	25,000	25,000	75,000	75,000	0
<b>2 GOODS</b>	<b>182,040</b>	<b>63,000</b>	<b>47,000</b>	<b>292,040</b>	<b>155,800</b>	<b>136,240</b>
Vehicles	60,000	0	0	60,000	0	60,000
Motorcycles	30,000	0	0	30,000	0	30,000
Bicycles	6,000	0	0	6,000	2,400	3,600
Computer Equipment	14,000	0	0	14,000	0	14,000
Seedling Production Materials	28,000	28,000	17,000	73,000	73,000	0
Materials for the Establishment and maintenance of Micro-Woodlands	15,040	10,000	5,000	30,040	5,400	24,640
Agro-Forestry Inputs	25,000	25,000	25,000	75,000	75,000	0
GIS Software	4,000	0	0	4,000	0	4,000
<b>3 SERVICES</b>	<b>82,100</b>	<b>180,300</b>	<b>50,600</b>	<b>313,000</b>	<b>177,800</b>	<b>135,200</b>
Short-Term Consultants	19,000	14,000	5,000	38,000	38,000	0
Memoranda of Understanding with the Different Partners	63,100	166,300	45,600	275,000	139,800	135,200
<b>4 PERSONNEL</b>	<b>186,000</b>	<b>186,000</b>	<b>186,000</b>	<b>558,000</b>	<b>558,000</b>	<b>0</b>
<b>5 OPERATING COST</b>	<b>162,550</b>	<b>149,890</b>	<b>134,890</b>	<b>447,330</b>	<b>437,430</b>	<b>9,900</b>
<b>6 OTHER MANAGEMENT COSTS</b>	<b>33,600</b>	<b>33,600</b>	<b>33,600</b>	<b>100,800</b>	<b>100,800</b>	<b>0</b>
<b>BASE COST</b>	<b>778,790</b>	<b>745,290</b>	<b>527,090</b>	<b>2,051,170</b>	<b>1,769,830</b>	<b>281,340</b>
Physical Contingencies	2,300	2,300	1,400	6,000	6,000	0
Price Escalation	54,676	108,326	118,933	281,935	252,579	29,356
<b>TOTAL</b>	<b>835,766</b>	<b>855,916</b>	<b>647,423</b>	<b>2,339,105</b>	<b>2,028,409</b>	<b>310,696</b>

## PROCUREMENT ARRANGEMENTS

3.1 All goods, works and services financed from the CBFF fund will be procured in accordance with Bank Rules and Procedures for the Procurement of Goods and Works,(Edition May 2008) or Bank Rules and Procedures for the Use of Consultants (Edition May 2008) as modified by CBFF procedures, using the relevant Bank standard Bidding Documents.

3.2 **Works:** Seedling production, planting, controlled management of anthropogenic savannah woodland, mapping as well as woodland maintenance for a total estimated EUR 340 000 will be procured following direct negotiation, with contracts not exceeding EUR 5000 each.

3.3 **Goods:** The procurement of goods, including two vehicles (pick-ups) and ten motorcycles for the supervision and monitoring of activities on the ground, will be made in accordance with the local competitive bidding procedure for an amount estimated to EUR 90 000. Various other goods for an estimated EUR 202 040 will be procured using the local shopping procedure. These are: bicycles for the Local Development Committees in 60 villages in the project intervention area, computer hardware and miscellaneous seedling production materials (EUR 25 000), the purchase of 1 600 000 plantlets (EUR 48 000), materials for the establishment and maintenance of woodlands, agro-forestry inputs and GIS software.

3.4 **Services:** Consultancy services for EUR 38 000 will be acquired through shortlisting for the following: training sessions on integrated agricultural production, development of a strategy to sensitize the population on sustainable wood resource management and participatory mapping. Agreements and memoranda of understanding will be signed with different partners for EUR 275 000 following direct negotiation (this is due to the highly specialized nature of the areas concerned and the lack, even non-existence, of competent experts in these areas in the DRC). The draft agreements shall be submitted to the CBFF Secretariat for prior approval.

3.5 For contracts which value in Euro is estimated at less than UA 200,000 for consulting firms and UA 50,000 for individual consultants, the Donee may limit the publication of the expression of interest announcement to national and regional newspapers. However, any eligible consultant may express their desire to be short-listed. For contracts which value in Euro is estimated at more than 200,000 for consulting firms and UA50,000 for individual consultants, an announcement of expression of interest should be published UNDB online and on the Bank's website.

3.6 **Miscellaneous.** Travel costs and allowances for project staff, contracts related to operational expenditures such as office supplies, maintenance of equipment, communication, fuel, etc...and other running costs will be purchased in accordance with the Project Operational Manual prepared by the Donee and approved by Bank Secretariat

3.7 **Prior Review.** The following documents will subject to prior review and approval by the Bank/CBFF before promulgation: (i) Specific Procurement Notices; (ii) Tender documents or Requests from consultants, (iii) Tender evaluation reports; (iv) Reports on evaluation of

consultants technical proposals; (v) Reports on evaluation of consultants financial proposals, including recommendations for Contract Award; and (iv) Draft contracts and sub-grants with partners, if the drafts included in the tender invitation documents have been amended.

3.8 **Post Review Procedure.** In view of the many small contracts, procurement of goods and consultant services that will be processed under short listing and National Shopping (NS), contracts for goods, for a value up to EUR 20,000 will be subject to post review and will not require Bank's prior approval. The executing agency will establish and maintain an effective system of accounting and filing of all procurement documents, including requests for price lists, evaluation documents and contract awards relating to these acquisitions, for periodic review by Bank missions or by any auditor selected to audit the financial statements of the projects. The post procurement review, which aims to verify the compliance of procurement activities with the defined procedures, will be undertaken during the first supervision mission following the end of the procurement process. The review will determine whether there is a need to modify the procurement methods. Information on procurement processing will be collected by the executing agency quarterly and shall be included in details in the project quarterly report to be submitted to the Bank.

### **National Legislation and Regulations**

3.9 The review of national laws and regulations on procurement of the Democratic Republic of Congo which date back to 1969 and applied so far, has revealed major shortcomings : (i) no public announcement of opportunities and publication of the results of awards of public procurement, (ii) no proven free access to public bidding, (iii) lack of effective remedies for tenderers, (iv) evaluation criteria not mentioned in the procurement documents, (v) lack of provisions relating to fraud and corruption and so on.

3.10 A new Procurement Code has been approved and promulgated since April 27, 2010 by the Head of State. An action plan has also been prepared for the effective implementation of the Act which includes: (i) the preparation and promulgation of implementing regulations and standard documents; (ii) the establishment of institutional arrangements, including l'Agence de Régulation des Marchés Publics (ARMP), la Direction Générale des Marchés Publics (DGMP), le Comité de Gestion des Marchés Publics (CGMP); (iii) the staffing for these bodies. This process was expected to be completed over a five (5) month period ending by the end of September 2010. The Bank, through CDFO follows the process with the aim to harmonize the new regulations with those of the development partners so to optimize the time of contracting. Given that the new Procurement Code is not yet effective, Bank's rules and procedures shall apply for all procurements under the project.

### **EXECUTING AGENCY**

**WWF-B** will be responsible for the procurement of goods/works/consulting services/ for the project. The human resources, capacity, expertise and experience of executing unit have been assessed and deemed acceptable to carry out such procurement activities for the project. Nevertheless, to improve the existing capacity, reinforcement will be provided (trainings, meetings, recycling..) on Bank procurement procedures, prior to project launching.

**PROCUREMENT PLAN**

3.12 WWF-B has prepared a procurement plan and submitted it to the Bank before negotiations. The plan was reviewed to ensure that it complies with the Grant Protocol of Agreement and with its own relevant rules and the proposed plan was approved. It covers an initial period of twelve months and will be updated by the Donee every six months or as needed, but always for the following twelve months during the project implementation period. Any proposal to revise the procurement plan will be submitted to the Bank for prior approval

## NOTE ON THE REDD COORDINATION UNIT

4.1 The Democratic Republic of Congo (DRC) is engaged in a readiness process for a future international mechanism for Reducing Emissions from Deforestation and Degradation (REDD +) under discussion in the UN Framework Convention on Climate Change (UNFCCC). This process is led by the Ministry of the Environment, Nature Conservation and Tourism (MECNT), in partnership with the United Nations REDD program (UN-REDD) and the World Bank (Forest Carbon Partnership Facility) who finance process for up to 8.9 million Euros. Governance structures of the REDD process in the DRC have been created by Decree of the Prime Minister on the 26<sup>th</sup> of November 2009 and include:

- ✓ A National Committee composed of 14 members of the Government, private sector and civil society. This National Committee is responsible for defining the policies and guidelines and decide on actions in the context of REDD, for approving the work plan of the Interministerial Committee and the National Coordination, for monitoring and evaluating the implementation of REDD, and to establish a fund for the management and redistribution of grants and resources from REDD.
- ✓ An Interministerial Committee responsible for planning the implementation of the decisions of the National Committee and assigning responsibility for their implementation to the competent structures of the state.
- ✓ A National Coordination (CN-REDD) in charge of ensuring the daily management of the REDD process and oversee the activities of the annual work plan so that they lead to expected results, formulate, to the intention of the Minister in Environment, proposals for members of the Technical Experts Committee and Scientific Council and ensure the mobilization of national and international experts, to ensure the Technical Secretariat of the National Committee and the Interministerial Committee, to coordinate the REDD process in the Democratic Republic of Congo with other government initiatives and with donors in the forestry sector including the link with the PNFoCo, the regional REDD process within COMIFAC; encourage and ensure a participatory approach REDD process through involvement and consultation of various stakeholders, including forest communities and indigenous peoples.

4.2 The National Coordination REDD has been in operation since May 2009 (4 members originally) and has expanded from 4 to 16 members in August 2010 to monitor the implementation of the national readiness plan for REDD + (R-PP). The REDD National Coordination manages the daily REDD + readiness program of DRC. To do this, the National Coordination REDD is organized around four operational components:

- ✓ Component 1: Coordination and overall piloting of REDD activities
- ✓ Component 2: Development of the national REDD strategy
- ✓ Component 3: The experimental program (pilot project) and
- ✓ Component 4: Early action programs

4.3 Component three (3) in charge of the experimental program, oversees the implementation of the geographically integrated pilot projects, coordinates the implementation and does monitoring and evaluation. It is composed of a Chief of the component, of an International Technical Advisor (forest and climate change expert), as well as an Assistant. The component three (3) team also receives support from the 12 other members of the National Coordination as well as short-term consultants and staff of the Environmental Services Division of the Sustainable Development Department of the Ministry of the Environment, Nature Conservation and Tourism.

## DRC

### INTEGRATED REDD PILOT PROJECT AROUND THE LUKI BIOSPHERE RESERVE IN MAYOMBE FOREST

#### OUTCOME OF GRANT NEGOTIATIONS

The Grant negotiations for the above-cited project were held in the CDFO, Kinshasa on 23 and 24 February, 2011, between the Delegation from the Government of the Democratic Republic of Congo (DRC) and representatives of the African Development Bank Group. Subsequent discussions were concluded on April 12th, 2011. All conditions related to the Grant Agreement have been agreed by the Government of DRC. Following the review of the documents relating to the Grant, namely, the Appraisal Report, the Grant Agreement and the Disbursement Letter, the DRC Delegation expressed its satisfaction and agreed on the project components, financing plan and the terms of the CBFF grant as outlined in the appraisal report.