Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 22-Jan-2018 | Report No: PIDISDSA21422
**BASIC INFORMATION**

### A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Project ID</th>
<th>Project Name</th>
<th>Parent Project ID (if any)</th>
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<tbody>
<tr>
<td>Central African Republic</td>
<td>P161973</td>
<td>Natural Resources Governance Project in CAR</td>
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<th>Region</th>
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<td>AFRICA</td>
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<td>Environment &amp; Natural Resources</td>
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<th>Borrower(s)</th>
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<td>Investment Project Financing</td>
<td>Ministry of Economy, Planning and Cooperation</td>
<td>Ministry of Water, Forests, Hunting and Fisheries (MWFHF), Ministry of Mines and Geology (MMG)</td>
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**Proposed Development Objective(s)**

The project will aim to improve governance and strengthen capacity in the forest and mining sectors in the Central African Republic.

**Components**

- **Component 1** - Institutional support: Strengthen the fiscal and governance framework of the forest sector
- **Component 2** - Local development: Support the relaunch of a timber industry that generates socioeconomic co-benefits
- **Component 3** - Technical assistance to improve mining sector policies and institutional governance
- **Component 4** - Local development - Formalization of the Artisanal Mining Sector
- **Component 5** - Project management, including contingencies and overheads
- Project Preparation Advance for the development of the safeguards instruments

**Financing (in USD Million)**

<table>
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<th>Financing Source</th>
<th>Amount</th>
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<td>IDA Grant</td>
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<tr>
<td><strong>Total Project Cost</strong></td>
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**Environmental Assessment Category**

- B - Partial Assessment
Decision
The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

1. The Central African Republic (CAR) is an extremely poor country that has suffered from repeated cycles of violence and conflict. With a land area of about 620,000 square kilometers and an estimated population of around 4.9 million, CAR is not densely populated (8 people per square kilometer). Despite a wealth of natural resources such as uranium, crude oil, gold, diamonds, cobalt, timber, wildlife, and hydropower, as well as significant quantities of arable land, CAR is one of the three poorest countries in the world. By 2016, CAR had the 5th lowest gross domestic product (GDP) per capita in the world (US$ 382 in current US dollar) with a poverty rate exceeding 75 percent. CAR has always struggled with its geographic position as a landlocked and barely accessible country, leaving the economy informal and dominated by the primary sector.

2. CAR had yet to recover from the effects of the 2008 global recession when the domestic political and security crisis erupted at the end of 2012. The collapse of international commodity prices in 2009 dealt a serious blow to CAR’s nascent forestry and mining sectors, and over 2010-12 the average real GDP growth rate fell to a modest 3.5 percent, well below the Sub-Saharan Africa (SSA) average of 4.5 percent. In 2013, GDP plunged dramatically (-36 percent) as the crisis severely disrupted activity and trade in all economic sectors. Agricultural, timber, and diamond production have been severely affected by insecurity and looting, impacting livelihoods, food security and exports. Mining sites fell in the hands of armed groups, and growing resource trafficking financed warlords, further fueling instability. The crisis also increased gender inequality, in particular in regards to access to education and to the vulnerability of girls to exploitation and abuse.

3. Despite recent encouraging developments, persistent levels of insecurity have prevented a rapid recovery. The transitional government installed in 2014 drafted a new constitution and organized presidential and legislative elections which were held on February 14th, 2016. At present, however, only modest growth has been recorded as it is hard to replace looted capital goods since the 2013 crisis and as insecurity continues to prevail. Even in state-controlled areas, the lack of functioning government institutions and the low levels of government revenue have resulted in the clear majority of the population lacking access to many public goods including security, justice, and basic services. The presence of ample natural resources complicates the picture. An unparalleled US$ 2.2 billion was pledged during the Brussels Conference on the Central African Republic (November 2016) to cover the most urgent needs and priorities for the period 2017-21 as reflected in the country’s Recovery and Peacebuilding Assessment (RPBA). This also provides an opportunity to address the longer-term issues and deep-rooted grievances that underline the country’s fragility.
Sectoral and Institutional Context

4. The country’s considerable natural resources constitute a major potential foundation for its socioeconomic development if managed effectively. The country has ample water supply to support large agricultural development and hydroelectric energy, and benefits from highly favorable conditions for building agricultural markets, which could significantly improve household revenues. Forestry activities represented only 3 percent of the country’s GDP in 2016 while the sector contributed as much as 8 percent in 2000, suggesting significant growth potential. At the time forestry accounted for roughly half of total exports and generated about 10 percent of state revenues. It also employed a significant workforce in remote regions, accounting for about 4,000 direct and 6,000 indirect jobs, making the sector second largest formal employer, after the public sector. Despite an abundance of mining potential, the mineral sector only contributed 1 percent to GDP in 2016. Even prior to the crisis, mining did not contribute much to GDP, an estimated 3 percent for instance in 2000. The relatively small contribution of the sector is partly because no industrial scale mining takes place in CAR, but is plausibly also because much of the production remains unregistered. The ability to trade (legally) has further declined since the crisis. According to the World Bank’s Doing Business report (2018), CAR now ranks 184 out of 190 in the “trade across borders” sub-indicator and rebel groups cross the border much more easily with illegal goods (diamonds) than legal trade leaves the country. The road network, even though the backbone of the transport system is underdeveloped and in very poor condition. Exports are not only low (5 percent of GDP in 2016; 16 percent in 2000) they comprise primarily of unprocessed primary products. Both sectors, if developed under the right conditions, might increase employment opportunities and public revenues for better social services.

B.1 Forest sector Overview

5. CAR’s forested area is relatively small, but highly productive and among the richest in Africa. The country’s 5.4 million hectares of forest are divided into a 3.8-million-hectare southwest with industrial-scale logging activities, and a 1.6-million-hectare southeast region which is still unexploited due to its remote location. Productive forests are defined as dense deciduous forests where the government has set up concession licenses (Operation and Management Permit – OMP) which grant industrial harvest rights to forestry companies based on a management plan. As of today, 14 OMPs have been granted to 11 companies covering a total area of 3.625 million hectares. CAR’s total national processing capacity is estimated at around 450,000m$^3$ of input, but in the wake of the crisis the sector is operating far below capacity.

6. Timber production and exports have been affected by both domestic and international shocks. Harvests and exports of unsawn timber fell in 2009 due to the impact of the global financial crisis on international commodity prices, then recovered in 2010 and 2011 before the domestic political crisis caused a new decline in output. Almost all firms either suspended their operations or functioned at a minimal level during the crisis, though most are now returning to normal activity. Recent data indicate a net recovery of log production and export and a modest recovery of the sawn timber sector, which can be explained by the need for rehabilitation of industrial sites which suffered during the war. This trend is also reflected in the positive outlook of the Ministry of Water, Forests, Hunting and Fisheries (MWFHF) for the period 2017-2019 assuming continued improvement in the security situation, favorable market conditions, and
a restart of forest activities on all existing and new concessions. The forest sector in CAR also faces informal harvesting, though sawn volumes (mainly for the domestic market in Bangui) are believed to be limited to a few thousand cubic meters per year. Managed forest concessions are not significantly affected by informal logging, except those close to the outskirts of Bangui.

7. The decline in forest sector output caused by the political crisis in 2013–2014 led to lower tax revenues for the central government, local municipalities and forest communities. Fiscal revenues from the forest industry are split between the Central Treasury, the Forestry Development Fund (FDF), the Sustainable Forest Resources Management Agency (AGDRF), and the forest communities which must agree to use them for local socioeconomic development. The forest sector’s budgetary contribution is significant; prior to the 2013 crisis, forestry taxes and forest license fees total about Central African CFA Franc (FCFA) 10 billion (US$ 16.1 million) per year, or just over 10 percent of total revenue. The drop in forestry revenue collection caused by the political crisis has left the MWFHF without the means to finance its routine operations. In addition, forestry taxes representing up to 85 percent of local communities’ budgets, the decrease in fiscal revenue has significantly impacted the social and economic development in forest regions. The total amount received by local communities decreased from about FCFA 1 billion (US$ 1.61 million) per year in 2007-08 to about FCFA 400 million (US$ 0.65 million) in 2012-14.

B.2 Mining Sector Overview

8. CAR has an impressive mineral endowment. Occurrences include: diamonds, gold, iron ore, uranium, phosphates, nickel, cobalt, copper, columbite-tantalite (coltan) and tin and tungsten. These endowments could, as seen in other central African countries, play a prominent role in development and state building. However, to date, an under-explored geological terrain and on-going instability prevents serious mineral investment from materializing. Indeed, the slow recovery since the political crisis of 2013 means it is unlikely that any major investment in the mining sector will be forthcoming in the next 5-10 years, until the security situation normalizes.

9. In the absence of industrial or semi-mechanised projects, artisanal mining is the main source of employment and rural livelihoods. In 2010 the diamond mining sector alone injected as much as US$ 144.7 million into local economies.\(^1\) The latest figures available on employment from 2011 show an estimated 80,000 artisanal mine operators and 320,000 laborers worked in CAR’s diamond fields alone. If collection agents and purchasing offices are included,\(^2\) the diamond mining sector employed an estimated 450,000 workers prior to the 2013 crisis. There are two main diamond fields located in the country’s western and eastern regions, with a combined surface area of more than 80,000 km\(^2\). The western diamond deposits, responsible for approximately 60-70 percent of total diamond production,\(^3\) are located along the country’s two principal river systems, namely the Lobaye and the Mambéré. Key mining centers are Carnot, Berbérati, Nola and Gadzi and Gamboula. The eastern deposits are scattered across the Bria and Nzako region and further north-east at Ouandjo, in addition towards the south between Bria and Yakinga, and in Kembé. Alluvial gold is found in many parts of the country, particularly in the west and

\(^{1}\) Hinton and Levin, 2010.

\(^{2}\) By law, artisanal diamond miners (who hire diggers called “ouvriers miniers”) are required to sell their diamonds to “collection agents,” who act as intermediaries for major purchasing offices in Bangui.

\(^{3}\) The western diamond mining area have produced more diamonds than the eastern diamond fields. This is primarily due to a higher population density in the west of the country compared to the east.
northwest near the border with Cameroon and in the central and southern areas bordering the Democratic Republic of Congo (DRC).

10. **Despite the prominent role played by artisanal mining in several locales of the country, its contribution to national revenues is marginal.** Consider the United States Geological Survey (USGS) estimates of the country’s total alluvial diamond resources: 39 million carats, or double the country’s total diamond production since 1931. Yet even under optimal investment scenarios, the USGS estimates on annual production (840,000 carats) would only generate US$ 7.5 million in annual tax receipts for the government when recent fiscal rates are applied. When analyzed against a backdrop of high rates of cross-border smuggling, one understands the low contributions made to date by mining. Indeed, prior to the 2013 crisis, as much as 50 percent of CAR’s diamond and gold production exited the country undeclared. With the 2013 crisis, legal exports of diamonds were banned when the government was suspended from the Kimberley Process Certification Scheme (KPCS). This reduced the legal export of diamonds from CAR to zero. An estimated 140,000 carats of diamonds, valued at approximately US$ 24 million, were alleged to have been smuggled out of the country between the time the KPCS ban was implemented and the end of the second quarter of 2016. Gold smuggled since the crisis is estimated at two tons per annum, mainly via Cameroon, Sudan, Chad and the DRC.

11. **Recent measures may rectify the fiscal situation, bringing a more sizeable volume of diamonds and gold into the official domestic market.** First, the KPCS lifted CAR’s suspension from the process in 2015, allowing for the country to officially export rough diamonds. Governed by a special Operational Framework, and regulated through special compliance criteria, the CAR government has been working closely with the KPCS Monitoring Team to ensure legal exports of rough diamonds from five compliant zones in the southwest region of the country. For the government, regulation of these zones requires basic government capacity (transport, communications, infrastructure) which are lacking. Furthermore, there is urgent need to improve the speed with which the government can expedite diamond exports under the KPCS. The additional compliance criteria required of each diamond shipment leaving the country under the KPCS has inflated the time it takes for diamonds to be sold on the international market. This in turn influences the time it takes for miners to be paid. At present this period from mine to market is roughly 3 months—three times the rate it used to take. Second, to incentivize domestic mineral exports following the crisis, in 2016 the new government reduced fiscal rates on gold and diamond exports, and lowered the registration fees for artisanal mine operators. Since the resumption of exports in 2016 until 1st June 2017, a total of 35,269 carats of diamonds were officially exported. Conversely, official gold exports have increased significantly, with 32,935 grams and 41,560 grams exported in 2016 and 2017 respectively.

12. **Pre-crisis production levels also requires a rebound in investment capital available from the buying houses.** As with most artisanal mining environments globally, in absence of formal financing options, artisanal miners and their diggers rely on pre-financing relationships with collectors and their buying houses. In fact, buying houses in Bangui had lent out large sums of money to pre-finance Muslim collectors before the crisis, and before many of them fled to Cameroon as refugees. These debts were further

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4 United Nations (UN), 2015.
5 Berbérati, Nola, Carnot, Boda and Gadzi.
6 Pre-financing involves supplying miners with tools and equipment to mine in exchange for steady supplies of minerals.
The World Bank
Natural Resources Governance Project in CAR (P161973)

compounded during the period when CAR was suspended from the KPCS, as buying houses continued to incur fixed costs, and in some cases to stockpile diamonds,\(^7\) which to date have still not been sold on the international market. These debts alongside export restrictions have reduced the working capital of Bangui-based buying houses. Instead, a good number of CAR’s diamonds continue to be smuggled across the border for legal export in Cameroon where Muslim collectors who fled during the crisis have established buying houses. It is a positive development that by the end of the second quarter of 2017, many Muslim collectors had returned from Cameroon to towns in the southwest of CAR. However, many Muslim collectors remain living in Cameroon as refugees. Curiously the performance of CAR’s gold and diamond economies will rely on the social reconciliation of Christian and Muslim communities.

13. **At the site level, significant challenges face artisanal miners and diggers working in alluvial deposits.** Alluvial diamonds in CAR are mined from alluvial flats, channel deposits and terraces adjacent to drainages. Work is arduous and involved rudimentary technology. Most diggers are paid based on the value of the diamonds or gold extracted, making diggers susceptible to debt accumulation as they work in search of a ‘find.’ The labor input from diggers, coupled with the physical risks undertaken in their work, is not always commensurate with earnings.\(^8\) These differentials are a source of frustration and tension for diggers.

B.3 Institutional Context

14. **The forest sector’s legal and regulatory framework is exceptionally strong,** both by the standards of comparable countries and relative to other economic sectors in CAR, and the country has actively participated in international certification systems and multilateral efforts to combat climate change. CAR has significantly improved the transparency and responsibility with which its forest resources are managed. The government has established a new forestry code, revised the tax system to provide a more equitable return to local communities, and signed a Voluntary Partnership Agreement (VPA) with the European Community within the framework of the international Forest Law Enforcement Governance and Trade (FLEGT) process. The Support Project for the Development of Forest Management Plans (PARPAF) financed by the French Agency for Development (AFD) implemented between 2000 and 2011 greatly improved the management of productive forests in CAR. The PARPAF increased concessioners’ awareness of sustainable management techniques and supported their progressive implementation. It also established a Geographic Information System (GIS) to monitor the geographic scope of forest areas and OMP concessions, and expanded the knowledge base on CAR’s forest resources and biodiversity. It promoted the creation of Management Plans (MPs) for all current OMPs, as well as zoning plans and strategies for local economic development and biodiversity conservation, and it built the capacity of public agencies to implement and monitor MPs.

15. **The government’s limited administrative capacity is the main obstacle to proper overall governance of the forest sector.** Since May 2005 the independent product-certification company Bureau Inspection Valuation Assessment Control (BIVAC) – an affiliate of Bureau Veritas – has augmented the government’s

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\(^7\) On the 1\(^{st}\) June 2017 buying houses had a combined stock of 88,073.88 carats of diamonds which had been purchased during the KP export ban, and more recently, from areas which have not been given compliant status to the KPCS.

\(^8\) Consider that an artisanal mine operators typically earn about US$ 250 per month, while diggers earn just US$ 50 per month.
oversight. The government and BIVAC are jointly implementing a program to guarantee the collection of export taxes, a key element of the national system of timber and lumber traceability. The MWFHF’s decentralized services are tasked with overseeing the activities of logging firms. They operate 7 regional offices, including 4 in the autonomous region of Bangui. However, understaffing is a major problem, and the existing personnel are often not up to date on developments in the sector. The AFD provides technical support to the MWFHF, but further capacity building will be required for it to fully execute its mandate.

16. The 2013 crisis destroyed the Directorate General for Mining and Geology (DGMG) infrastructure, including data, files and their corresponding information management systems. In effect, the line Ministry of Mines and Geology (MMG) lacks the administrative tools necessary to govern the sector. Two areas are highlighted: (i) the absence of both a cadaster and artisanal mining database to hold all permit and operator information; and (ii) related information management systems to record basic profile data of the sector (actors, revenues, and other basic statistics). Currently, there is no centralized database used in the DGMG on a server. Data is frequently stored in different databases in different offices and is often incomplete or only in hard copy. Thus, the MMG through the DGMG, is unable to use real-time data to monitor and manage operators, analyze and communicate production and export statistics, or to assess the effectiveness of outreach programs, such as the formalization of artisanal miners. The MMG and the DGMG cannot produce regular, comprehensive reports on basic sectoral statistics. Information sharing and management across Ministries and other public agencies involved in the mining sector is even further constrained despite the pressing need for Ministry of Finance, BEDCOR and MMG to align efforts to transfer and share data on the sector’s performance.

17. The MMG and DGMG struggle to maintain an effective presence in the mining areas, and have very limited technical staff. Officially, there are a total of 23 mining offices across the CAR—5 Regional Directorate for Mining and 18 Prefectural Services for Mining – though many are not staffed due to their position in areas under armed group control. Connectivity varies with the offices in the southwest having mobile network access to communicate. Recalling the effect that absence of government in mining areas has on the proliferation of illicit mineral trade flows, focus at the outset should be to deploy and augment capacity of these offices to regularly visit and monitor mine sites, particularly in the compliant zones where the KPCS is operational. Furthermore, consideration is due towards establishing, if only in a limited fashion at the outset, presence in Bambari in the East where the entire eastern diamond fields are currently in areas outside of government control, and where the southern diamond deposits in the Kembé, Bangassou and Alindao sub-prefectures are also under the control of armed groups. Whether in the East or the West, the challenge will be in identifying the necessary cadre of technical staff who could take field positions, as currently, there are 41 staff in the DGMG, of which more than half have some form of managerial status. Indeed, there is a shortage of technical staff with adequate skill-sets, experience and academic training at all levels throughout the MMG and DGMG, in part because of the 2013 crisis, when a good majority of civil servants fled. A recent Presidential decree intent on restructuring of the MMG could further segregate information amongst mine-related entities and impact essential responsibilities.

18. A regulatory framework is required to steer eventual reforms and capacity efforts. Many countries in the region base their mineral legal and regulatory framework on a national mining policy, which is operationalized through mining laws and regulations. CAR has not yet developed such a policy, but the

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9 The USGS is currently making new maps of CAR’s diamond mining regions, which could provide the foundation for a national cadaster.
2009 Mining Code forms the basis of all mining legislation, supported by ordinances and decrees on specific topics. In the future, the government could consider developing a mining policy to provide a strategic orientation for the sector’s evolving legal framework. The authorities intend to review the Mining Code, which if handled properly, would provide important support to the sector’s development. Lastly, a Mining Sector Working Group, chaired by the Ministry and involving technical partners, mining companies, and civil society will create a regular forum in which views can be exchanged and reforms evaluated.

B.4 Other Cross-cutting Issues

19. **Activities along the mining and forestry value chains are strongly differentiated along gender lines. Women enjoy equal access to the mines, and across the entire value chain.** Women prepare food to sell to miners, washing gravel, clearing earth, and building dams. At the higher end of the value chain, it was not uncommon for women to be owners of mining fields often because they inherited land from their parents. Rarer, however, are women who have roles as buyers and sellers of diamonds since this function was often reserved for well-established and wealthy buying houses or individuals. An often undervalued but vital role is women bringing food into the mines to literally fuel the hard, physical labor needed for excavation. Despite such equal access, women did state that their employment in the sector is often poorly paid compared to their male counterparts. Women’s employment in the mines was more significantly affected by the 2013 crisis than men’s, primarily because a lack of financing makes it impossible for women to get the supplies and pay for transport to mines. Without financing to engage in more substantive roles, they are forced to take physically grueling labor for almost no pay, such as transporting rocks. This type of work is even undertaken by pregnant women and women carry babies on their backs. Men and women play distinctive roles in the forest sector in CAR. Forestry firms in CAR have a male-dominated workforce, especially for field operations. Women are primarily employed in administrative and support roles, although women foresters may occupy specialist roles such as in forest planning and research. More women hold senior positions in the public sector and NGOs. The role of women is more prominent in rural forest communities where they provide for drinking water, collection of fuelwood, cooking, as well as education and health services. However, women appear to be underrepresented in communities’ management committees.

20. **Climate change impacts are expected to further exacerbate economic, social, and environmental issues in CAR and increase vulnerabilities already facing the forestry and mining industries.** With most models predicting an increase in annual average temperatures throughout the country and erratic changes in precipitation patterns, more frequent droughts in the north or more frequent and intense flooding events in the south are expected to occur. These occurrences will in turn have impacts on forestry sector, including though decreasing hydro-power generation potential due to drought, flood-related damage to infrastructure, forest and agricultural losses from pest infestations, and increasing incidents of waterborne diseases. These changes incurred in the structure and functioning of forest ecosystems will have negative impacts on their productive function. Mining sector, too, is vulnerable to climate change impacts

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10. The Africa Mining Vision provides a useful template for establishing a national mining policy.
11. An initial technical analysis of major shortcomings in CAR’s mining code were presented to the new government in May 2016, under the Policy Note.
12. Data and findings were collected through interviews with male and female miners in select mines of southwestern CAR in June 2017.
through its dependence on the water and energy supplies which are critical inputs to mining processes. With more frequent and severe droughts and changing precipitation patterns, stability and cost of water and energy supplies is expected to be adversely affected, thereby posing challenges to the economic performance of the mining sector. Lastly, given the country’s low adaptive capacity, increasing likelihood of natural disasters due to climate change are expected to impact effectiveness and sustainability of infrastructure and equipment in both forestry and mining sectors, as well as transportation and trade networks in CAR. Facing these issues, CAR is taking action to improve its capacity to adapt to climate change impacts, as well as to contribute to the global efforts of climate change mitigation. In this regard, CAR submitted its first Nationally Determined Contribution (NDC) under the United Nations Framework Convention on Climate Change (UNFCCC) in 2015, in which the country highlighted its intention to shift to a low carbon, climate resilient development pathway. In particular, and given the large contribution of land use change and forestry to national GHG emissions (89.46% in 2010), CAR’s NDC highlights the country’s high potential for climate change mitigation through sustainable forest management and forest landscape restoration. CAR also aspires to address climate risks and adapt to climate change impacts with measures aimed at enhancing resilience of basic infrastructure and services in key sectors and increasing the adaptation capabilities of communities and ecosystems.

21. **For both mining and forestry, weaknesses in sectoral governance are compounded by weak public institutions, deficient infrastructure and political instability.** For the recovery of the forest sector to place the country on a trajectory of sustainable poverty reduction, robust sectoral governance and enforcement of revenue-sharing agreements are needed. Effective distribution and management at the level of forest communities are also critical for these resources to more significantly contribute to local development initiatives and improve the livelihoods of the poor. In the mining sector, although authorities are attempting to build the capacity to comply with the KPCS across the western diamond fields, the government lacks the ability to successfully access remote areas and control trade through regulations and oversight. Preparing the institutional and regulatory framework in the mining sector in anticipation of renewed investment and expanding the capacity of the government to regulate the artisanal mining subsector could also generate positive employment and revenue outcomes throughout the country. Gender and climate change as cross-cutting considerations are critical in these two sectors to ensuring inclusive and sustainable economic growth.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

22. The project will aim to improve governance and strengthen capacity in the forest and mining sectors in the Central African Republic.

Key Results

23. The PDO level results of the project would be measured using the following key indicators. The Results Framework presents the project outcome and intermediate indicators.

a) Forest communities with access to local development package (number)
b) Days required from diamond extraction to diamond export (number)
c) Registered artisanal and small miners with access to financial package (of which 30% must be female)
D. Project Description

D.1 Project Components

24. **The project is designed as an Investment Project Financing (IPF), with financing from the International Development Association (IDA), and was developed in collaboration with the World Bank.** Its preparation involved field missions for data collection and interviews, and drew upon the (early) results of pieces of completed and ongoing analytical work in CAR. These include CAR’s Policy Notes on Forestry and Mining (2016) and several sectoral studies financed under the Emergency Public Services Response Project (EMPSRP / PURSeP II) comprising the Feasibility Study on a Data Collection System for Domestic and International Timber Prices in CAR (2016) which aimed to strengthen operational capacities in monitoring of the market and industry practices; the Financial and Technical Diagnostic of Forestry Companies in CAR (ongoing) which aims to understand the short- and medium-term needs of forestry companies to enable sustainable recovery of the industry; and the Study of the Export Transport Cost and Taxation of Wood Products in the CAR (ongoing) which aims to compare CAR’s current tax system to that of other countries among COMIFAC and make recommendations on potential adjustments.

25. **The proposed project will combine technical assistance and incentives to strengthen forest and mining governance and generate socio-economic benefits for communities.** More specifically, the project will support the forest administration in its efforts to improve the sector’s tax collection and redistribution system. In the meantime, operating resources in decentralized services will be bolstered to enhance oversight and control on the ground (Component 1). Communities living in forest areas will receive both technical assistance to define local development strategies and support to finance their priority investments (Component 2). The project will also support CAR’s authorities in strengthening the regulatory and institutional framework governing mining (Component 3). Artisanal miners will be incentivized into formalization activities to improve the sector’s overall governance and socio-economic outcomes (Component 4).

**ACTIVITIES IN THE FOREST SECTOR (US$ 3,766,747)**

**Component 1 – Institutional support: Strengthen the fiscal and governance framework of the forest sector (US$ 1,346,747)**

26. **This component will support the forestry administration in its efforts to identify and implement practical measures to improve the forestry sector’s tax collection and redistribution system.** While waiting for the benefit of a more efficient tax system and increased revenues, the project will also bolster the forestry department’s operating and inspection resources to enable it to fulfill its mission of managing the country’s forestry assets.

**Activity 1.1: Analysis of the forestry tax system and support for the implementation of recommendations aimed at its improvement (US$ 250,000)**

27. **This activity will aim to help the country work toward an increasingly transparent and efficient forestry tax system, which ensures socioeconomic development, poverty alleviation, and provides the forestry administration with the means to operate.** Resourcing requirements of the Forestry Administration will be analyzed in view to ensuring efficient and sustainable governance of the sector, and suggesting
measures conducive to higher tax revenues directly supporting the MWFHF’s operations and budget. The technical assistance will also look at barriers and levers in the development of the forest sector, and developing a coherent plan for the revitalization including practical measures and financing needs. A roadmap will be developed for the implementation of identified measures, including the various phases of the tax reform, expected results, and interim objectives and any measures and resources aiming to facilitate implementation.

Activity 1.2: Development of a national information system for the collection of forestry market data and the issuance of tax notices (US$ 250,000)

28. The project will support and commission the development of a national information system aimed at improving the collection and processing of forestry sector data and the calculation and issuance of tax notices. Technical support will also be provided to define and implement the institutional anchoring of the new system and any associated regulatory framework.

Activity 1.3: Support for the operating costs of the decentralized forestry administration (US$ 746,747)

29. This activity will supplement the technical assistance provided to the MWFHF centrally with the specific objective of improving the operation of its decentralized services. It will take the form of aid in the operating budget for decentralized forestry administration throughout the duration of the project while awaiting the increase in regular tax collection as well as a realistic and adequate budget allocation, which are crucial factors for the proper governance of the forest sector. The proposed support will be specifically intended for the Regional Directorate No. 1 (RD1) and Regional Directorate No. 2 (RD2) – which cover the biggest part of the large forest stand – and target priority needs regarding transportation, communication, and administrative premises.

Activity 1.4: Support to Parliament on the implementation of Article 60 of the CAR Constitution (US$ 100,000)

30. The project will support CAR’s Parliament in implementing Article 60 of the Constitution which outlines the role of Parliament in reviewing prior to signature any resource-related contracts negotiated by the government and requires that once signed these contracts be publicized. Activities may include workshops to educate parliamentarians on how other resource-rich nations involve their parliament in such matters and exchange visits to neighboring countries where such roles by parliament exist. The Project will also support CAR with technical assistance for any adjustment required in the Forest Code and/or secondary legislation for compliance with Article 60 of the CAR Constitution (e.g. modalities of allocation of industrial logging permits).

Component 2 – Local development: Support forest communities in planning and financing their development priorities (US$ 2,420,000)

31. This Component of the project will extend the technical and financial support offered by AFD’s PDRSO to the 11 forest communities in the country’s southwest which it does not cover. The activities will support local communities in identifying, planning, and financing development actions in an inclusive and participative manner, with all the families of the players concerned.

Activity 2.1: Establishment of local development committees in forest communities (US$ 220,000)

32. This activity will help every forest community targeted by the project set up local development
committees and encourage cooperation and the systematic circulation of information. The local development committees should permit all stakeholders to work together for local development, with each person’s roles and responsibilities integrated into this process – including councilors and community services, representatives of civil society, local populations, decentralized administrations, and the private sector (forestry companies).

**Activity 2.2: Technical support for forest communities to develop their local development plans (LDP) (US$ 550,000)**

33. This activity will provide technical support to each community targeted by the project for the development of its LDP, primarily through the local development communities created for the purpose. The implementation priorities will be determined based on the social, technical, and economic pertinence of the actions and investments identified in the LDPs as well as their territorial coherence. Decisions will be made by the municipal authorities on a consensual basis and with the technical support of the project.

Activities designed to strengthen capabilities will also be organized to benefit municipal services in the implementation of the LDPs.

**Activity 2.3: Financial support for priority investments identified in the LDPs (US$ 1,650,000)**

34. The co-financing of priority actions defined by the communities will be through funds specially made available to the communities in the form of grants, in accordance with jointly agreed procedures and tools. The financial participation of the communities per specific financial rules will be required in all cases. Local contractor management expertise, provided it is available and qualified to make physical investments, will be supervised by the project team and the local authorities, which will oversee the choice of service providers. The main types of actions have been identified for co-financing include social development, economic development, and management of natural resources. The level of financing allocated to communities will be relatively modest to encourage bargaining in favor of the most pertinent projects, encourage the use of the communities' own resources, and respect the pace and financial contribution and execution capacity of communities.

**ACTIVITIES IN THE MINING SECTOR (US$ 3,795,731)**

Component 3 – Technical assistance: Improve mining sector policies and institutional governance (US$ 1,811,400)

35. This Component focuses on improvements to the regulatory and institutional framework governing mining in the CAR. The purpose is to align CAR’s framework to international best practice, and to provide its institutions with knowledge and tools to carry out their mandated functions.

**Activity 3.1: Mining policy development and establishment of a mining sector working group (US$ 120,000)**

36. The project will support the formulation of a mining policy defining the country’s vision for mining, rationalize Ministerial objectives and activities pursued, and coordinate approaches to regulating the sector across Ministries. Concurrent to the development of the mining policy, the project will support the government in establishing a Mining Sector Working Group, whose responsibilities will include monitoring the policy’s implementation and coordinating partner interventions in the sector.

**Activity 3.2: Revision of the 2009 Mining Code (US$ 320,000)**

37. The Mining Code will be revised with attention to fiscal conditions, institutional governance, and social
and environmental standards so that CAR’s mining code is internationally competitive and conforms to best practice. Targeted background studies in addition to a comparative legal review of neighboring jurisdictions will inspire eventual proposals made to the government on the revision. Extensive stakeholder consultations on the proposed revisions, including implementing modalities, will be supported before its submission to the legislature.

**Activity 3.3: Data Management, including permitting (US$ 920,000)**

- **Sub-activity 3.3.1: Establishment of a centralized database management system (US$ 190,000)**
  38. This activity will support the establishment of a mining database system allowing for real-time data from mine sites and provincial Directorate for Mining and Geology (DGMG) offices to be captured digitally and transferred from remote offices to a central database at the DGMG in Bangui. By digitally linking information from artisans’ registration books, collectors’ notebooks and buyers’ bordereaux, the DGMG can track and reconcile transactions for gold and diamonds through the supply chain, in support of the hard copy paper trail.

- **Sub-activity 3.3.2: Creation of a GIS-based mining cadaster (US$ 730,000)**
  39. This activity supports the government to build its first modern digitized mining cadaster system, in line with the procedures outlined in the Mining Code and accompanying regulations for application, evaluation, granting and compliance monitoring of mineral rights and related permits. The cadaster is a mining registry encompassing all licenses issued in the country (artisanal mining, semi-mechanized, exploration and mining concessions).

**Activity 3.4: Institutional Capacity Building (US$ 451,400)**

- **Sub-Activity: 3.4.1: Perform functional review of the DGMG (US$ 220,500)**
  40. The objective will be to strengthen the operational and technical capacities of the mining administration by assessing the respective functions and mandates of each technical department in the DGMG, and suggest how coordination between central and provincial offices can be improved. The review will also assess how best to enhance inter-ministerial communication, information sharing and coordination on important topics and issues.

- **Sub-Activity 3.4.2: Strengthen the capacity of the DGMG to operate provincial offices (US$ 130,900)**
  41. The support will focus on provision of computers, IT equipment, internet connectivity and power to select provincial offices in the south-west of CAR for the government to effectively implement the KPCS requirements for legal exports of diamonds in the five zones which have been declared compliant by the KPCS (namely Berberati, Gadzi, Nola, Carnot and Boda). The project will also provide for the refurbishment of an office building, if only in a limited fashion at the outset, in Bambari to allow an MMG presence in the eastern region. Such a presence is important for the eventual monitoring and implementation of sector activities, once the security situation stabilizes.

- **Sub-Activity 3.4.3: Support to Parliament on the implementation of Article 60 of the CAR Constitution (US$ 100,000)**
  42. The project will support CAR’s Parliament in implementing Article 60 of the Constitution. Activities may include workshops to educate parliamentarians on how other resource-rich nations involve their parliament in such matters and exchange visits to neighboring countries where such roles by parliament exist. The project will also support CAR with technical assistance for any adjustment required in the Mining Code and/or secondary legislation for compliance with Article 60 of the CAR Constitution.
Component 4 – Local development: Formalization of the Artisanal Mining Sector (US$ 1,984,331)

42. This Component will implement critical formalization activities for artisanal mining operations. It will use small grants as one incentive to encourage basic formalization requirements such as registration and declaration of production. Geographic focus for the small grants program will be limited to Berbérati, Gadzi, Nola, Carnot and Boda with the artisanal miner registration system being rolled out nation-wide, security conditions permitting.

Activity 4.1: Artisanal Mining Registration System to improve monitoring of the sector (US$ 984,331)

43. Registration systems currently employed by the DGMG will be enhanced by a digital registration system that allows real-time data to be uploaded at mine sites, and transferred via internet to the central database in Bangui. Increasing the number of registrations on sites will strengthen the KPCS Operational Framework in CAR and will enhance mineral traceability in the sector. Registration outreach will initially focus on (i) areas with highest concentration of artisanal miners and (ii) areas most affected by fraud. Data should be captured on tablet devices and should record the registration details of individual artisanal miners, the location of the mining sites and information from the artisan’s registration books. In addition, government will focus efforts on placing the registration obligation with artisanal miners, cooperatives and pit owners, to reduce the amount of paperwork for individual artisanal worker registration. The project will cover the purchase of motorbikes and all associated costs (salaries, per diems and equipment) for 10 KP focal points working within compliant zones.

Activity 4.2: Small Grants Program to increase financial inclusion (US$ 900,000)

44. The Small Grants Program (SGP) aims to provide rapid, short-term funding to artisanal miners who are registered individuals, cooperatives, association, partnership and companies. The SGP will (i) increase incomes of miners, empower operators to further professionalize their operations, therefore turn them into an economically, environmentally and socially sustainable entrepreneurial activities, and (ii) augment liquidity in the supply chain by pre-financing cooperatives and artisanal miners leading to higher employment and increased diamond and gold production, higher per capita income and higher government tax revenues. The SGP funding focuses on increasing performance of artisanal mining activities directly or indirectly through improved mining practices, adherence to environmental and social standards, and compliance with international certification measures currently in use in the CAR, such as the KPCS. Both gold and diamond operations will qualify following the baseline assessment’s determination of priorities. Given its importance in providing capacity support to cooperatives, the National Union of Mining Cooperatives in CAR will receive an earmarked support to strengthen its mission and mandate.

Activity 4.3: Closing the gender gaps in mining communities (US$ 100,000)

Component 5 – Project management, contingencies and overheads (US$ 2,231,021)

45. Arrangements for project management – including fiduciary oversight and operations – are described in Section IV, and a detailed budget is provided in Annex I.

D.2 Project Cost and Financing
### Project Components

<table>
<thead>
<tr>
<th>Project Components</th>
<th>Project cost</th>
<th>IBRD or IDA Financing</th>
<th>Trust Funds</th>
<th>Counterpart Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FOREST SECTOR</strong></td>
<td>(50%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 - Institutional support</td>
<td>1,346,747</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>2 - Local development</td>
<td>2,420,000</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>MINING SECTOR</strong></td>
<td>(50%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 - Institutional support</td>
<td>1,811,400</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>4 - Local development</td>
<td>1,984,331</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>5 - Project management</td>
<td>1,493,000</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

### Total Costs

| Total Project Costs (incl. 3% contingencies and 5% overhead) | 9,793,500 | 100% | 0% | 0% |
| Project Preparation Advance                                  | 206,500   | 100% | 0% | 0% |
| Front End Fees                                               | N/A       | N/A  | N/A| N/A|
| **Total Financing Required**                                 | 10,000,000| 100% | 0% | 0% |

### E. Implementation

#### Institutional and Implementation Arrangements

46. The institutional and implementation arrangements are tailored to fit the specific needs and constraints of the local context, while building on fiduciary capabilities already existing in CAR. The project (NRGP) will leverage the existing PIU of the CEMAC TTF to oversee fiduciary arrangements and operations. The PIU of CEMAC TTF is housed within the Ministry of Public Works and Road Maintenance (MPWRM) and has experience and track record in successfully implementing the full suite of fiduciary measures required for World Bank-financed projects. In addition, the PIU has political backing from the highest levels in government.

47. The CEMAC TTF PIU will provide guidance and oversight to the fiduciary team recently hired for the implementation of new projects in the environment sector. As of today, these include (i) the REDD+ readiness preparation support (P156721) from the Forest Carbon Partnership Facility (FCPF) implemented
by the REDD+ Technical Coordination Agency (CT REDD) within the Ministry of Environment and Sustainable Development (MESD) and (ii) the present NRGP. The fiduciary team will consist of one procurement specialist, one financial management specialist, and one accountant, and will be housed within the MWFHF’s premises. Consultant costs of the fiduciary team will be split on a 50/50 basis between the NRGP and the REDD+ preparation project. Hardship allowances will be allocated to the CEMAC TTF PIU staff to compensate for increased travel and communication costs due to the increased workload.

48. **NRGP PIU.** The project PIU will be led by a national coordinator, who will be a CAR national from the MWFHF and will also serve as Focal Point for forestry activities (see Figure 1). The national coordinator will be supported by an extended team including (i) a Focal Point for mining activities from the MMG and sitting in the MMG to ensure a close sectoral cooperation, (ii) an international expert in charge of day-to-day operational project management, and (iii) a M&E expert responsible for safeguards and results monitoring.

**Figure 1 – Institutional and Implementation Arrangements Diagram**

49. **Project Steering Committee.** A Steering Committee will be created to oversee all aspects of the work undertaken by the project. It will be co-chaired by MWFHF and MMG and include officials from other administrations, including the Ministries of (i) Planning and Economy; (ii) Land Management, Decentralization and Local Development; and (iii) Agriculture and Rural Development. The Steering Committee will also include representatives from prefectures covered by project activities (i.e. Lobaye, Mambéré-Kadéï, Nana-Mambéré and Sangha-Mbaéré). It will convene regularly (e.g. once a year at minimum) to approve annual work plans, make strategic decisions, and monitor project implementation.
The Bank will be responsible for approving the annual work plan and budget of the Committee.

50. **Project Preparation Advance (PPA).** A PPA of US$ 0.3 million was requested from the World Bank to support the Government in preparing the detailed studies required for project implementation – including (i) the Environmental and Social Management Framework (ESMF) with specific sections addressing the requirements of the safeguards policies triggered in particular OP/BP 4.04 (natural habitats), OP/BP 4.36 (forests), OP/BP 4.10 (Indigenous Peoples), OP/BP 4.11 (Physical Cultural Resources), OP/BP 4.09 (Pest Management), and OP/BP 4.12 (Involuntary Resettlement); (ii) an Indigenous Peoples Planning Framework (IPPF); (iii) an Integrated Pest Management Framework (IPMF); (iv) a Resettlement Policy Framework (RPF); and (v) a Process Framework (PF).

### F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

Some project activities (strengthening institutional capacity, and reforming legal frameworks) are soft activities that may be considered as having an impact at the national level, whereas others (support to forest communities, artisanal miners and small-scale operators) will be implemented in the field, in the South-West of CAR (Lobaye, Sangha-Mbaere, and Mambere-Kadei departments), precise location of which will be identified over the course of the project implementation.

### G. Environmental and Social Safeguards Specialists on the Team

Lucienne M. M’Baipor, Social Safeguards Specialist
Joelle Nkombela Mukungu, Environmental Safeguards Specialist

### SAFEGUARD POLICIES THAT MIGHT APPLY

<table>
<thead>
<tr>
<th>Safeguard Policies</th>
<th>Triggered?</th>
<th>Explanation (Optional)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Assessment OP/BP 4.01</td>
<td>Yes</td>
<td>The investments and activities that will lead to poverty alleviation by supporting communities, artisanal miners and small-scale operators are not known at this time. For that reason, an Environmental and Social Management Framework (ESMF) will provide guidance on managing environmental and social risks. It will be prepared, reviewed, consulted upon, and disclosed within the country and in the Infoshop of the World Bank. It will be supplemented by four additional instruments which will be prepared and approved according to</td>
</tr>
</tbody>
</table>
The same modalities: a Resettlement Policy Framework (RPF), a Process Framework (PF), an Indigenous Peoples Planning Framework (IPPF), and an Integrated Pest Management Framework (IPMF). These documents will be finalized and disclosed not later than six months after project effectiveness.

Given the profile of the security risk of the country and the fragile situation, the IPF Policy paragraph 12 “Projects in Situations of Urgent Need of Assistance or Capacity Constraints” has been triggered to defer the preparation of safeguards instruments until the project implementation phase.

A Safeguards Action Plan (SAP) has been developed and inserted in the PAD with the view to clarifying all the steps which have already been or will be taken to produce the deferred safeguards instruments on a timely manner.

Finally, as specified in the PAD, no activity will be implemented (nor advertised) in the field before the completion of all the required safeguards instruments (ESMF, ESIA, IPPF, IPP, RPF, RAP, PF, IPMF).

<table>
<thead>
<tr>
<th>Natural Habitats OP/BP 4.04</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>The investments and activities that will lead to poverty alleviation by supporting communities, artisanal miners and small-scale operators might take place in natural habitats, but will not include activities that involve significant conversion or degradation of natural habitats. Instead, the activities will be designed to reduce pressures on natural habitats and improve their conservation. Potential impacts and proposed enhancement/mitigation measures will be included in the ESMF.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Forests OP/BP 4.36</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>The investments and activities that will lead to poverty alleviation by supporting communities, artisanal miners and small-scale operators might take place in forested areas, but will not involve conversion or degradation of forest areas. Some activities might however finance agroforestry or forest management and support plantations in previously converted and/or degraded areas.</td>
<td></td>
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<tr>
<td>Potential impacts and proposed enhancement/mitigation measures will be discussed and included in the ESMF.</td>
<td></td>
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<tr>
<td>---</td>
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</tr>
<tr>
<td>The investments and activities that will lead to poverty alleviation by supporting communities, artisanal miners and small-scale operators might support intensification of agriculture and agroforestry activities likely to be developed by forest communities, local NGOs and farmer organizations. Activities may thus require pest management activities. An Integrated Pest Management Plan (IPMP) has been prepared to ensure that environmentally friendly methods for pest control are applied, such as biological control, cultural practices, and the development and use of varieties that are pest and disease resistant or tolerant. It also provides guidance on the safe selection, handling and disposal of pesticides.</td>
<td></td>
</tr>
<tr>
<td>The investments and activities that will lead to poverty alleviation by supporting communities, artisanal miners and small-scale operators might lead to involuntary resettlement. Even though the likelihood of occurrence is very low, a Resettlement Policy Framework (RPF) will be prepared. Some activities might also reduce the access to natural resources for some households, such as measures to strengthen biodiversity conservation. As a result, a Process Framework (PF) will be developed.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Pest Management OP 4.09</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical Cultural Resources OP/BP 4.11</td>
<td>Yes</td>
</tr>
<tr>
<td>Indigenous Peoples OP/BP 4.10</td>
<td>Yes</td>
</tr>
<tr>
<td>Involuntary Resettlement OP/BP 4.12</td>
<td>Yes</td>
</tr>
</tbody>
</table>
PF have been deferred but will be completed not later than six months after effectiveness.

<table>
<thead>
<tr>
<th>Policy Area</th>
<th>Approval Status</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety of Dams OP/BP 4.37</td>
<td>No</td>
<td>Neither the project nor related investments will involve construction of dams and so this policy is not triggered.</td>
</tr>
<tr>
<td>Projects on International Waterways</td>
<td>No</td>
<td>Neither the project nor related investments will be located on international waterways so this policy is not triggered.</td>
</tr>
<tr>
<td>OP/BP 7.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Projects in Disputed Areas OP/BP 7.60</td>
<td>No</td>
<td>Neither the project nor related investments will be located in disputed areas so this policy is not triggered.</td>
</tr>
</tbody>
</table>

**KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT**

**A. Summary of Key Safeguard Issues**

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

   No activity supported by the Natural Resources Governance Project is expected to have significant negative social and/or environmental impacts on the targeted areas. Indeed, activities aim at formalizing and expanding the capacity of forest and mining sectors to boost fiscal revenues while strengthening environmental and social norms in both sectors. However, environmental and social risks exist, ranging from contamination of soil, groundwater and surface water to non-inclusive investment practices and deterioration of rural livelihoods among forest communities. These impacts are likely to be site-specific, low in scope and time, and easily manageable. For that reason, the project has been rated as an Environment Assessment Category B project, and triggers seven safeguards policies: OP/BP 4.01 (Environmental Assessment), OP/BP 4.04 (Natural Habitats), OP/BP4.36 (Forests), OP4.09 (Pest Management), OP/BP4.11 (Physical and Cultural Resources), OP/BP4.10 (Indigenous Peoples), and OP/PB 4.12 (Involuntary Resettlement). No large-scale or irreversible adverse impact is expected.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

   The proposed project is expected to have a positive impact by improving forestry and mining sector management and performance by addressing regulatory gaps, strengthening institutional capacity, and support artisanal and small-scale operators in targeted areas. There are no long-term impacts expected from the implementation of activities to be financed under this project.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

   NA.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

   As a mitigation strategy, the recipient will develop an Environmental and Social Management Framework (ESMF). The ESMF will include specific sections addressing the requirements of the safeguards policies triggered in particular OP/BP 4.04 (natural habitats), OP/BP 4.36 (forests), OP/BP 4.10 (Indigenous Peoples), OP/BP 4.11 (Physical Cultural Resources), OP/BP 4.12 (Involuntary Resettlement).
Resources), OP/BP 4.09 (Pest Management), and OP/BP 4.12 (Involuntary Resettlement). An Indigenous Peoples Planning Framework (IPPF), an Integrated Pest Management Framework (IPMF), a Resettlement Policy Framework (RPF), and a Process Framework (PF) will also be designed.

The overall responsibility of safeguards processing relies on the Project Implementation Unit (NRGP PIU) working in close collaboration with the Ministry of Water, Forests, Hunting and Fisheries, and the Ministry of Mines and Geology. Their capacity to assess and address safeguards compliance will be enhanced through a capacity building process during the project implementation.

The NRGP PIU will be responsible for following up all safeguards concerns and would also ensure that all safeguard screening and mitigation requirements to each subproject will be applied.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.
   The key stakeholders are the Ministry of Water, Forests, Hunting and Fisheries (MWFHF) and the Ministry of Mines and Geology (MMG), both including centralized and decentralized administrations, local communities, NGOs and private sector.

   The project safeguards instruments (ESMF, RPF, PF, IPPF and IPMF) will be duly consulted upon and publicly disclosed both in-country and on the World Bank’s External Website not later than six months after effectiveness, and prior to the physical start of any project activity in the field. Public sessions (small group discussions, workshops, etc.) will be held with stakeholders to validate the different stages of the production process of the expected frameworks and plans. The NRGM PIU will initiate these consultations as early as possible, and for meaningful consultations, will provide relevant material in a timely manner prior to consultations, in a form and language(s) that are understandable and accessible to the groups being consulted. The ESMF, RPF, PF, IPPF and IPMF will be disclosed after Bank review as final draft versions.

**B. Disclosure Requirements**

<table>
<thead>
<tr>
<th>Environmental Assessment/Audit/Management Plan/Other</th>
<th>Date of receipt by the Bank</th>
<th>Date of submission for disclosure</th>
<th>For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;In country&quot; Disclosure</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Resettlement Action Plan/Framework/Policy Process

<table>
<thead>
<tr>
<th>Date of receipt by the Bank</th>
<th>Date of submission for disclosure</th>
</tr>
</thead>
</table>

**"In country" Disclosure**

## Indigenous Peoples Development Plan/Framework

<table>
<thead>
<tr>
<th>Date of receipt by the Bank</th>
<th>Date of submission for disclosure</th>
</tr>
</thead>
</table>

**"In country" Disclosure**

## Pest Management Plan

<table>
<thead>
<tr>
<th>Was the document disclosed prior to appraisal?</th>
<th>Date of receipt by the Bank</th>
<th>Date of submission for disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>15-Jan-2018</td>
<td></td>
</tr>
</tbody>
</table>

**"In country" Disclosure**

Central African Republic

30-Jan-2018

**Comments**

Disclosure on the website of the Ministry of Economy, Planning and Cooperation.

If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.

If in-country disclosure of any of the above documents is not expected, please explain why:

The project is being processed under IPF Policy, paragraph 12 “Projects in Situations of Urgent Need of Assistance or Capacity Constraints” to defer the preparation of safeguards instruments until the project implementation phase.

The safeguards deferral is based on the urgent need for assistance to the country against escalating violence, insecurity and internal displacement of people since May 2017, combined with the low technical capacity of the counterpart to
prepare safeguards instruments of a quality acceptable to the World Bank at a very short run. During the World Bank Group Annual Meetings, the CAR delegation asked the Bank to accelerate delivery of assistance to the country to help contain the growing unrest. The deferral grants the government the extra time and support it needs to prepare quality environmental and social safeguard instruments, duly consulted upon and publicly disclosed at the adequate locations.

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?
NA

OP/BP 4.04 - Natural Habitats

Would the project result in any significant conversion or degradation of critical natural habitats?
No
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?
NA

OP 4.09 - Pest Management

Does the EA adequately address the pest management issues?
NA
Is a separate PMP required?
Yes
If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?
Yes

OP/BP 4.11 - Physical Cultural Resources

Does the EA include adequate measures related to cultural property?
NA
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?
Yes

OP/BP 4.10 - Indigenous Peoples

Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?
NA

OP/BP 4.12 - Involuntary Resettlement

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?  
NA
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?  
NA

OP/BP 4.36 - Forests

Has the sector-wide analysis of policy and institutional issues and constraints been carried out?  
Yes
Does the project design include satisfactory measures to overcome these constraints?  
Yes
Does the project finance commercial harvesting, and if so, does it include provisions for certification system?  
No

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?  
Yes
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?  
NA

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?  
Yes
Have costs related to safeguard policy measures been included in the project cost?  
Yes
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?  
Yes
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?  
Yes
CONTACT POINT

World Bank

Laurent Valiegre
Sr Forestry Spec.

Rachel Bernice Perks
Sr Mining Spec.

Borrower/Client/Recipient

Ministry of Economy, Planning and Cooperation
Félix Moloua
Minister of Economy, Planning and Cooperation
cabinet@minplan-rca.org

Implementing Agencies

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Yves Yalibanda
Director of cabinet
yvesyalibanda@yahoo.fr

Ministry of Mines and Geology (MMG)
Jules Cesar YAGANZA
Directeur du Departement Techniques Industrielles et Exploitation
legrand_cezar@yahoo.fr

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APPROVAL

Task Team Leader(s):
Laurent Valiegre
Rachel Bernice Perks
<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safeguards Advisor:</td>
<td>Maman-Sani Issa</td>
<td>19-Jan-2018</td>
</tr>
<tr>
<td>Practice Manager/Manager:</td>
<td>Benoit Bosquet</td>
<td>19-Jan-2018</td>
</tr>
<tr>
<td>Country Director:</td>
<td>Robert Bou Jaoude</td>
<td>22-Jan-2018</td>
</tr>
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