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Report No: PAD594

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED STRATEGIC CLIMATE FUND GRANT

IN THE AMOUNT US\$36.9 MILLION

TO THE

DEMOCRATIC REPUBLIC OF CONGO

FOR AN

IMPROVED FORESTED LANDSCAPE MANAGEMENT PROJECT

May 30, 2014

Environment, Natural Resources Management,  
Water and Disaster Risk Management (AFTN1)  
Sustainable Development Department  
Africa Region

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FISCAL YEAR  
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AF	Alternative Fuel
AfDB	African Development Bank
ACCES	Africa Clean Cooking Energy Solutions
ALE	Agence Locale d'Exécution (Local Implementing Agency)
ANE	Agence Nationale de l'Environnement (National Environment Agency)
BCECO	Bureau Central de Coordination (Central Coordination Unit)
B/C-ratio	Benefit/Cost-Ratio
CARPE	Central Africa Regional Program for the Environment
CART	Conseil Agricole Rural de Territoire (Rural Management Council)
CAS	Country Assistance Strategy
CBFF	Congo Basin Forest Fund
CDM	Clean Development Mechanism
CERERK	Centre d'Études et de Recherche sur les Énergies Renouvelables Kitsisa Khonde de Kinshasa (Kitsisa Khonde Studies and Research Centre for Renewable Energy, Kinshasa)
CGPMP	Cellule de Gestion des Projets et Marchés Publics (Chief of the Public Procurement Unit)
CLD	Comité Local de Développement (Local Development Committee)
CO <sub>2</sub> e	Carbon dioxide equivalent
CN-REDD	Coordination Nationale REDD+ (National REDD+ Coordination Unit)
COMIFAC	Commission des Forêts de l'Afrique Centrale (Central African Forestry Commission)
CSR	Comité de Suivi des Risques (et co-bénéfices) Sociaux et Environnementaux (Social and Environmental Risk (and co-benefits) Monitoring Committee)
CT	Coordination Thématique (Thematic Coordination)
CT-FLEGT	Technical Coordination working of the FLEGT agenda
CU-FNCP	Coordination Unit of Forest and Nature Conservation Project (CU-FNCP)
DA	Designated Account
DAF	Directeur Administratif et Financier (Head of Financial Management)
DDD	Direction du Développement Durable (Sustainable Development Directorate)
DGM	Dedicated Grant Mechanism
DIAF	Direction des Inventaires et des Aménagements Forestiers (Department of Forest Inventory and Planning)
DSCR	DRC Poverty Reduction and Growth Strategy Paper

EA	Economic Analysis
ERA	Ecosystem Restoration Associates
ERPA	Emission Reductions Payment Agreement
ER-Program	Emission Reductions Program
ESMF	Environmental and Social Management Framework
ETM+	Landsat Enhanced Thematic Mapper Plus
EU REDD Facility	European Union REDD+ Facility
FACET	Forêts d’Afrique Centrale Evaluées par Télédétection (Central African Forests Evaluated by Remote Sensing)
FAO	Food and Agriculture Organization
FCPF	Forest Carbon Partnership Facility
FIP	Forest Investment Program
FLEGT	Forest Law Enforcement, Governance and Trade
FLEGT-VPA	FLEGT Voluntary Partnership Agreements
FM	Financial Management
FMT	Facility Management Team
FNCP	Forest and Nature Conservation Project
FPIC	Free, Prior and Informed Consent
GDP	Gross Domestic Product
GEEC	Groupe d’Etudes Environnementales du Congo (Congolese Environmental Studies Group)
GIS	Geographic Information System
GLOBE	Global Learning and Observation to Benefit the Environment
GNP	Gross National Product
GRM	Grievance Redress Mechanism
GTCR	Groupe de Travail Climat REDD+ (Working Group on Climate and REDD+)
IBRD	International Bank for Reconstruction and Development
IAP	Indoor Air Pollution
ICS	Improved Cookstoves
IDA	International Development Association
IEC	Information, Education and Communication
IFLM	Improved Forested Landscape Management
IFLMP	Improved Forested Landscape Management Project
IIASA	International Institute for Applied Systems Analysis
IPPF	Indigenous Peoples Planning Framework
IPs	Indigenous Peoples
IT	Information Technology
LC	Local Communities

MECNT	Ministry of the Environment, Nature Conservation and Tourism
MRV	Measurement, reporting and verification
NCB	National Competitive Bidding
NGOs	Non-Governmental Organizations
NPV	Net Present Value
NRM	Natural Resources Management
PBII	Performance-based Incentives and Investments
OAM	Organization of Artisanal Miners
OFAC	Observatoire des forêts d'Afrique centrale (Observatory of Central African forests)
OHADA	Organisation pour l'Harmonisation en Afrique du Droit des Affaires (Organisation for the Harmonization of Business Law in Africa)
ORAF	Operational Risk Assessment Framework
OSFAC	Observatoire Satellital des Forêts d'Afrique Centrale (Satellite Observatory of Central Africa Forests)
PA	Protected Areas
PC	Participants Committee
PFM	Public Financial Management
PIM	Project Implementation Manuel
PIREDD	Integrated Project for Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
PNFoCo	Programme National Forêts et Conservation de la Nature (National Forest and Nature Conservation Programme)
QA/TS	Quality Assurance / Technical Support
REDD+	Reducing emissions from deforestation and forest degradation, conservation of forest carbon stocks, sustainable management of forest, and enhancement of forest carbon stocks in developing countries
REL	National forest reference emissions level
REPALEF	Réseau des populations autochtones et locales pour la gestion durable des écosystèmes forestiers (Network of Indigenous and Local Communities for the Sustainable Management of Forest Ecosystems)
RL	Forest reference level
R-Package	Readiness Package
RPF	Resettlement Policy Framework
R-PP	Readiness Preparation Proposal
RRN	Réseau Ressources Naturelles (Natural Resources Network)
SCF	Strategic Climate Fund
SIS	Safeguards Information System
SESA	Strategic Environmental and Social Assessment
SF	Solid Fuel

SG	The General Secretary of MECNT
SIS	Safeguards Information System
SMEs	Small- and Medium-sized Enterprises
SSA	Sub-Saharan Africa
CU-FNCP	Coordination Unit of Forest and Nature Conservation Project
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UN-REDD Programme	United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
USAID	United States Agency for International Development
TEV	Total Economic Value
TCG	Thematic Coordination Groups (TCG)
ToRs	Terms of Reference
TTL	Task Team Leader
VCS	Verified Carbon Standard
WWC	Wildlife Works Carbon
WWF	World Wildlife Fund

Regional Vice President:	Makhtar Diop
Country Director:	Eustache Ouayoro
Sector Director:	Jamal Saghir
Sector Manager:	Benoît Bosquet
Task Team Leader:	Laurent Valiergue

# DEMOCRATIC REPUBLIC OF CONGO

## Improved Forested Landscape Management Project

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**PAD DATA SHEET**

*Democratic Republic of Congo*

*Improved Forested Landscape Management Project (P128887)*

**PROJECT APPRAISAL DOCUMENT**

*AFRICA*

*AFTNI*

Report No. PAD594

<b>Basic Information</b>			
Project ID P128887	EA Category B - Partial Assessment	Team Leader Laurent Valiergue	
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints [ ]		
	Financial Intermediaries [ ]		
	Series of Projects [ ]		
Project Implementation Start Date 01-Oct-2014	Project Implementation End Date 01-Jul-2020		
Expected Effectiveness Date 01-Oct-2014	Expected Closing Date 01-Jul-2020		
Joint IFC No			
Sector Manager Benoît Bosquet	Sector Director Jamal Saghir	Country Director Eustache Ouayoro	Regional Vice President Makhtar Diop
Borrower: Ministry of Environment, Nature Conservation and Tourism			
Responsible Agency: MINISTRY OF ENVIRONMENT, NATURE CONSERVATION			
Contact: Vincent Kasulu Seya Makonga Telephone No.: +243 999 905 957	Title: General Secretary of the MECNT Email: kaseyamak@gmail.com		
<b>Approval Authority</b>			
Approval Authority Board/AOB Decision please explain As per FIP procedures			



Project Financing Data(in US\$ Million)							
<input type="checkbox"/>	Loan	<input checked="" type="checkbox"/>	Grant	<input type="checkbox"/>	Guarantee		
<input type="checkbox"/>	Credit	<input type="checkbox"/>	IDA Grant	<input type="checkbox"/>	Other		
Total Project Cost:		36.90			Total Bank Financing:		0.00
Financing Gap:		0.00					
Financing Source				Amount			
Borrower				0.00			
Strategic Climate Fund Grant				36.90			
Total				36.90			
Expected Disbursements (in US\$ Million)							
Fiscal Year	2015	2016	2017	2018	2019	2020	2021
Annual	1.00	3.00	6.00	8.00	8.90	7.00	3.00
Cumulative	1.00	4.00	10.00	18.00	26.90	33.90	36.90
Proposed Development Objective(s)							
The project development objective is to test new approaches to improve community livelihoods and forested landscape management, and to reduce greenhouse gas emissions from deforestation and forest degradation in selected areas.							
Components							
Component Name				Cost (US\$ Millions)			
Integrated REDD+ Sub-Project in the Plateau District (PIREDD Plateau)				14.20			
Facilitation of Private Sector Activities to Reduce Fuel Wood emissions				8.00			
Promote small-scale agroforestry systems to reduce land use emissions				10.50			
Knowledge management and program Coordination				4.20			
Institutional Data							
Sector Board							
Environment							
Sectors / Climate Change							
Sector (Maximum 5 and total % must equal 100)							
Major Sector			Sector		%	Adaptation Co-benefits %	Mitigation Co-benefits %
Agriculture, fishing, and forestry			Forestry		70	50	50
Public Administration, Law, and			Public administration-		30	50	50

Justice	Agriculture, fishing and forestry			
Total		100		
I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.				
<b>Themes</b>				
Theme (Maximum 5 and total % must equal 100)				
Major theme	Theme	%		
Environment and natural resources management	Climate change	50		
Environment and natural resources management	Environmental policies and institutions	20		
Environment and natural resources management	Land administration and management	20		
Environment and natural resources management	Biodiversity	5		
Rural development	Rural policies and institutions	5		
Total		100		
<b>Compliance</b>				
<b>Policy</b>				
Does the project depart from the CAS in content or in other significant respects?		Yes [ ]	No [ X ]	
Does the project require any waivers of Bank policies?		Yes [ ]	No [ X ]	
Have these been approved by Bank management?		Yes [ ]	No [ X ]	
Is approval for any policy waiver sought from the Board?		Yes [ ]	No [ X ]	
Does the project meet the Regional criteria for readiness for implementation?		Yes [ X ]	No [ ]	
<b>Safeguard Policies Triggered by the Project</b>		<b>Yes</b>	<b>No</b>	
Environmental Assessment OP/BP 4.01		<b>X</b>		
Natural Habitats OP/BP 4.04		<b>X</b>		
Forests OP/BP 4.36		<b>X</b>		
Pest Management OP 4.09		<b>X</b>		
Physical Cultural Resources OP/BP 4.11		<b>X</b>		
Indigenous Peoples OP/BP 4.10		<b>X</b>		
Involuntary Resettlement OP/BP 4.12		<b>X</b>		
Safety of Dams OP/BP 4.37			<b>X</b>	

Projects on International Waterways OP/BP 7.50			<b>X</b>
Projects in Disputed Areas OP/BP 7.60			<b>X</b>
<b>Legal Covenants</b>			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
REDD+ National Committee	<b>X</b>		CONTINUOUS
<b>Description of Covenant</b>			
Maintain the REDD+ National Committee throughout the period of Project implementation in charge of overall guidance and oversight for the Project			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Provincial Steering Committees		01-Jan-2015	
<b>Description of Covenant</b>			
Create within three months of the Effective Date and thereafter maintain the Provincial Steering Committees for the recipient's provinces of Bandundu and Bas-Congo provinces			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
FIP Coordination Unit		01-Jan-2015	
<b>Description of Covenant</b>			
Create within three months of the Effective Date and thereafter maintain the FIP Coordination Unit within the administrative structure of MECNT			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Screening committee for component 2a		01-Jan-2015	
<b>Description of Covenant</b>			
Create within three months of the Effective Date and thereafter maintain the Screening Committee in charge of approving the Sub-projects for agroforestry initiatives under Component 2 (a)			
<b>Conditions</b>			
<b>Source Of Fund</b>	<b>Name</b>	<b>Type</b>	
CSCF	Project Implementation Manual	Effectiveness	
<b>Description of Condition</b>			
The recipient has prepared the Project Implementation Manual in form and substance satisfactory to the World Bank.			
<b>Team Composition</b>			
<b>Bank Staff</b>			
<b>Name</b>	<b>Title</b>	<b>Specialization</b>	<b>Unit</b>
Laurent Valiergue	Sr Forestry Spec.	Task team leadership	AFTN1
Jean-Christophe Carret	Sector Leader	Sector Leader	AFTSN
Alexandra C. Bezeredi	Regional Environmental and Safeguards Advisor	Safeguards	AFTSG

Antoine V. Lema	Senior Social Development Specialist	Safeguards	AFTCS
Abdoulaye Gadiere	E T Consultant	Safeguards	AFTN1
Isabella Micali Drossos	Senior Counsel	Legal	LEGAM
Loic Jean Charles Braune	Natural Resources Mgmt. Spec.	Natural Resources Management	AFTN1
Klas Sander	Senior Environmental Economist	Economics	LCSEN
Gillian Ann Cerbu	Young Professional	Natural Resources Management	AFTN1
Etienne Benoist	E T Consultant	Team support	AFTN1
Simon A. P. Rietbergen	Consultant	Forestry	GCCCCF
Virginie A. Vaselopoulos	Senior Program Assistant	Team support	AFTN1
Balume Alpha Abonabo	Team Assistant	Team support	AFCC2
Aissatou Diallo	Senior Finance Officer	Finance	CTRLA
Philippe Mahele Liwoke	Senior Procurement Specialist	Procurement	AFTPW
Lanssina Traore	Procurement Specialist	Procurement	AFTPW
Angelo Donou	Financial Management Specialist	Finance	AFTMW

### Locations

Country	First Administrative Division	Location	Planned	Actual	Comments
Congo, Democratic Republic of	Kinshasa	Kinshasa	X	X	Component 2b
Congo, Democratic Republic of	Bas-Congo	Province du Bas-Congo	X	X	Component 3
Congo, Democratic Republic of	Bandundu	Bandundu Province	X	X	Component 1 - Plateau district

## I. STRATEGIC CONTEXT

### A. Country Context

1. **The Democratic Republic of the Congo (DRC) is a country with huge potential.** It spans 2.3 million km<sup>2</sup>, with a low population density and the majority (60 percent) of the nearly 71 million inhabitants living in rural areas.<sup>1</sup> With its substantial extraordinary agricultural and mineral resources, the second largest contiguous tropical rainforest in the world, fertile land, and huge hydroelectric potential, the DRC has one of the highest development potentials as well as being one of the continent's key engines for growth. However, 63.4<sup>2</sup> percent of its population, estimated at about 45 million people, lives under conditions of extreme poverty (less than US\$1 a day). Food insecurity plagues 71 percent of the population, with 57 percent lacking access to basic health services.

2. **Since 2001, the country has been recovering from a series of conflicts and** is still a fragile post-conflict country with enormous need for reconstruction and economic growth, within the context of a severely constrained fiscal space and weak institutions. The return to peace across most of the country in 2003 paved the way for political and economic reforms. The government successfully implemented its economic program between 2010 and 2011 and observed all the quantitative performance criteria and indicative targets for this program.

3. DRC has shown some positive signs of economic growth in recent years but the country's economic recovery has been slower than that of other post-conflict states. Gross Domestic Product (GDP) growth has averaged more than 7 percent over the period 2010-2012, driven mainly by the extractive industries' performance, and reached 8.5 percent in 2013. GDP growth is projected to reach more than 10 percent by 2015. The implementation of sound macroeconomic policies and significant progress in restoring security in most of its territory has enabled this economic growth trajectory. DRC's large (71 million) and young population, its vast natural resources and large agricultural potential position it well for continued growth.

4. However, this economic recovery has not benefited the majority of the population and has not yet resulted in broad scale development of the private and formal sector. Indeed, in 2009, 67 percent of the population was under the age of 24 and over 70 percent of youth was underemployed. The high unemployment rate and the resulting lack of income are exacerbated by the relatively high price of consumer goods and a strong inflation rate that has remained between 10 percent and 15 percent since 2009.

5. While DRC is host to much of the remaining fertile land in Africa, the country imports most of what it consumes resulting in very high prices for basic commodities, partly due to inefficiencies and a lack of competition along trade and supply chains.

6. In the future DRC will face the multiple challenges of: (i) improving governance and building strong institutions, (ii) improving infrastructure and the investment climate to unleash

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<sup>1</sup> Most recent estimates from the National Statistical Institute (INS)

<sup>2</sup> Based on the 2012 household survey

private sector potential for growth and job creation, (iii) building human capital, and (iv) consolidating peace and stabilizing the Eastern part of the country.

## **B. Sectoral and Institutional Context**

### *Forest stock and drivers of deforestation in DRC*

7. **DRC is host to half of all African rainforests**, with 62 percent of its territory covered by a diverse range of forest ecosystems. DRC's biodiversity is an asset of global importance. The country ranks fifth in the world for plant and animal diversity and contains five Natural World Heritage Sites, more than the rest of Africa combined. Forests of all types make a critical contribution to the livelihoods of about 40 million people who are among the World's poorest, by providing them with food, household energy, medicine, building materials, and cash income. Forests are also one of the major sources of protein; annual consumption of bushmeat in DRC is estimated at over one million tons.

8. **DRC's current deforestation rate** of 0.3 percent is relatively low in comparison with the average global deforestation rate. Nevertheless, the country is among the top ten worldwide in terms of forest cover loss in absolute terms, with an estimated deforestation rate of more than 350,000 ha per annum between 2000 and 2010. Deforestation is concentrated in "hotspots" located mainly around the large cities of the country, and in the densely populated pockets at the edges of the central basin's large forest blocks. Household-scale slash-and-burn agriculture (frontier deforestation), timber harvesting for energy use (including fuel wood and charcoal), and to a lesser extent timber harvesting for sawn logs and pole wood, are the major drivers of deforestation and forest degradation in DRC, and are more significant in the agricultural provinces like Bandundu. These drivers reflect the continued dependence of rural and urban populations on forest resources to meet basic needs. In addition, DRC like many other African countries, is facing new and significant threats from commercial agriculture and plantations, as well as from mineral exploration and mining sector development.

9. **Dependence on biomass energy** is an example of the reliance on forest resources to meet basic energy needs. Biomass provides energy to over 90 percent of DRC's population. Given an increasing population, urban migration and low access to alternative sources of energy, reliance on biomass energy is expected to increase over the medium-term. In Kinshasa alone, over 5 million people consume biomass energy, resulting in yearly consumption of around 4.7 million m<sup>3</sup> of wood coming from peri-urban forests, involving over 300,000 people and generating around US\$150 million in business - more than three times the value of all formal timber exports per year. With fewer alternatives, rural communities have an even greater dependence on forests as a source of energy. In addition, in rural areas, charcoal is one of the few quick and secure ways for cash revenues – especially in the areas where charcoal is a by-product of slash-and-burn agriculture expansion. In this case, charcoal production is strongly linked to the ability of individuals to meet school or health payments as it is often one of the only products that provide cash income to remote rural households.

10. **Though currently low, deforestation and forest degradation rates could escalate rapidly in the future** due to several factors inside and outside the forest sector as well as due to the legal, institutional and political framework:

(a) **Political stability leading to long-term investments (such as reconstruction of transportation infrastructure).** A better investment climate is anticipated to result in improved transportation infrastructure that facilitates access to forests. This, in turn, could lead to increased conversion of forest area to other land uses, logging and wildlife hunting. The rehabilitation of National Route 4 (RN4) in the Oriental Province provides an example of the impact that transportation infrastructure can have on forests. IIASA (International Institute for Applied Systems Analysis) simulation<sup>3</sup> through the CongoBiom Model showed that facilitated access to forest stocks that were once difficult to reach due to their having poor road conditions could cause a subsequent increase in deforestation first by decreasing the production costs of agriculture products, but also by increasing the movement of illegally logged timber to regional and international markets as illicit actors could more easily move in and out of forested areas.

(b) **DRC's legal framework for forest management is not conducive to the sustainable exploitation of forests as an energy source.** At present, no incentives exist for the establishment of planted forests to reduce the demand for charcoal production from natural ecosystems.

(c) **Limited capacity for governance and law enforcement** due to a lack of human resources and equipment, particularly at the local level, and quasi-absence of decentralized governance body for land-use management at the territory level. This remains a significant challenge to the sustainable use of forests.

#### *Kinshasa fuel wood supply basin (Bandundu and Bas Congo Provinces)*

11. The city of Kinshasa has more than 10 million inhabitants and wood energy accounts for over 87 percent of energy used for household cooking. This large urban population benefits from the presence of communication supply routes such as the Congo River (supply from the North of the Plateau District and Mai Ndombé District, both in the Bandundu Province), the N1 towards the port of Matadi (supply from Bas-Congo Province) and the N2 towards the Bateke plateau (supply from the Kinshasa and Bandundu Provinces). Therefore, the charcoal and wood energy supply area of Kinshasa is particularly extensive. Out of its estimated 7 million hectares, the forest covers about 1.8 million hectares, including 600,000 hectares of primary forest.

12. With a deforestation rate over the period 2000 – 2010<sup>4</sup> of 0.44 percent (as a percentage of the existing carbon stock), the Plateau District is considered to be one of the major hotspots of deforestation. However, Bas Congo is more advanced in terms of its forest transition (deforestation started earlier and the majority of primary forests have been already altered), while deforestation in the Bandundu Province (and in particular in the Plateau District) has been more recent.

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<sup>3</sup> For CongoBiom, see IIASA 2011; Mosnier et al. 2012. See also “*Deforestation Trends in the Congo Basin, Reconciling Economic Growth and Forest Protection*”, Carole Megevand, World bank

<sup>4</sup> Refer to annex 6 and FACET data.

13. With 11.5 percent of the national population, Bandundu Province<sup>5</sup> is considered to be the second poorest province in term of livelihood, even if the provincial contribution to the Gross National Product (GNP) is significant (8 percent). Agriculture represents more than 85 percent of the activity in the Province while mining is below 0.1 percent.<sup>6</sup> As such, agriculture and fuel wood are the major drivers of deforestation in the Bandundu Province, where activities avoiding deforestation can still be implemented, with a major focus on agriculture and wood-energy (mining being a very limited driver of deforestation in that area). On the opposite, in the Bas-Congo Province (and the Kinshasa rural area), the main concern is more of regenerating the stocks that have already been deforested (by agriculture, fuel wood production or mining), as well as promoting plantations and agro-forestry.

#### *Reducing Emissions from Deforestation and Forest Degradation (REDD+) in DRC*

14. Reducing emissions from deforestation and forest degradation and the promotion of conservation of forest carbon stocks, sustainable management of forests, and enhancement of forest carbon stocks in developing countries (REDD+) is an international mechanism that could offer concrete possibilities for DRC to seek financial rewards for the globally-significant environmental services provided by its forests. REDD+ could contribute to the country's efforts to reach sustainable development, particularly in the forest, agriculture and energy sectors. DRC has gained international recognition for its leadership role in international negotiations surrounding REDD+, and for implementing a national process of 'REDD+ Readiness', led by the National REDD Coordination under the Ministry of Environment, Natural Conservation and Tourism (MECNT).

15. **The national REDD+ strategy was defined in 2012** through a participatory process. It aims to identify strategic options that can effectively and efficiently reduce emissions from deforestation and forest degradation, while maximizing co-benefits in terms of poverty reduction and biodiversity protection. The national strategy identified seven pillars, including three sectoral pillars (Agriculture, Energy and Forest) and four enabling pillars (governance, land use management, land tenure and demography).

16. Pressures on forests are multi-faceted necessitating cross-sectoral policies and programs to reduce deforestation and forest degradation. Coordination between mining, transportation, energy, and agricultural activities and forest conservation will be an important part of any sustainable development path. The Inter-Ministerial Committee on REDD+ was created to ensure collaboration across sectors to achieve reduced deforestation, but has not yet demonstrated the ability to foster cross-sectoral policy consensus in this regard. At the technical level, the Ministries of Energy, Agriculture, Rural Development and Environment have been involved in the preparation of activities through Thematic Coordination groups which provide technical inputs to the project and to the REDD+ strategy in preparation. However, this has not yet led to the achievement of effective cross-sectoral coordination for delivering on REDD+ in DRC.

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<sup>5</sup> "Approfondir le profilage géographique de la pauvreté en RDC", 2011, Wim Marivoet Hugues Keje

<sup>6</sup> "Cadrage macroéconomique en provinces", Dieudonné Nintunze, Moïse Tshimenga Tshibangu, Boulel Touré et Yves Birere, World Bank.



17. **In the Energy sector**, Kinshasa forms one of the largest urban and peri-urban potential markets for cookstoves in Sub-Saharan Africa. While the sector is still largely underdeveloped, there has been a recent wave of interest from both local and international actors given the advent of clean cooking technologies and new sources of financing.

18. **Within the Forest sector**, over the past decade, the Bank, working closely with a group of bilateral donors under the National Forest Management and Nature Conservation Program (PNFoCo), has assisted the government of DRC in reestablishing the sector's policy and regulatory framework, restore the rule of law in the forest sector, set the stage for participatory governance, and strengthen the sector's institutional capacity. As with other Bank assistance in the forest sector, the ultimate goal is to harness the potential of forests in reducing poverty and integrate forests into a sustainable development strategy, while protecting vital local and global environmental assets.

19. **The results achieved by the government with the support of the Bank and other technical and financial partners have been significant:** (i) a new forest law was adopted in 2002 safeguarding local communities and Indigenous Peoples' rights and enhancing environmental protection; (ii) a participatory legal review reduced timber concessions from 22.4 million hectares in 2005 to 12.2 million hectares in 2011, while maintaining a moratorium on new concessions, which is still in place; (iii) social responsibility contracts between concessionaires and local communities and indigenous peoples have been concluded in approximately half of the eighty legal concessions and negotiations are underway in the remainder; and (iv) major capacity building efforts with the Ministry of Environment, Nature Conservation and Tourism, and the Congolese Nature Conservation Institute are underway.

20. **The REDD+ institutional management framework** was established in November 2009 through a decree issued by the Prime Minister. It establishes a decision-making entity (National Committee), a planning entity (Inter-ministerial Committee) and a steering and implementation entity (National Coordination). The decree also recommends the establishment of a scientific council, the creation of which has not been deemed necessary thus far. The Readiness Preparation Proposal (R-PP) that was assessed by the Forest Carbon Partnership Facility (FCPF) in July 2010 confirms the role and responsibilities of those entities.

21. Thus far, the process has been managed by the National REDD+ Coordination (CN-REDD), which has had the logistical, human, technical, and financial resources to achieve its mandate and has been working on REDD+ preparation since 2009. From 2010 to 2012, CN-REDD has centered its action on the REDD+ Strategy, the design of a National REDD+ Fund, outlining an Investment Plan for REDD+, engaging with civil society and local and Indigenous Peoples, and establishing measurement tools (MRV and reference scenario). An ambitious program of reforms have been implemented to prepare DRC's R-PP: (i) Promulgation of the framework law on the environment (July 2011); (ii) Decree and procedures manual for the approval of REDD+ projects; (iii) granting the right to issue carbon credits (establishment and validation by the National Committee in June 2011, promulgation in February 2012); (iv) Creation of a national REDD+ registry; and (v) Establishment of a partnership with GLOBE International to assist Parliament with the preparation and implementation of reforms for REDD+ in the DRC. All of these new policies together contribute to the strategic organization of REDD+ across sectors in DRC.

22. **The National REDD+ Framework Strategy was approved in 20 November 2012.** In order to ensure data sharing, the participation of all relevant stakeholders, and transparency, an innovative process, external to the R-PP process, was developed during a two-day workshop held in November 2010. The workshop brought together 160 representatives of stakeholders from all relevant sectors to identify major potential options for a REDD+ strategy. In January 2011, thirty thematic coordination groups were established and then reorganized in February 2012 into sixteen stakeholder groups (TCG) involving more than 400 people, as well as representatives from 17 ministries.

23. The National REDD+ Framework Strategy is broken down into seven pillars: Agriculture, Energy, Forest (carbon stock management, conservation and stock increases), governance, demographics, land management, and land tenure. Through the FIP, the investment phase is scheduled to start in 2013, with the goal of becoming eligible for REDD+ financing (i.e., to be “REDD-ready”) in 2016, and to implement a national REDD+ strategy at scale in 2020.

24. With the support of Norway, the DRC government is currently establishing the basis for an *Implementation Framework for REDD+*, finalizing the design of the *REDD+ National Fund*, and a related Investment Plan. While the FIP Program cannot yet include the National Fund in its financial arrangements, the 2 programs are closely linked and collaboration will be required to maximize the complementarity.

#### *The Forest Investment Program in DRC*

25. The *Forest Investment Program (FIP)*, a targeted program of the Strategic Climate Fund (SCF), is supporting DRC as one of eight pilot countries, to meet its goals to reduce deforestation and forest degradation as part of its national REDD+ strategy. The proposed Forest Investment Project is the result of the FIP Investment Plan prepared jointly by the DRC government, the African Development Bank (AfDB) and the World Bank.

26. **The FIP Investment Plan in DRC** aims to support activities that tackle the main drivers of deforestation and forest degradation in the country, and create intervention models that can be scaled up in the future. The FIP Investment Plan in DRC has three main goals: (i) to concentrate the investments on the “hotspots” of deforestation located in the supply areas of the large cities; (ii) to channel investments towards sectoral activities that address the immediate causes of deforestation and that generate measurable emissions reductions and co-benefits (mainly biomass energy and agriculture); and (iii) to improve the enabling conditions allowing these sectoral activities to flourish and address the underlying causes of deforestation. The combination of activities of a sectoral and enabling nature within a given geographical area will make it possible for the FIP in DRC to obtain a transformational result.

27. The initial Investment Plan proposed five complementary projects: three focused on specific areas identified as major fuel-wood production basins, and two on thematic projects. The three projects focused on specific geographic areas are aimed at facilitating transformational change within these areas through comprehensive interventions both on direct and indirect drivers. These 3 like operations combined were referred to as the ‘Integrated Projects for Reducing Emissions from Deforestation and Forest Degradation in Developing Countries’ (PIREDD). The

Investment Plan proposed that PIREDD activities be implemented in: *the Kinshasa Supply Area, the Mbuji Mayi/Kananga Supply Area and the Kisangani Supply Area*. The two thematic projects were the “*Small Grants Program to Promising Small-scale REDD+ Initiatives*” and “*Engaging private sector in REDD+ in DRC*”.

28. The FIP Sub-Committee was informed of changes in DRC’s Investment Plan by the government, AfDB and the World Bank<sup>7</sup> on February 13, 2013. The purposes of these changes was to merge these various activities into two projects, one implemented through the African Development Bank (merging the two PIREDD in the Kisangani and Mbuji Mayi / Kananga supply areas), whereas the WB intervention will primarily focus on the Kinshasa supply area (merging the PIREDD in the Kinshasa supply area and the two thematic activities with a reduced scope). As a result, the proposed project is structured around three components following the three former project ideas: PIREDD in the Plateau District, support to the private sector, and support to promising small-scale initiatives.

29. As 3 PIREDDs will be implemented in 3 different areas, through 2 different projects and 2 donors, it would give the country the opportunity to compare approaches and to learn lessons from each situation. The 2 projects (respectively financed by the World Bank and AfDB) together will use the same programmatic approach.

30. FIP investments are fully embedded in the national REDD+ Readiness process to which DRC is strongly committed, and is complementary to other REDD+ financing such as that of the Forest Carbon Partnership Facility (FCPF) and UN-REDD. The proposed Improved Forested Landscape Management Project (IFLMP) will draw on the ongoing REDD+ readiness activities and provide a first source of substantial financing for the investment phase, to allow the country to: (i) build the structural conditions and engage in operational deployment on a larger scale for REDD+; and (ii) undertake the first sectoral transformational programs.

31. The IFLMP interventions are expected to generate measurable results in terms of reduced emissions for which the country will seek compensation through a performance-based mechanism (such as the FCPF Carbon Fund, bilateral agreements, and/or carbon markets). While the new agro-forestry techniques and wood energy production methods are expected to become profitable in their own right in the not-too-distant future, emission reductions payments (carbon finance) will contribute to the long-term sustainability of the various activities proposed, especially those with a long-term maturation, such as agroforestry and support for community forestry. Hence, the FIP Investment Plan can be seen as a link between REDD+ Readiness Preparation and future performance-based payments for Emission Reductions.

*Institutional Context: Natural Resource Management and Decentralization process*

**32. *The Decentralization Process and Multi-stakeholder Platform for Rural Development (CART)***: In order to establish lasting and stable peace in the country, on 18 February 2006, DRC adopted the Third Republic constitution through a referendum, enshrining the decentralized

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<sup>7</sup> Note dated February 12<sup>th</sup>, 2013:

[https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/For\\_Information\\_Changes\\_in\\_DRC\\_%20Investment\\_Plan.pdf](https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/For_Information_Changes_in_DRC_%20Investment_Plan.pdf)

organization of institutions. In this process the country has been sub-divided into 25 provinces, in addition to the City of Kinshasa. The province is recognized as a political and legal entity, and managed by local authorities: the Provincial Assembly acts as the legislative body, with the Provincial government acting as the executive body. Other decentralized territorial entities are the city, the communes, the sector and the “chefferie” (chiefdom).

33. Linked with this Decentralization process, in 2008 multi-stakeholder platforms in the agricultural sector were established, known as agricultural and rural management councils (Conseil Agricole Rural de Territoire - CARTs). The aim of CARTs is to work towards decentralized governance of the agricultural sector incorporating full stakeholder participation in the design and implementation of agricultural policy processes. The CART is currently the only system that unites institutions, local political representatives, producers, manufacturers, and civil society. At the village level, Local Development Committees (Comités Locaux de Développement, CLD) were concomitantly established for the same purpose. Since December 2013, enabling legislation<sup>8</sup> complementing the Agriculture Law<sup>9</sup> promulgated in 2011 confirms the role and responsibility of CARTs and CLDs in natural resources management. Promulgation is anticipated to take place soon.

### **C. Higher Level Objectives to which the Project Contributes**

34. This project will contribute to addressing the challenges of food security, access to energy and poverty reduction (in particular access to cash income) for the benefit of the local population. This will be done through the sustainable management of forest resources and the enhancement of carbon sinks.

35. The proposed project is consistent with DRC’s Poverty Reduction and Growth Strategy Paper (DSCR) of 2011, directly contributing to pillar 4: “Protecting the environment and sustaining the fight against climate change”. The IFLMP is well-aligned with the two pillars of the 2013-2016 Country Assistance Strategy (CAS) for DRC. By promoting private investment in agroforestry and wood energy production, as well as supporting community management of existing forests, the project will contribute to: (i) employment creation and increasing competitiveness, particularly in rural areas; and (ii) strengthening resilience of rural communities. The project will also continue the WB’s support to increase government capacity and strengthen governance in the forest sector, with an emphasis on improving the enabling environment for investment in rural areas. In addition, the project will help DRC to maintain its position as a global leader in climate change mitigation and REDD+, by allowing the country to move into the ‘investment’ phase of REDD+, and potentially access larger-scale REDD+ finance.

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<sup>8</sup> - Décret (du Premier Ministre) portant institution, composition, organisation et fonctionnement du Conseil Consultatif National de l’Agriculture en RDC;

- Arrêté (du Gouverneur de Province) portant mise en place du Conseil Consultatif Provincial de l’Agriculture et ses Représentations dans les entités territoriales décentralisées;

- Règlement intérieur spécifique aux tâches, à l’organisation, au fonctionnement du Conseil Consultatif Provincial de l’Agriculture et ses Représentations dans les entités territoriales décentralisées (Annexe de l’arrêté provincial).

<sup>9</sup> Agricultural Law: Loi n°11/022 du 24 décembre 2011 portant principes fondamentaux relatifs à l’agriculture.

36. In addition, the proposed project is aligned with the FIP Investment Plan priority detailed in paragraph 23 above. It spans activities planned in three of the five FIP programs: (i) addressing deforestation and degradation in the Kinshasa supply area; (ii) small grants program to promising small-scale REDD+ initiatives; and (iii) engaging private sector in REDD+ in DRC.

37. Its objectives are tied to the following three program result indicators: (i) natural forests are managed in a more sustainable fashion; (ii) biomass energy and agricultural products are produced in a more sustainable fashion; and (iii) consumption of charcoal/fuel wood in urban centers is reduced.

38. Finally, the activities financed under this project are listed by the Investment Plan either as the recommended sectoral activities (afforestation or reforestation, including agroforestry and assisted natural regeneration, dissemination of improved cookstoves, support for community forestry, and strengthening communities' capacity to manage forests), or as enabling activities aiming to address the underlying causes of deforestation (modernization and promotion of land tenure security, facilitation of private sector and civil society projects). These activities will contribute directly to strengthen governance in the Congolese forest sector. The project, which focuses primarily on the Kinshasa fuel-wood and agriculture supply basin, targets each of the priority activities identified in the Investment Plan in order to reduce deforestation over the long term.

**Fig. 1: Priority activities identified in the Investment Plan for REDD+**

Intervention area	Characteristics of the area	Identification of priority activities
Kinshasa	- 1 huge urban center	- Energy-efficient stoves & energy alternatives: +++
	- Vast areas of degraded savannah with receding forest remnants	- Afforestation/Reforestation (agroforestry, assisted natural regeneration): +++
	- Limited area of forest-savannah mosaic	- Community Forestry: +
		- Enabling activities (land tenure, land use planning, support to project development): +++

*Links with the FCPF and ER Program*

39. DRC's Readiness Preparation Proposal (R-PP) was assessed by the Participants Committee of the Forest Carbon Partnership Facility in 2010. After three years of preparation, the country is on track having all key elements of REDD+ Readiness in place by the end of 2014.

40. The DRC government proposed the establishment of an ER- Program in the future Mai Ndombe Province as soon as it is deemed ready. Therefore, DRC submitted an ER-PIN (Emission Reductions Program Idea Note) to the FCPF Carbon Fund to be implemented by the National REDD+ Coordination (CN-REDD), under the authority of the Ministry of the Environment, Conservation of Nature and Tourism (MECNT).

41. The overall goal of the Mai Ndombe ER Program is to develop a model provincial green development program that provides alternatives and performance-based rewards to address the challenges of climate change, poverty reduction, natural resource conservation and protection of biodiversity. As the first large scale REDD+ and green development program in the Congo

Basin, the Mai Ndombe ER Program seeks to initiate climate change mitigation action by instituting a holistic and coordinated land-use and capacity building platform from which sustainable development activities will be developed to take pressure off of native forests. The Program is designed to bring all relevant actors together around a sub-national strategy for local development and climate change mitigation in line with the National REDD+ Strategic Framework.

42. Within the area of the future Mai Ndombe Province, Component 1 of the IFLM project will finance the ER-Program enabling emissions-reducing activities for a total of about \$14.2 million. These funds will facilitate the transformational changes in practices and land management that will lead to the Emission Reductions registered (and later paid) under the ER-Program with FCPF<sup>10</sup>. The ER-Program financing will take over the financing of the local activities and PBII commitments after the initial investments from the IFLM project are completed. In addition, the momentum started by the IFLMP in the supply basin to Kinshasa will lead to coordination of logistics, funds, and program activities.

43. Therefore, the goals and activities in the ER-Program and those of the IFLMP are well aligned for the region, as the IFLMP is focused on enabling activities in the Plateau District and will finance the initial changes that will lead to future carbon payments under the ER-program agreement.

## **II. PROJECT DEVELOPMENT OBJECTIVE**

44. The project development objective is to test new approaches to improve community livelihoods and forested landscape management, and to reduce greenhouse gas emissions from deforestation and forest degradation in selected areas in the Recipient's territory.

### **Project Beneficiaries**

45. Extensive consultations with potential project beneficiaries were undertaken at the national and provincial levels, during the preparation of the FIP Investment Plan (see para 19 above). These consultations were led by the National REDD+ Coordination Unit (CN-REDD) through the Thematic Coordination Groups (TCG) and various workshops and meetings, as well as by civil society groups representing different types of stakeholders (national, provincial and local administration, civil society, representatives of Indigenous Peoples and the private sector). The consultations in the Provinces involved more than 600 people in 16 sites located in six provinces, and more than 50 people from the private sector (28 companies, 6 banks, and 2 business associations).

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<sup>10</sup> The IFLMP and the ER-Program have been designed in order to complement each other: the FIP Project will finance initial investments and enabling activities (capacity building, law enforcement, forest governance, etc.) while the FCPF Carbon Fund will purchase the verified emission reductions. The IFLMP is mostly activity-based while the FCPF ER-Program is result-based.

46. The project beneficiaries are:

(a) For component 1: Rural communities and local authorities in the Plateau District (Bandundu Province), including local representatives of CARTs and Local Development Committees (*Comités Locaux de Développement*, CLD), traditional leaders (Land chief) and decentralized administrations that will receive support to establish integrated local development plans. Farming communities in the Plateau district will benefit from support for improved cultivation and natural resources management methods and related productive investments, along with social infrastructure according to the development plans. The project will include a specific gender component to ensure that women are fairly represented in CLDs and CARTs, while being strongly involved in development activities supported by the project.

(b) For component 2a: Entrepreneurs interested in agro-forestry plantations; private companies investing in agroforestry as an alternative to deforestation, and workers they will hire.

(c) For component 2b: Manufacturers and distributors of cookstoves who will receive support to increase production and improve the quality of their products; end-users benefiting from the use of cleaner and more efficient cookstoves.

(d) For component 3: Farming communities in the Bas-Congo and Kinshasa Province who will benefit from technical support for changing their production system toward agroforestry and agro-ecology as well as research institutes to capitalize on knowledge generated. The project will target farmers' organizations as well as women's organizations.

(e) Gender: More broadly, special attention shall be systematically placed on the inclusion of women with the aim of ensuring their full participation in each and every one of the project activities, as part of the IFLMP. This participation shall include being part of the decision making process at all the stages of the design of project activities, as well as during each stage of implementation. Benefit sharing plans will also place a special emphasis on women to make sure that women are fairly treated in any environmental payment scheme to be considered in the course of the project implementation.

### **PDO Level Results Indicators**

47. The PDO will be measured through the following outcome indicators:

(a) Greenhouse gas emissions (and removals) generated under the project compared to the reference level (including avoidance of deforestation and forest degradation, sequestration and stock improvement in the Plateau District as measured by the ER-Program MRV system, but also emission reductions resulting from the agro-forestry investments and from the dissemination of improved cookstoves).

(b) People in targeted forests and adjacent communities with increased monetary or non-monetary benefits from forests (number and percentage of women). "People" is restricted to the people (or entities) whose development practices follow the implementation of project activities, through direct support or knowledge sharing.

(c) Land area where sustainable land management practices were adopted as a result of project implementation.

(d) New approaches designed and implemented, including 'technical approaches' such as community management planning, etc. as well as 'financial' approaches, such as performance-based payments, etc., defined as practices which are not business as usual.

### III. PROJECT DESCRIPTION

#### A. Project Components

48. As stated above, this project will experiment with three different REDD+ approaches, as described in the FIP Investment Plan, through three technical components: Component 1 is an Integrated Project for Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (PIREDD) in the Plateau District. Component 1 combines a land-use approach (addressing direct and indirect drivers of deforestation at a landscape level) with land management governance. Component 2 focuses on the private sector and reducing non-sustainable fuel wood consumption. Component 3 uses a bottom-up approach in selected areas of the Bas-Congo and Kinshasa Provinces, based on direct cooperation in the field with farmers' organizations to increase carbon stocks and improve the production systems. Annex 9 provides an overview of the details of each component.

#### **Component 1 – Integrated REDD+ Sub-Project in the Plateau District (PIREDD Plateau) - US\$14.2 million. (See Annex 13 for activity location)**

49. This component will use a comprehensive approach to support community-level natural resource management and associated investments to improve rural peoples' livelihoods in the Plateau District of the Bandundu Province. The Plateau District is an agricultural frontier area with high deforestation rates, high levels of poverty, and of significant importance in terms of biodiversity. Annex 9 specifies the list of activities to be financed under the component 1, as well as the modalities of financing.

50. The project will pilot a coherent and coordinated territorial approach to combat deforestation by targeting key drivers of deforestation and forest degradation. IFLMP will work in close collaboration with ongoing initiatives in the targeted zone, funded by USAID/CARPE/WWF and the European Union. In parallel, the project will also finance various studies to tailor its interventions to the legal context, in particular regarding land tenure and performance-based payments.

51. Based on an initial diagnostic of the local drivers of deforestation and land management challenges in each group of villages, the project will support the development and implementation of sustainable management plans by financing the following: (i) capacity building activities (for communities, and in particular for CLDs, farmers' organizations and CARTs, local government including forest and agriculture decentralized technical extension services); (ii) key investments (such as public infrastructure) at district and territory level as



defined in territories or district development plans; (iii) local investments<sup>11</sup> for sustainable natural resources management as defined in each of the village land use management plans (established through a participatory process); and (iv) Performance-Based Incentives and Investments (PBII<sup>12</sup>) with an interest in sustaining<sup>13</sup> the deployment of such new practices respecting the intention of maintaining the current forest cover while ensuring the proper implementation of management plans.

#### Implementation Arrangements for Component 1:

This project will be entrusted to a delegated implementing agency, whose work program will be subject to approval by the Local Steering Committee chaired by the Provincial Minister of Environment. Partnership agreements will be signed between the representative of the implementing agency and the provincial ministries concerned (Environment, Interior, Agriculture and Finance). The implementing agency will also detail the specific role of women in CLDs and CARTs.

52. It will collaborate with DIAF (Direction des Inventaires et des Aménagements Forestiers - Department of Forest Inventory and Planning) to monitor carbon impact.

#### **Component 2 – Facilitation of Private Sector Activities to Reduce Fuel Wood emissions – US\$8 million. (See Annex 13 for activity location)**

53. This component aims to address urban biomass energy needs from the supply and demand sides. If sustainably managed, the wood energy sector could generate additional employment through the promotion of labor-intensive plantations, charcoal production, and improved cookstove manufacturing.

54. The component is structured into two main sub-components: Component 2a aims to facilitate private investments for agro-forestry projects by subsidizing sub-projects selected through a public call for proposals. Component 2b focuses on improved cookstove dissemination so as to reduce overall fuel wood use.

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<sup>11</sup> Such as through the creation of conservation/regeneration areas, increasing the rotation time in the cropping system, providing alternatives to slash-and-burn, and/or alternative revenue generating activities (rehabilitating fishing areas, supporting non-timber forest products collection and sale), and plantation establishment.

<sup>12</sup> PBII will imply contractual arrangements duly signed either with farmers, groups of farmers, CLDs or private operators. Legality of such planned contractual arrangements will be assessed (due diligence) prior to signing. The exact terms of access to the project funds and the criteria for activity selection will be detailed in the Project Implementation Manual.

<sup>13</sup> The PIREDD Plateau is expected to be the first building block of an Emission Reductions Program (ER-Program) under development in the Bandundu province, likely to enter into the pipeline of the Carbon Fund of the FCPF as soon as 2014. PBII will be developed in accordance with the methodological framework of the FCPF and will prefigure the benefit sharing plan of the Emission Reductions Payment Agreement (ERPA) that may be signed with the Carbon Fund of the FCPF.

Implementation Arrangements for Component 2a – Supporting agroforestry investments in DRC (US\$5.9 million).

55. Currently, the private sector is unable to invest in agroforestry as a result of financial barriers. Banks in DRC do not allocate long-term loans in this sector. Loans are usually restricted to a maximal three year period with high interest rates (above 15 percent) while agroforestry business models have the potential to reach the break-even point after six years (best case scenario) according to a preparatory study completed by ONF International<sup>14</sup>.

56. This sub-component aims to address urban biomass energy needs from the supply side by providing project owners the necessary financial incentives they need to make agroforestry projects attractive to local commercial banks. Matching grants aim to facilitate investments by lifting upfront financial barriers. Sustainability will be guaranteed by the revenue flows (sale of sustainable charcoal, agricultural products, etc.) generated under investments. The FIP will support viable business lines already identified in the study completed by ONF International (see footnote 13). Matching grants will be lump sums allocated as a percentage (from 30 percent to 40 percent in accordance with the type of activities) of the overall investment costs. Beneficiaries will finance the difference from their own resources (equity, working capital).

57. The support, until such time as funds are exhausted, will be offered after a call for proposals on a first come, first serve basis, as long as the proposed plan meets eligibility criteria. Most of the expected activities will (i) replicate the methodologies used in successful pilots such as Mampu, Ibi Bateke and Makala or (ii) build on strategies combining: the introduction of high value forest species, natural regeneration and land protection.

58. Candidates for FIP support will be required to present their project proposal, a short note stating whether the project has already commenced or is in the planning phase, and the anticipated impact on local communities. The Screening Committee will review the proposals, and ask, if need be, for further information such as a detailed business plan and an Environmental and Social impact assessment, and determine the terms for support. The exact terms of access to the project funds and the criteria for project selection will be detailed in the Project Implementation Manual<sup>15</sup>. Eligibility criteria will include land tenure, socioeconomic co-benefits, biomass energy, and GHG emissions reductions, among others.

59. It is expected that most of the beneficiaries will be Small- and Medium-sized Enterprises (SMEs) incorporated in the DRC; however, the call for proposals will remain open to larger companies in order to select the most promising initiatives. During the preparation of the FIP, many of SMEs were identified. Most often, the reason for investors not investing is due to a lack of profitability. Returns are considered too low. Matching grants proposed under the FIP will improve the financials of the investments (NPV) and allow for investments to move forward. Once the investment is done, SMEs will benefit from the revenues generated under their project

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<sup>14</sup> Etude de pré-faisabilité sur les potentialités de développement des filières agro-foresterie et bois-énergie dans le bassin d’approvisionnement de Kinshasa (ONF International, 2012).

<sup>15</sup> The strategic climate fund grant shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the DRC has prepared the Project Implementation Manual in form and substance satisfactory to the World Bank.

(sale of sustainable charcoal, agricultural products, etc.) and will have the opportunity to reinvest in additional projects without any subsidy. FIP support aims at catalyzing virtuous cycles through start-up finance.

60. The DRC will seek to have commercial banks as members of the screening committee in order that they see successful pilots first-hand, with an interest in convincing them to adapt their products to the agroforestry sector. This approach will strengthen the demonstration potential while ensuring that support from other finance providers will be forthcoming once FIP funding is exhausted. Dissemination of lessons learnt (Component 4) will also be essential in this regard.

61. The World Bank will ensure that decisions taken by the MECNT upon the advice of the screening committee are strongly supported by relevant due diligence, including audits completed by independent third parties. Due diligence will focus on the SMEs' ability to complement the matching grant among others. World Bank decisions will be taken on a no-objection basis.

*Implementation Arrangements for Component 2b – Strengthening the cookstove sector and supporting the dissemination of cleaner cookstoves (US\$2.1 million)<sup>16</sup>*

62. To promote the use of cleaner cookstoves using significantly less charcoal than the currently available stoves in Kinshasa. This sub-component will finance activities aimed at (i) improving the performance of the cookstove technology available in DRC, (ii) enhancing the distribution, assembly and production of cookstoves, by supporting the scaling up of selected entrepreneurs' cookstove businesses through cost-sharing grants and business development services, and (iii) supporting sector development.

63. For this purpose, the component will finance technical assistance, cost-sharing grants for business development and marketing campaigns. This component will be implemented in line with the methodological framework elaborated in the Africa Clean Cooking Energy Solutions (ACCES) initiative (refer to Annex 8) based around five pillars: Quality assurance and Technical Support; Business Development Support; Access to Finance; Consumer Engagement; and Policy Engagement.

**Component 3 – Promote small-scale agroforestry systems to reduce land-use emissions - US\$10.5 million. (See Annex 13 for activity location)**

64. This component focuses on promoting agroforestry and innovative production systems as both an alternative to slash-and-burn agriculture and a source of sustainable fuel wood. For this purpose, the component will provide technical assistance directly to smallholder farmers, farmer communities, and women's organizations in 7 selected areas of Bas-Congo Province, and in the Kinshasa Province's rural areas to help them improve their production systems and develop agroforestry projects.

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<sup>16</sup> Dissemination of cleaner cookstoves is presently recognized as a common practice to reduce emission reductions from deforestation and forest degradation. As of January 25, 2014, 32 projects are registered under the CDM worldwide. Some of them are even issuing certified emission reduction (Project 2711: Efficient fuel wood stoves for Nigeria).

65. These practical on-the-ground interventions will generate and disseminate practical knowledge through testing the feasibility of and learning from alternative agricultural and agroforestry production systems.

Implementation Arrangements for Component 3 – Promote small-scale agroforestry systems to reduce land-use emissions:

66. This sub-component will be managed by seven Local Implementing Agencies (Agences Locales d'Exécution, ALE): six in the Bas-Congo Province and one in the Batéké Plateau (Bandundu and/or Kinshasa Province).

67. The potential local operators have been pre-screened during the preparation phase and will be contracted. Given the risk of destabilizing the financial balance of these NGOs, the project will not provide them with ambitious contracts, but instead has divided the Bas-Congo area into six areas and will contract one for each area based on the assessment conducted during the project preparation and the proposals received from NGOs.

**Component 4 – Project Management and Lessons Learned– US\$4.2 million.**

Implementation Arrangements for Sub Component 4a: Implementing the Project – Operating Costs

68. The coordination of the FIP Program (African Development Bank and the World Bank), hosted by the MECNT, will be required to establish a permanent team for the duration of the operational phase, consisting of: a coordinator, a junior deputy, an international technical assistant, four local technical assistants (for monitoring and evaluation, communication, environmental and social impact assessments and Geographic Information System work (GIS), an internal auditor, a procurement expert, an accountant, a logistical expert, and support staff. This team will be made up of staff from the African Development Bank /World Bank projects and costs will be shared between these institutions.

69. A precise budget has been drafted and shared with AfDB to ensure that the two projects support and complement each other while each project remains autonomous in the case that the other project faces any future issues. Specifically, the staff is already divided between the 2 projects; however to avoid depending on the AfDB for fiduciary skills, the procurement and financial management consultants as well as the auditors will be financed under the IFLMP.

Implementation Arrangements for Sub-component 4b: Funding, Dissemination of Lessons Learned by the IFLMP, and Knowledge Management.

70. The FIP coordination team will have a significant budget at their disposal for consultations and information disseminating activities, as required, on a short-term consultation basis.

## Project Financing

### Lending Instrument

71. The project is wholly financed by the Forest Investment Program (FIP), one of the program of the Strategic Climate Fund (SCF). The lending instrument will be a Specific Investment Loan (US\$36.9 million).

### Project Costs and Financing

72. The costs of the project's Monitoring and Evaluation (M&E) will be shared with the African Development Bank project, which is also financed by the FIP.

Project Components	Project costs (US\$ million)	Financing (%)
1. Integrated REDD+ project in the Plateau District	14.2	100
2. Facilitation of Private Sector Activities to Reduce Fuel Wood emissions	8.0	100
3. Promotion of small-scale agroforestry systems to reduce land use emissions	10.5	100
4. Project Management and Sharing Lessons Learned	4.2	100
<b>Total Financing Required</b>	36.9	100

### B. Lessons Learned will be Reflected in the Project Design

73. The proposed operation takes into account lessons learned from operations in the Democratic Republic of Congo, operations in a post-conflict environment, operations in forestry and natural resource operations in Africa, as well as capacity building operations more broadly. The following lesson learned have been identified as the most important:

(a) Taking into account the government's implementation capacity, which is of special importance in post-conflict countries: Project design thus incorporates delegated management contracts with non-state operators already present in the project areas to deliver quick results on the ground, while investing in capacity building for the government at national, provincial and local levels so that it can progressively fulfill its role as a service provider;

(b) Focusing on improving core government functions while recognizing that institution-building is a long term process. Project management will be housed inside the Sustainable Development Directorate of the Environment Ministry and technical assistance will be funded to improve the government's capacity to fulfill operational functions such as procurement and financial management, results-based management

and monitoring, and information management and communication. These core functions are a prerequisite for the Ministry to fulfill its mission of transparent, sustainable natural resource management and enhancement of environmental services;

(c) Building on sustained government commitment. The project fits within the government's core strategy of improved governance of natural resources and employment generation, as forests have been identified as a core strategic sector. It is also closely aligned with the other operations in the CAS, specifically the Forest and Nature Conservation Project, and the REDD+ Readiness Program financed by the Forest Carbon Partnership Facility (FCPF);

(d) Using simple and realistic results indicators. For this project, most of the indicators can be monitored using existing information systems and government capabilities, especially that of the Forest Inventory and Management Directorate of the Environment Ministry;

(e) Using the enhancement of local benefits as a project activity driver instead of global public goods (like forest conservation and carbon). While seeking to enhance opportunities to contribute to global environmental services, the proposed operation focuses strongly on local socio-economic incentives and benefits, as it is these that will guarantee the sustainability of the project results over the long-term;

(f) Ensuring that local communities are part of the benefit-sharing mechanism's design and decision-making process around forest management, and that these decisions are made in a transparent and sustainable manner. Following these principles, the proposed operation includes a strong focus on training, communication, extension and participation;

(g) Promoting complementarity and cooperation with other development partners. The proposed operation builds on and has been developed in cooperation with prior and ongoing forest and REDD+-related initiatives supported by the World Bank and other development partners, including UNDP, UN-REDD, France, Germany, Norway and the AfDB.

74. The project will specifically build on the following ongoing operations:

(a) **The Forest and Nature Conservation Project (FNCP)** (US\$70 million, US\$64 million IDA grant, and a US\$6 million GEF grant) supports the implementation of the forest sector reform agenda, including rebuilding the capacity of the sector ministry and implementing innovative ways to enhance local communities' rights to forests, and enhance their capacity to manage community forest concessions, as well as the promotion of environmental services. The IFLMP will directly invest in the implementation of community forestry in the project intervention area and provide bridging finance for DRC to access international payments for environmental services (through REDD+ carbon finance);

(b) **The REDD+ Readiness Program** financed by the Forest Carbon Partnership Facility (FCPF) (US\$3.6 million + US\$5.2 million under due diligence) supports capacity strengthening to equip DRC with the institutional and technical framework and competencies required to participate in an international REDD+ mechanism. This framework includes the design of a socially and environmentally sound multi-sector REDD+ strategy, the design of benefit sharing schemes for REDD+ at the national and local level, the implementation of a system to monitor forest cover change and associated emissions, and the establishment of a baseline for emissions from deforestation and forest degradation. The IFLMP builds directly on this framework as discussed above;

(c) **The Africa Clean Cooking Energy Solutions (ACCES)** initiative promotes enterprise-based, large-scale dissemination and adoption of clean cooking solutions in Sub-Saharan Africa. Emerging out of the lessons from past experiences and reinforced by comprehensive stakeholder input, ACCES seeks to drive scale through cohesive and responsive involvement in the sector. In late 2012, initial country program design activities were undertaken in DRC, Senegal and Uganda. Additional countries will be added to the pipeline as the initiative evolves. ACCES works with stove manufacturers, distributors, consumers, financial institutions, governments, and global organizations to develop sustainable clean cooking solutions. Based on ACCES experience in improved cookstoves, the project will focus on strengthening the business value chain and ensuring the quality of the product rather than direct subsidies for the purchase of the stoves. The latter has been tried in many countries, but has not given rise to sustainable results.

In addition, in accordance with the Investment Plan for the FIP, the project coordinates closely with the AfDB FIP project in two key additional deforestation basins (Kisangani and Kananga/Mbuji, which aims to implement two additional Integrated REDD+ Investment Projects (PIREDD)). The project plans to finance opportunities to share experience and best practices between the two FIP-funded projects.

#### IV. IMPLEMENTATION

##### A. Institutional and Implementation Arrangements

###### Program Oversight and leadership

75. As per the recent agreement between the Bank and the Prime Minister regarding the use of country systems, the project will be implemented through the Ministry of Environment, Nature Conservation and Tourism (MECNT).

76. **Steering Committee:** At the national level, the project will be steered by the REDD+ National Committee<sup>17</sup> entrusted with decision-making powers and to provide guidance to the

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<sup>17</sup> The REDD+ National Committee will be a new body composed of the members of the two former national and interministerial committees, in response to concerns over the effectiveness of these two committees.

project. The responsibilities of this Committee will include the approval and control of project work plans and annual budgets.

**77. Provincial Steering Committee:** A Steering Committee will be established for the Bandundu and Bas-Congo provinces. It will comprise representatives of the provincial government, the territorial administration, decentralized services of the ministries concerned by the project, the provincial REDD+ focal point, representatives of the private sector and civil society.

**78. Project Coordination:** the project is implemented under the responsibility of the General Secretariat of the Ministry of Environment, Nature Conservation and Tourism (MECNT) including fiduciary aspects and the technical implementation oversight for the four components. Project coordination will be fully integrated into the MECNT administrative structure. The General Secretary (SG) of MECNT will also be the Project Coordinator and will be supported by a FIP technical coordinator for daily project management (financial management, procurement, safeguards, monitoring & evaluation, and supervision of the technical aspects of the project components). The Sustainable Development Directorate (*Direction Du Développement Durable - DDD*) will be responsible for the project's technical coordination and will ensure full consistency with the ongoing national REDD+ process. Throughout project implementation, the SG and the DDD will update the National REDD+ Committee on a yearly basis on the progress made by the Project, which will ensure an appropriate level of political ownership of the Project at the national and provincial levels.

**79. FIP Coordination and FIP Technical Coordinator:** A dedicated team within the General Secretariat, called the "FIP Coordination Unit", will oversee the project's technical coordination and financial management. This team will comprise a Technical Coordinator and a Program M&E Specialist, paid through the AfDB project. In addition, this project will also finance a team comprised of an international consultant, a junior assistant for the coordinator, three local technical assistants (for contract supervision/GIS, communication, and environmental and social impact assessments), a logistics expert, and support staff, all of them to be recruited through open competition<sup>18</sup>. Operation costs will be shared between the FIP projects financed through the World Bank and the African Development Bank. The details are presented in Annex 3.

**80. Knowledge management:** The project coordination function established under the SG will ensure that all knowledge and lessons learned generated through the design and implementation of these components are disseminated as they are gathered. It will also ensure that the 'programmatic' nature of the overall FIP intervention is respected through close cooperation with the African Development Bank.

**81. Fiduciary management:** Fiduciary, procurement, administrative and financial responsibilities will be overseen by SG and processed by the dedicated personnel through the established procedures of the MECNT under the responsibility of the FIP Project coordinator (the Technical Coordinator may have a delegation of authority for signature and supervision).

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<sup>18</sup> The officers currently under contract in the context of the project preparation grant and recruited on a competitive basis, could have their contracts renewed if their performance is deemed satisfactory following an evaluation of their services after grant closure. The Technical Coordinator and the M&E Expert will be recruited through the AfDB project.



The Director of Financial Management, Chief of the Public Procurement Unit (*Cellule de Gestion des Marchés publics – CGMP*), and ultimately the MECNT General Secretary will be responsible for the control of the compliance with national regulation and the endorsement of the fiduciary management system put in place. As such, they will approve the conclusions of financial reports, audits and procurement selection processes. Their precise roles will be described in the Project Implementation Manual (PIM) to be adopted before project effectiveness.

82. The fiduciary team includes (in addition to the list above): a Financial Management Specialist, one accountant, one internal auditor for the main Delegated Contract (Component 1) and a Procurement Specialist. The fiduciary team members will be under the leadership of the respective MECNT Directorates, and will also report to the FIP Project Coordinator. According to the recommendation of the regular FM and Procurement Assessments, the fiduciary directorates may be required to receive training and be supported by external consultants hired under the project.

83. **Technical management:** The table below summarizes the supervision of the technical task execution within the FIP coordination Unit.

Component	Implementation	Contract
Component 1	Delegation to implementation agency – monitoring by the contract supervision/GIS expert (FIP Coordination Unit)	Delegated Implementing Agency (technical and fiduciary management)
Component 2a	FIP Coordination Unit	With the support of a “Screening Committee”
Component 2b	Technical Assistance (Firm)	Technical Assistance with a firm for implementation. Fiduciary management remains under the FIP project.
Component 3	Local Implementing Agency (ALE) – monitoring by the contract supervision/GIS expert (FIP Coordination Unit)	Technical Assistance or Delegation of Implementation (depending on the ALE)
Component 4	FIP Coordination Unit	

## B. Results Monitoring and Evaluation

84. Project monitoring and evaluation (M&E) will serve to: (a) monitor and report on implementation progress as agreed in semi-annual work plans and related budget plans; (b) proactively identify implementation gaps over the course of project implementation that require corrective actions; and (c) assess and report on the achievement of planned outputs, outcomes and impacts as per the Results Framework established for the project (See Annex 1). The collected information will also be used to feed the country FIP Program reporting according to the guidelines “*Result monitoring and reporting in the FIP*” approved by the Sub-Committee on October 30, 2013.

85. The M&E system will be based on the Results Matrix and will focus on tracking project results and providing gender-disaggregated data whenever possible. A solid baseline will be established from studies and surveys financed by the Project Preparation Grant.

86. Overall project monitoring and evaluation will be ensured by the DDD. The FIP Coordination Unit will be responsible for data collection and upstream reporting of monitoring information and overall progress towards achieving results to the FIP Steering Committee and the World Bank on a semi-annual basis.

87. The M&E system will rely on the M&E Specialist for M&E reporting. Further, the Technical Assistants recruited to support the implementation of the different sub-components will contribute to data collection. Cost for collection of monitoring information is embedded in the cost of implementing the Project activities.

88. Specific elements of the M&E system will include: (a) technical, procurement and financial management audits; (b) analysis of intermediate project effects and the strength of the participatory NRM process at the local level (analysis provided by the independent mediator following the project over its lifetime); (c) impact evaluation of living conditions; and (d) use of participatory M&E tools at the communal and village level. The carbon impact will be monitored using proxies and will rely on the MRV system set-up under the FAO, and more generally on the online system that provides information on forest cover change (supported by FAO) that the country already has in place. While the project's impact on biodiversity is expected to be significant, it will not be reported as an objective in the Result Framework. The changes in biodiversity will be assessed through the co-benefits monitoring system established at the national level for REDD+-related activities.

89. This M&E system will feed the FIP Program's annual report which includes: (i) GHG emission reductions / enhancement of carbon stocks; (ii) livelihood co-benefits; and (iii) other relevant co-benefit themes as they apply to the country investment plan (such as biodiversity and additional environmental services, governance, tenure, rights and access, capacity development, etc.).

90. While the project's impact on biodiversity is expected to be significant, it will not be reported as an objective in the Results Framework. The changes in biodiversity will be assessed through the co-benefit monitoring system established at the national level for REDD+-related activities.

### **C. Sustainability**

91. The project has been designed to achieve institutional, financial, environmental and social sustainability, as described below:

92. *Institutional sustainability*: The project is grounded in existing government institutions and the country's strategic objectives. It does not intend to create any new or permanent structures. It builds on ongoing and recently completed initiatives and includes substantial capacity building

elements, which will enable the MECNT and DDD to better fulfill their core functions after the project's end.

93. *Financial sustainability*: The project is largely designed to promote private investment in agroforestry and to set up a business value chain for high-quality charcoal stoves; if these activities result in profits then the project's results will be sustainable. In addition, by building fiduciary management capacity within the Environment Ministry, the project will encourage more cost effective use of the Ministry's existing investment and operating budgets.

94. *Environmental sustainability*: The project will reduce pressure on natural forests through the creation of an enhanced enabling environment for land-use planning, agroforestry and forest management in the villages involved. In addition, the participatory natural resource management planning activities will improve the longer-term environmental sustainability of forest resource use in the Plateau District. Capacity building with government agencies at central, provincial and local levels should also provide a basis for improved environmental management after project support ends.

95. *Social sustainability*: Job creation is a key social as well as economic priority. Through improving the enabling environment for increased investment in agroforestry by farmers and other private investors, the project is expected to generate significant new employment opportunities. The project also aims to improve the enabling environment for participation of local communities in natural resource use planning and implementation in the Kinshasa supply basin. In particular, it will consider the implications of existing land tenure arrangements in the rural areas of the country, and consider various options with the communities and the government for the implementation of different activities. This, in combination with targeted investments in social infrastructure, will further enhance the social sustainability of the activities financed by the project.

96. The chances of achieving operational sustainability after World Bank support is completed are great due to the anticipated high interest of the private sector and farmers in agroforestry and reforestation, the high level of government commitment illustrated by the prominent place of forests and climate change in the country's Growth and Development Strategy, and the difficult forest governance reforms the government has successfully undertaken over the past decade. The execution of the project will be fully integrated into government administrative structures, an additional factor determining the likelihood of its longer term sustainability.

## V. KEY RISKS AND MITIGATION MEASURES

### A. Risk Ratings Summary Table

<b>Risk Category</b>	<b>Rating</b>
<b>Stakeholder Risk</b>	<b>Substantial</b>
<b>Implementing Agency Risk</b>	
- Capacity	<b>Substantial</b>
- Governance	<b>High</b>
<b>Project Risk</b>	
- Design	<b>Moderate</b>
- Social and Environmental	<b>Substantial</b>
- Program and Donor	<b>Low</b>
- Delivery Monitoring and Sustainability	<b>Substantial</b>
<b>Overall Implementation Risk</b>	<b>High</b>

### B. Overall Risk Rating Explanation

97. The main risks specific to the project activities include:

(a) *Overall low capacity of the administration at the national, provincial and local level to implement activities.* The project will enhance the capacity of government officials at the local and provincial level. The project will work in close collaboration with the WB-financed Forest and Nature Conservation Project, which supports capacity building at the national and provincial level (including in those provinces where project activities will take place, most notably Bandundu) and the FCPF grant, which finances provincial-level REDD+ focal points. Project institutional arrangements will also be simplified as much as possible and where necessary additional capacity (such as through international NGOs and private sector service providers) can be brought on board to manage some activities on a temporary basis while building capacity of local stakeholders.

(b) *Barriers to private sector engagement in business in DRC.* The promotion of private sector investment in agroforestry activities may be hampered by the existing business environment in DRC as well as by the difficult investment climate. The FIP activities aim to remove some of these barriers by: 1) generating business information on the activity (including through the preparation of simplified business plans); 2) providing technical assistance in all elements of the business; 3) improving access to finance; and 4) working with the administration to facilitate business registration and operation, including increasing land tenure security.

(c) *Governance risks in the forest sector.* The main governance-related risk is the low level of enforcement of forest regulations, which poses many risks to the project. For example, sustainably-produced charcoal could be at a price disadvantage vis-à-vis that of charcoal sourced from open access forests. This risk will be mitigated by the continuing efforts undertaken under the Bank-funded Forest and Nature Conservation Project (closing date June 2015) to improve government capacity to apply forest laws and regulations. As IFLMP will develop REDD+ activities, IFLMP will naturally be embedded in the national REDD+ process which includes various tools, processes and frameworks governing and ensuring a sound governance of REDD+ activities (Annex 10).

(d) *Potential conflicts over the distribution of incentives for sustainable forest management.* The Payment for Ecosystem Services Scheme in the Plateau District will seek to reward communities and households adopting more sustainable land use practices or conserving their forests. The distribution of these payments could lead to conflicts within and between local communities. This will be mitigated through the establishment of clear rules on benefit sharing prior to the start of activities on the ground and strong communication as defined in the process framework (see the safeguard section). In addition, the IFLM project will follow emerging guidance on the issues emerging from the REDD+ Readiness process; in particular, the project will benefit from the establishment of a grievance mechanism as part of the ER-Program and the expected contract with the FCPF Carbon Fund.

(e) *Social risks.* Some of the main social risks include: i) land use conflict arising from agroforestry / reforestation activities; ii) elite capture of project benefits; and iii) high expectations on the part of the communities. Mitigation activities for these include: i) support to dialog structures (such as CARTs and CLDs), and to eligible beneficiaries in negotiation with both traditional land authorities (“chefs de terre”) and the government on issues related to access to land; ii) support to maintaining the transparency of the financing at the Village/Sector level along with support to participatory processes in defining the investment plans at Village level; and iii) clear and adequate communication of the project’s anticipated results and risks throughout project preparation and implementation.

98. On safeguards, it should be noted that a Strategic Environmental and Social Assessment (SESA) is currently being conducted as part of the REDD+ Readiness process. One key output of the SESA will be an Environmental and Social Management Framework, based on a detailed assessment of the social and environmental risks of all planned REDD+-related activities, including those to be financed under the IFLMP. Other safeguard instruments will be prepared in accordance with World Bank policies. These safeguard documents will be disclosed by the government of the Democratic Republic of Congo within the country, and by the World Bank’s Infoshop prior to Project appraisal.

99. Overall, it should be noted that the social and environmental impacts of this project are expected to be positive, in terms of employment creation and increased revenue for rural communities, empowerment of forest communities, securing land rights in forests zone, reduced

expenditures on fuel by urban dwellers, promotion of sustainable land use practices, reduced loss of natural habitats, and protection of biodiversity.

## VI. APPRAISAL SUMMARY

### A. Economic and Financial (if applicable) Analysis

100. **The economic analysis conducted for this project yields positive results across a variety of sensitivity analyses and data assumptions.** Despite the emphasis on carbon benefits generated by the project, the analysis confirmed that even if these benefits are excluded, the project is likely to lead to a positive economic outcome. The analysis also tested the economic feasibility of individual project components, which yielded positive results. The analysis was also robust as it includes varying discount rates and also tests for changes in anticipated results. More details are provided in Annex 7.

101. **The economic feasibility simulation yields positive results under the baseline assumptions.** At a shadow carbon price of US\$1 per ton of carbon, with a 5 percent incremental increase in livelihood benefits compared to a without project situation and median private net benefits of moving from a baseline to an improved charcoal stove. Meanwhile, the 15-year simulation derives positive Net Present values (NPV) and Benefit-Cost-Ratios greater than one for all three discount rate scenarios of 5 percent, 10 percent, and 20 percent (see Annex 7, Table 7.6). If the simulation is only run over the actual project period of 7 years, the simulation yields negative NPVs and B/C-Ratios between 0.60 and 0.53.

#### Summary of economic simulation results

	All Benefits			Excluding Carbon Benefits			ICS Components		
	5%	10%	20%	5%	10%	20%	5%	10%	20%
<b>15 year simulation</b>									
NPV [in US\$ million]	45.9	23.3	4.7	-16.7	-15.5	-12.3	4.9	3.0	1.3
B/C-Ratio	2.45	1.96	1.28	-0.56	-0.64	-0.72	3.93	3.17	2.26
<b>Sensitivity analysis</b>	<i>7 years only</i>			<i>Livelihood benefits +20 percent, ICS adoption maximum</i>			<i>50 percent ICS adopted</i>		
NPV [in US\$ million]	-11.9	-10.4	-8.0	18.1	8.1	0.083	1.6	0.8	0.1
B/C-Ratio	0.60	0.58	0.53	1.61	1.33	1.00	1.97	1.59	1.13

102. **Analysis results have shown that the component supporting the introduction of ICS in Kinshasa is economically viable as a separate component, even if benefits are purely based on private net benefits, and exclude carbon-related benefits.** For this simulation a linear distribution of the total component costs of US\$2 million was assumed for the 7 year project period coupled with a linear adoption of ICS totaling 70,000. These results apply across all simulated discount rates and even apply under the assumption that only 50 percent of the anticipated project target of 70,000 ICS can be achieved. Even if only simulated over a 7 year project period this component yields positive results under the assumption of 70,000 adopted charcoal ICS. Again, these results apply to all three discount rates. The threshold upon which the

simulations become negative lies between the adoption of 45,000 – 50,000 charcoal ICS – but only for a 7 year project period.

**103. A simulation is run to assess project feasibility under the assumption of no carbon benefits being generated.** The results show that under baseline assumptions of livelihood benefit increases and net median private net benefits for charcoal ICS adoption, the project would not be feasible. However, an increase in livelihood benefits by 20 percent, and through applying the maximum private net benefits of adopting a charcoal ICS from a baseline charcoal cookstove results in strong positive results across all three discount rate scenarios, with B/C-Ratios of 1.61, 1.33, and 1.00, respectively.

**104. Given the relatively large carbon benefits expected from the project, the economic robustness was tested for a 7 year calculation period testing which shadow carbon price would yield positive results.** It was calculated that at a shadow price of US\$3 per ton of carbon and excluding all other benefits but carbon, the project yields positive results at all discount rates.

**105. Despite the currently low carbon market prices, the carbon price estimations applied for this economic analysis are conservative, reflecting current scientific debate about the social cost of carbon – or the amount of economic damage each extra ton of carbon dioxide has the potential to create.** There are a number of ways which economists attempt to arrive at these estimates, using different modeling techniques<sup>19</sup>. In the context of this debate, a US\$5 per ton figure is very low. For example, the United States government places the figure at around US\$32, while other studies give a range between US\$15 and US\$74.

**106. The results of the analysis are also robust insofar that only a few selected project benefits were included in the economic analysis.** If additional and downstream project benefits had been considered, the simulations would have yielded even stronger results. For example, a study assessing the economic value of Protected Areas (PA) in the Congo Basin using a total economic value (TEV) approach estimates the TEV at around US\$603,468,014,907 with US\$13,884,954 for direct use value; US\$589,532,157,606 for indirect use value, and US\$50,903,301 for option, existence and bequest value.

**107. The economic benefits generated by the project are likely to have significant development impacts given the broader economic framework within which the project will be implemented.** The potential for the project to catalyze important development momentum in the area of natural resources management and energy access is very high, with potential for replicability and continuity beyond the official lifetime of the project. Providing additional livelihood opportunities in rural areas can yield important secondary effects, for example with respect to improving agriculture production, access to education, and health services. Similarly, taking into account demographic developments and accelerating urbanization requires urgent action on clean(er) energy access solutions with important benefits in the context of Indoor Air Pollution (IAP) and associated downstream effects. The project can serve as an important catalyst for generating such changes with impacts beyond the immediate project boundaries and lifetime of the project.

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<sup>19</sup> See, for example, the Yale Forum on Climate Change.

## **B. Technical**

108. The project follows international good practice guidelines in the interventions supported, given country conditions and capacity. Natural resource use planning efforts supported by the project promote the active involvement of local communities and different levels of government. Support to the private sector (including investors, farmers and local communities) to engage in agroforestry as an alternative to slash-and-burn farming also follows good practice, in that it emphasizes the role of (local) government as a service provider, and actively promotes the involvement of civil society organizations.

109. The project technical functions will be integrated into the Sustainable Development Directorate of the Environment Ministry, so that sustainable improvements in local development, decentralized land use management, forest governance and management, stakeholder interactions and transparency benefits can be generated – in line with international good practice regarding government capacity building.

110. The promotion of more efficient charcoal stoves will be done in partnership with the Bank's Africa Clean Cooking and Energy Solutions (ACCES) initiative, according to the best practices identified in the country and in the region, and will focus on strengthening the business value chain, an approach that has generated excellent results in many parts of the world.

## **C. Financial Management**

111. In accordance with the Financial Management Manual issued on March 2010, the financial management arrangements of the DRC Improved Forested Landscape Management Project have been reviewed to determine whether they are acceptable to the Bank, mindful of the country's post-conflict situation. To this end, the Financial Management System of the DRC Improved Forested Landscape Management Project must meet the following requirements:

- (a) assure that all transactions related to the project be recorded correctly and completely;
- (b) facilitate the preparation of regular, timely, and reliable financial statements;
- (c) safeguard the project's assets; and
- (d) facilitate the carrying out of external audits as required by the Bank.

112. The arrangement also aims to facilitate the disbursements of the project's resources and to ensure their effective use while, to the greatest extent possible, using the country's own financial management systems.

113. The overall FM risk at preparation is considered **Substantial**. The proposed financial management arrangements including the mitigation measures for this project are considered adequate to meet the Bank's minimum fiduciary requirements under OP/BP10.00.

114. An assessment was carried out to check whether the FIP Coordination Unit established under the General Secretariat of the MECNT could manage the Project. The assessment revealed some weaknesses. The major weaknesses identified include (a) lack of experience in managing



donor funds, (b) noncompliance of the accounting system, (c) the absence of a financial reporting system, and (d) lack of adequate management tools: accounting software, manuals of accounting procedures, and financial management.

115. The proposed mitigation measures consist of: (i) the recruitment of a Financial Management Expert, whose objectives will be to assist the financial management team dedicated to the project, (ii) the recruitment of an Accountant; (iii) the recruitment of a Treasurer; (iv) the acquisition of adequate accounting software; (v) the development of a comprehensive manual of procedures acceptable to IDA; (vi) the establishment of a credible internal audit function; (vii) the recruitment of an independent external auditor in compliance with acceptable Terms of Reference; and (viii) the rolling out of a training plan which includes, inter-alia, training on IDA disbursement procedures, training on OHADA (Organisation pour l'Harmonisation en Afrique du Droit des Affaires) accounting principles and their implication for donor-financed operations, as well as training on IDA financial reporting arrangements.

116. FM arrangements are included in Annex 3.

#### **D. Procurement**

117. Procurement for the proposed Project would be carried out in accordance with the World Bank's "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 ("Procurement Guidelines"), in the case of goods, works and non-consulting services" dated January 2011; and the World Bank's "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 ("Consultant Guidelines") in the case of consultants' services; and the provisions stipulated in the Financing Agreement. "Guidelines on Prevention and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and updated January 2011, shall apply to the project.

118. The procurement activities of this project will be carried out by the Procurement Management Unit named CGPMP (Cellule de Gestion des Projets et Marchés Publics) of MECNT that reports to the General Secretary of this ministry. To strengthen the capacity of this CGPMP a procurement expert with extensive experience with WB-funded projects will be recruited to provide technical support and training to the CGPMP.

119. Given the country risk and the fact that the procurement activities of the project will be carried out by some CGPMPs with no experience in implementing Bank-funded projects, the procurement risk is therefore rated as High. (For more details, see procurement in Annex 3).

#### **E. Social (including Safeguards)**

120. **Social benefits:** The expected social benefits of the proposed project will comprise: enhanced management of natural resources that local communities in the Plateau District depend upon; strengthened participation of local communities in decision-making on natural resource management in the Plateau District; investments in social infrastructure in the Plateau District; jobs and other income generated by agroforestry investments in the IFLM project areas; fuel

savings and enhanced indoor air quality for users of improved charcoal stoves in Kinshasa.

**121. Poverty and equity:** The project aims to improve the livelihoods of poor, natural resource-dependent communities in the Plateau District. The agroforestry investments will generate jobs for the rural poor. The improved charcoal stoves will generate savings on charcoal expenditure and other benefits for poor households in Kinshasa, in particular women and children, whose respirational health suffers most from incomplete combustion resulting from traditional stove use.

**122. Participation:** The design of the project has been participatory from the start. The project is based on the DRC Forest Investment Plan that was prepared after extensive stakeholder consultations in five provinces facilitated by an environmental NGO and an indigenous people's association. The national Forest Investment Project team has held information and consultation sessions in the Plateau District, both in the provincial capital, Bandundu, in rural areas outside Bandundu, as well as in Kinshasa. The Safeguards study was carried out in a participatory manner, with civil society inputs starting at the Terms of Reference stage. In addition, the World Bank team has met with the Provincial Assembly, provincial- and district-level government representatives, and NGOs in Bandundu to discuss the proposed project. Similarly, the implementation of the project will be carried out with the participation of the various stakeholders consulted during project preparation.

**123. Safeguards:** Overall impacts of the project are expected to be positive. The exact areas where IFLMP's activities will be implemented remain to be identified. Therefore, an Environmental and Social Management Framework (ESMF) will provide guidance on managing environmental and social risks under Components 1, 2, and 3. The ESMF will include specific sections addressing the requirements of the safeguards policies triggered by the project in particular OP/PB 4.04 (natural habitats) and OP/PB 4.36 (forests). It will be prepared, consulted upon, and disclosed within the country and in the World Bank's Infoshop.

124. In recognition of the potential impacts of investments under the Project, three additional safeguards policies have been triggered: the Indigenous Peoples Policy (OP/BP 4.10), the Policy on Physical Cultural Resources (OP/BP 4.11), and the Involuntary Resettlement Policy<sup>20</sup> (OP/BP 4.12). Therefore, the following safeguards instruments will be prepared and disclosed: an Environmental and Social Management Framework (ESMF); an Indigenous Peoples Planning Framework (IPPF); a Cultural Resources Management Framework (CRMF); a resettlement Policy Framework (RPF); and a Process Framework (PF). All of these frameworks will be prepared, consulted upon, and disclosed within the country and in the World Bank's Infoshop.

125. The recipient will be required to ensure that the terms of reference (ToRs) for all activities conducted under the project are consistent with, and pay due attention to, these safeguard

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<sup>20</sup> From a safeguards point of view, it is clear, because of the nature of the project, that no involuntary resettlement of population will be provoked by the activities financed by the project, but because of the access question described above, the safeguards policy of the world Bank (O.P. 4.12) is triggered, with, in this case, the appropriate safeguards instrument being a Process Framework. This Process Framework will describe the steps to identify and possibly resolve any situation of restriction of access that may appear.

frameworks and the recipient's own safeguard legislation. To this end, the recipient will submit all ToRs for such activities under the project to the World Bank for prior approval.

## **F. Environment (including Safeguards)**

126. The overall environmental impacts of the project are expected to be positive. Deforestation rates in the project intervention area (mainly in the Plateau District) are well above the national average and mainly driven by shifting cultivation in riparian forests and shrubby savannas and processing of residual biomass into charcoal for the Kinshasa market. By supporting better natural resource use planning in the Plateau District, and supporting agroforestry investments and improved charcoal stoves, the project aims to reduce the pressure on natural forests and encourage environmentally sustainable forest management.

127. The exact areas where IFLMP's activities will be implemented remain to be identified. Therefore, an Environmental and Social Management Framework (ESMF) will be prepared to provide guidance on managing environmental and social risks under Components 1, 2, and 3. The ESMF will include specific sections addressing the requirements of the same applicable safeguards policies triggered under this project in particular OP/PB4.04 (natural habitats) and OP/PB4.36 (Forest). It will be prepared, consulted upon, and disclosed within the country and in the World Bank's Infoshop.

128. The Project will operate in areas with potential natural habitats, but will not include activities that involve conversion or degradation of these natural habitats. Instead, the Project activities are designed to reduce pressure on natural habitats and improve their conservation. Agroforestry activities will be promoted on degraded savanna lands. Potential impacts and proposed mitigation measures will be included in the ESMF. The project will operate in forested areas, but will not involve conversion or degradation of these forested areas. The Project will however, finance agroforestry and plantations in not-yet-forested or previously converted and degraded areas. Agroforestry activities under the Project will be designed to prevent and mitigate potential threats to biodiversity, including threats related to the introduction of invasive species. Potential impacts and proposed mitigation measures will be included in the ESMF. Forest management plans may also be prepared during project implementation.

129. The Project will support agroforestry activities developed by communities, private sector companies, local NGOs and beneficiaries of the Small Grants program, as well as agricultural intensification. Activities may thus require investments in pest management, requiring that the ESMF include a chapter on this topic. Furthermore, an Integrated Pest Management Plan (IPMP) will be prepared to ensure that environmentally friendly methods for pest control are applied, such as biological control, cultural practices, multi-cropping, and the development and use of varieties that are pest and disease resistant or tolerant. The IPMP will also provide guidance on the safe selection, handling and disposal of pesticides, which will also be consulted upon, disclosed within the country, and in the World Bank's Infoshop.

130. Components 1, 2b, and 3 will be implemented in the Provinces of Bandundu (Plateau District only), Bas Congo and Kinshasa, and Component 2a will cover the whole country. Hence, Project activities developed in these areas might be located within, or in the vicinity of, physical cultural resources, notably local communities' sacred sites. In order to ensure that no project

activity will impact cultural resources, a Cultural Resources Management Framework (CRMF) will be prepared, reviewed, and disclosed in DRC, and in the World Bank's Infoshop.

131. In summary, the following environmental safeguard policies have been triggered: *Environmental Assessment* (OP/BP 4.01), *Natural Habitats* (OP/BP 4.04), *Pest Management* (OP4.09), *Forests* (OP/BP 4.36), and *Physical Cultural Resources* (OP/PB4.11). Based on the requirements of these policies and given that the exact locations of the majority of the different activities to be supported by the project are as yet unknown, an Environmental and Social Management Framework (ESMF) will be used as a safeguard instrument. In addition, an Integrated Pest Management Plan (IPMP) and a Cultural Resources Management Framework (CRMF) will be prepared for the project. The draft version of the instruments will be open to public consultation and the final reports will be disclosed in country through the Ministry's website and also through the World Bank Public Information Center (Infoshop).

132. The IFLM Project will be a seminal initiative that will develop part of the Democratic Republic of Congo's REDD+ enabling activities, strengthening the overall National REDD+ Strategy. The Ministry of Environment, Nature Conservation and Tourism (MECNT), which will oversee implementation of the Project, is currently overseeing the final stages of a Strategic Environmental and Social Assessment (SESA) as part of DRC's REDD+ readiness preparation process, funded by a World Bank-managed grant from the Forest Carbon Partnership Facility. The SESA will inform the formulation and development of DRC's National REDD+ Strategy and is intended to identify opportunities for maximizing the positive social and environmental impacts of the REDD+ Strategy, as well as avoid, and if this is not possible, mitigate and/or compensate any adverse impacts from the implementation of the REDD+ Strategy. A key aspect of the SESA process is the participatory and inclusive stakeholder consultation process that will support broad stakeholder involvement in the overall design of the REDD+ Strategy. The ESMF for the project will benefit significantly from the ongoing SESA process and from its findings.

133. MECNT has considerable prior experience with the Bank's Safeguard Policies and safeguard instruments, including an Environmental and Social Management Framework that was finalized in 2009 in preparation for an investment project in the forestry sector. MECNT's capacity to address safeguard issues will be further enhanced by the SESA process as well as during project preparation. Nevertheless, capacity levels at the government level remain low and will require continued strengthening.

## **G. Other Safeguards Policies Triggered**

134. N/A.

## Annex 1: Results Framework and Monitoring

**Country: Democratic Republic of Congo**

**Project Name: DRC Improved Forested Landscape Management Project (P128887)**

### Results Framework

#### Project Development Objectives

PDO Statement

The project development objective is to test new approaches to improve community livelihoods and forested landscape management, and to reduce greenhouse gas emissions from deforestation and forest degradation in selected areas in the Recipient's territory.

**These results are at** | Project Level

#### Project Development Objective Indicators

Indicator Name	Core	Unit of Measure	Baseline 2014	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection
				YR1 2015	YR2 2016	YR3 2017	YR4 2018	End Target 2019			
GHG emission reductions (and removals) generated under the project	<input type="checkbox"/>	Metric ton	0.00			1150000.00		3250000.00	Mid-term review and project completion	Component 1: National REDD+ MRV system. Components 1, 2a and 3: number of hectares duly installed per type of silvicultural model and proxies (carbon sequestration for each type of silvicultural model). Component 2b: number of improved cookstoves up and running.	DIAF + M&E Specialist
Land area where sustainable land mgt. practices were adopted as a result of project	<input checked="" type="checkbox"/>	Hectare (Ha)	0.00			31500.00		105000.00	Annual	Implementation report	Delegated implementing agency for component 1 and ALEs for component 3 Target values per component:

											Component 1: Year 3: 30,000 ha - End target: 100,000 ha Component 3: Year 3: 1,500 ha - End target: 5,000 ha
People in forest & adjacent community with monetary/non-monetary benefit from forest	<input checked="" type="checkbox"/>	Number	0.00			50000.00		120000.00	Mid-term review and project completion	Component 1: according to socio-economic study. Component 3: according to ALE implementation reports. Component 3: project activity reports.	M&E Specialist
People in forest & adjacent community with benefits from forest-female	<input checked="" type="checkbox"/>	Number Sub-Type Breakdown	0.00			15000.00		40000.00	Mid-term review and project completion	Component 1: according to socio-economic study. Component 2: according to the sub-grants implementation reports. Component 3: project activity reports.	M&E Specialist
People in forest & adjacent community with benefit from forest-Ethnic minority/indigenous	<input checked="" type="checkbox"/>	Number Sub-Type Breakdown	0.00			0.00		0.00			
Designing and implementing new approaches	<input type="checkbox"/>	Number	0.00			3.00		8.00	Mid-term review and project completion	Implementation report	M&E Specialist

### Intermediate Results Indicators

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection
				YR1	YR2	YR3	YR4	End Target			
Biomass (energy) produced in a sustainable manner	<input type="checkbox"/>	Metric ton	0.00			240000.00		802500.00	Mid-term review and project completion	Data reported for activities 1, 2a and 3, including number of hectares duly planted and expected dates for clear cuts.	M&E Specialist
New agroforestry plantations that received technical support from the	<input type="checkbox"/>	Hectare (Ha)	0.00			11500.00		20000.00	Annual	Implementation report	Delegated implementing agency for Component 1 - FIP Coordination

project											Unit for component 2a – ALEs for component 3
'Chefferie' with Performance-Based Incentives and Investments mechanisms in place	<input type="checkbox"/>	Percentage	0.00			30.00		50.00	Annual	Implementation reports	Delegated implementing agency
Participants in consultation activities during project implementation (number)	<input checked="" type="checkbox"/>	Number	0.00			15000.00		30000.00	Annual	Implementation report Participants are defined as people attending (or being represented) in consultation / participation processes(meetings at the CART and or CLD level) during the project lifetime	Delegated implementing agency
Participants in consultation activities during project implementation - female	<input checked="" type="checkbox"/>	Number Sub-Type Breakdown	0.00			5000.00		10000.00	Annual	Implementation reports Participants are defined as people involved (or being represented) in consultation / participation processes (meetings at the CART and/or CLD level) during the project lifetime	Delegated implementing agency
Production of improved cookstoves	<input type="checkbox"/>	Yes/No	No	No	No	No	Yes	Yes	Annual	Activity reports from the firm providing technical assistance	Firm providing technical assistance
ACCES-compliant cookstoves delivered to the Kinshasa market	<input type="checkbox"/>	Number	0.00			25000.00		70000.00	Annual	Activity reports from the firm providing technical assistance	Firm providing technical assistance
Improved organization of the sector	<input type="checkbox"/>	Number	0.00			3.00		7.00	Annual	Activity reports from the firm providing technical assistance	Firm providing technical assistance
Farmers from the targeted villages who have adopted an improved agro-forestry technology promoted by the project	<input type="checkbox"/>	Number	0.00			6000.00		20000.00	Annual	Implementation report	ALEs
Farmers from the targeted villages	<input type="checkbox"/>	Number Sub-Type	0.00			2000.00		7000.00	Annual	Implementation report	ALEs

who adopted an improved agro-forestry. technology promoted by project – female		Breakdown									
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<b>Project Development Objective Indicators</b>	
Indicator Name	Description (indicator definition etc.)
GHG emission reductions (and removals) generated under the project	Climate mitigation potential: three different types of direct GHG savings (emission reductions and/or removals) have been identified: - Emission reductions (avoided deforestation and/or reduced forest degradation) derived from direct investments in the field (component 1) aiming at reducing pressure on native forests by promoting alternative livelihoods for forest communities in the Plateau district: measured by the national REDD+ MRV system; - Emission reductions derived from indirect investments aiming at improving energy efficiency of cookstoves in the greater Kinshasa (Component 2b): measured according to the CDM Small-scale Methodology (AMS-ILG.) "Energy efficiency measures in thermal applications of non-renewable biomass"; - Removals generated under afforestation / reforestation schemes in the Kinshasa basin supply (Components 1, 2a and 3): measured using proxies (carbon sequestration for each type of silvicultural model).
Land area where sustainable land mgt. practices were adopted as a result of the project	This indicator measures the land area that as a result of the Bank project incorporated and/or improved sustainable land management practices. This indicator can track progress toward sustainability at farm scale and at landscape scales within agroecological zones, watersheds, or basins. The baseline value for this indicator is expected to be zero.
People in forest & adjacent community with monetary/non-monetary benefit from forest	This indicator measures the extent to which local people have seen livelihood improvements as a result of the intervention. This may cover both monetary income and non-monetary benefits like improved and easier access to fuel wood as well as cultural and spiritual services. The baseline value is expected to be zero.
People in forest & adjacent community with benefits from forest-female	No description provided.
People in forest & adjacent community with benefits from forest-Ethnic minority/indigenous	No description provided.
Designing and implementing new approaches	New approaches include 'technical' approaches, such as community management planning, etc. as well as 'financial' approaches, such as performance-based payments, etc., and are defined as practices which are not the business case as usual. The indicator measures a score characterizing how innovative the project is. To calculate the score, each of the following achievements will be allocated one point: designing a new approach (1 point), implementing a new approach (1 point per year), and satisfactory implementation of a new approach (1 point per year)



### Intermediate Results Indicators

Indicator Name	Description (indicator definition etc.)
Biomass (energy) produced in a sustainable manner	The production of sustainable biomass (mainly for charcoal production) from new plantations will be observed once harvested. Since management plans will reasonably propose a rolling period from 8 to 10 years for the clear cuts, no biomass will be produced during the lifetime of the project. Only forecasts are possible. They will be based on observed newly-established plantations and estimated as the existing stock of the standing trees.
New agroforestry plantations that received technical support from the project	Number of newly-established hectares (agro-forestry) - Component 1: 5 000 ha, Component 2a: 10 000 ha, Component 3: 5 000 ha
'Chefferie' with Performance-Based Incentives and Investments mechanisms in place	Local villages in percent where FIP investments support land-use management activities
Participants present at consultation activities during project implementation (number)	This indicator measures the level of community engagement in project implementation.
Participants present at consultation activities during project implementation - female	No description provided.
Production of improved cookstoves	Criteria defining "improved" cookstoves to be established by the ACCES QA-TS system.
ACCES-compliant cookstoves delivered to the Kinshasa market	Either locally produced or imported
Improved organization of the sector	The indicator measures a score defining the level of organization of the sector. To calculate the score, each of the following achievements will be given one point: establishment of the National Alliance (1 point), operation of a sustainably-funded National Alliance (1 point per year), design and implementation of consumer engagement strategy (1 point), national network/trade fair events (1 point per event)
Farmers from the targeted villages who have adopted an improved agro-forestry technology promoted by the project	No description provided.
Farmers from the targeted villages who adopted an improved agro-forestry. technology promoted by project – female	No description provided.

## Annex 2: Detailed Project Description

1. The project development objective is to improve communities' livelihoods and forested landscape management through innovative financing approaches, ultimately aiming at reducing GHG emissions from Deforestation and Forest Degradation in selected areas in the Recipient's territory.
  
2. This project is based on the 5 disparate sub-projects whose concepts were defined in the FIP Investment Plan. Three fuel wood production basins had been identified, leading to 3 sub-projects aimed at inducing transformational change in a selected area, through interventions targeted at both the direct and indirect drivers. These 3 similar operations were grouped under the Integrated Project for Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (PIREDD). The Investment Plan proposed the implementation of PIREDD in the following zones: *the Kinshasa Supply Area, the Mbuji Mayi/Kananga Supply Area and the Kisangani Supply Area*. The 2 thematic projects were the following “*Small Grants Program to Promising Small-scale REDD+ Initiatives* and “*Engaging private sector in REDD+ in DRC*”.
  
3. The FIP Sub-Committee was informed of changes in DRC's Investment Plan by the government, AfDB and the World Bank, on February 13, 2013. It was agreed that these various activities be merged into 2 projects, one implemented through the African Development Bank (merging the 2 PIREDD in the Kisangani and Mbuji Mayi / Kananga supply areas), and the WB-implemented interventions with a focus on the Kinshasa supply area (merging the PIREDD in the supply area and the 2 thematic activities whose scope were also reduced). As a result, this IFLMP is structured around 3 technical components, detailed below, following the 3 former projects (PIREDD in the Plateau District, support to the private sector, and support of small scale initiatives) and arrangements for the management of the project (fourth component). Total costs are estimated at US\$36.9 million to be financed through the Forest Investment Program (FIP).
  
4. As described in the Investment Plan, each of the 3 technical components is focused on a different area and tests a different approach to REDD+ policies: Component 1 uses a territorial approach within an administrative jurisdiction (Plateau District), Sub-Component 2a will support private initiatives to sustainably supply charcoal nation-wide, Sub-Component 2b will be focused on the city of Kinshasa and the reduction of charcoal use, and Component 3 uses a bottom-up approach (technical support to individual farmers or farmer organizations) in the Bas Congo Province and the rural portion of Kinshasa Province. The table below details the differences between the approaches and the locations of the 3 components.

<b>Transformational aspects (Theory of Change) per component</b>		
<b>Component and location</b>	<b>Approach</b>	<b>Potential leverages</b>
Component 1 Location: Plateau District	Multi-sectoral approach with both direct investments (zoning within village land, conservation areas, plantations, NTFP production, development of alternative activities such as sustainable fishing...) and	CARPE and or Norway interventions in the area or in the neighboring district (Mai-Ndombe)  FCPF ER-Program with plans to purchase / sell potential emission reductions (US\$60

	<p>enabling activities (multi-stakeholder councils, local development plans, forest governance, law enforcement...).</p> <p>Implementation through local governments and village development councils to integrate REDD+ into local development policies</p>	million)
<p><b>Expected changes:</b> Thanks to the improved land use governance arrangements within the project, the Provincial and District authorities will consider deforestation in their investment planning and land use policies resulting in different development choices. The villages will have an interest in complying with local low-deforestation development plans as the compliance with the land management rules will be linked to either revenue-generating investments or direct payments (performance-based incentives). In addition, villages will be equipped to obtain better yields from the savannah areas, making the limitation on agriculture expansion into the forested areas easier to accept and adhere to. In addition, the magnitude and likelihood of land use conflicts will be lowered through the multi-stakeholder committees for land use (CART) and the participatory approach to land-use planning.</p>		
<p>Component 2a</p> <p>Location: country-wide</p>	<p>Matching grant to support private initiatives in increasing the sustainable production of charcoal</p> <p>Implementation through a call for proposals and an independent screening committee.</p>	<p>Links with the FIP Set Aside and CBFF projects.</p> <p>Proving the profitability of the investment will attract more private investment funds.</p>
<p><b>Expected changes:</b> successful private initiatives will appear on a large scale while the profitability of the investments in agroforestry and the experience gained will lower the risk for new entrants. The project will work with the major banks in order to establish new financing instruments that could facilitate further investments for similar private projects with the relevant sectoral ministries and regulation entities,.</p>		
<p>Component 2b:</p> <p>Location: Kinshasa</p>	<p>Support to entrepreneurs to increase the availability of improved quality cookstoves and structure the sector.</p> <p>Implementation through the creation of a National Alliance for Improved Cookstoves</p>	<p>Contacts with the major improved cookstove companies show that they would be interested in developing products targeted at DRC once the market has revealed its potential (including creating a local production line).</p>
<p><b>Expected changes:</b> The customer analysis will define the various segments and customer willingness-to-pay for improved cookstoves, leading to private investments, either for local products whose quality has been assessed through a testing center or for international company-financed devices produced locally. The supply chain coordination will create the incentive for retail distributors or micro-financing institutions to propose access to financial solutions enabling customers to purchase cookstoves.</p>		
<p>Component 3:</p> <p>Location: Bas-Congo Province and along the N1 road in Kinshasa Province</p>	<p>Technical support to farmers and farmers' organizations to promote agro-forestry and test new agriculture systems</p> <p>Implementation through local technical NGOs that will provide farmers the technical advice as well as necessary equipment and training.</p>	<p>Built onto the Makala project's conclusion. Lessons learned and the new agroforestry systems will be used for future agriculture development projects.</p>
<p><b>Expected changes:</b> The farmers' organization will develop and control a new integrated supply chain (through their own governance bodies) that would include tree nurseries, agro-forestry field and small transformation units for cassava (micro-cossette production). To achieve this result, the project will focus on both delivering technical</p>		

support and creating appropriate management entities. In addition, other agro-forestry systems (aside from the acacia-cassava model) would be developed by the farmers and piloted on designated sites. The increased revenues and economic diversification (increasing resilience for the farmers) will be the best advocacy for expanding these models.

**Component 1 (Technical) is an Integrated REDD+ Project for the Plateau District** (PIREDD on the Plateau District) in the south of Bandundu Province. The Plateau PIREDD will receive US\$14.2 million in funding for the district.

5. **Rationale:** this component aims to cover a large territorial entity and to apply the reduction of emissions in a systemic manner through the identification of various causes of carbon emissions, and by working with local authorities throughout the administrative district along with all stakeholders involved in deforestation. It will also pilot a **coherent and coordinated territorial approach to combat deforestation**. The different pillars of the REDD+ National Strategy will be involved: local authorities with enhanced powers will organize land-use planning exercises in the village communities; trained and motivated technical extension services will monitor and support community forest management; support will be provided for the development of management plans sensitive to the region's agricultural environment; training and mentoring of small-scale foresters will be provided; along with the dissemination of agricultural techniques to increase yields and revenue for the rural population.

6. The Plateau PIREDD is part of the broader initiative resulting from the government of the Democratic Republic of Congo's proposal to establish a future ER- Program in the Mai Ndombe Province once it will reach REDD+ Readiness with the support of the FCPF. The overall goal of the Mai Ndombe ER Program is to demonstrate the potential for a model provincial green development program that provides alternatives and rewards performance to address the challenges of climate change, poverty reduction, natural resource management and biodiversity conservation. Component 1 plans to invest in the area of the future Mai Ndombe Province in the territories experiencing the highest rates of deforestation. If an Emissions Reduction Purchase Agreement (ERPA) is signed with the FCPF, the ER-Program financing will take over the financing of the local activities and PBII commitments after the initial investments from the IFLM project are completed.

7. The formation of Local Development Committees (CLDs) at the village level is crucial to the success of Plateau PIREDD. The law on Agriculture (Dec. 2011) complemented by enabling legislation was published in December 2013, and describes how all villages of the Plateau region can be organized into CLDs. Each CLD will represent groups of 2 to 4 villages whose territory falls under the authority of the same traditional chief (Land Chief). These CLDs form Rural Agricultural Management Councils (CARTs) for each Sector and Area (Sector and Area CARTs) and are planned to use mapping tools for their natural resource and land management.

8. Component 1 will be under the supervision of one single Delegated Implementation Entity. The Terms of Reference for this Entity will include the following objectives:

9. **Objective 1a: Strengthening governance for sustainable management of natural resources of the Plateau district** (governance by decentralized entities). The Implementation Entity will support the development and implementation of coherent development policies in the project zone and structuring multi-sectoral consultation bodies for territorial land management. For this, the project will be active at the provincial level but also participate in structuring the local level (CARTs and CLDs) for better management of natural resources.

10. To meet this objective, the Implementation Entity will (i) arrange and operate PIREDD's Steering Committee (which has the same composition as the Provincial REDD+ Committee for the Bandundu region); (ii) communicate project events in order to receive the attention of Provincial Deputies, Governors, and representatives from civil society; (iii) support the CARTs in the project area and thereafter groups of CARTs covering a larger territory; update development policies in the territories to expand their mission beyond agriculture, and integrate all facets of rural development, especially conservation; support future Decentralized Territorial Entities (DTEs); (iv) draft a Provincial Edict recognizing the enforceability of management plans for village lands established with the CLDs and take this into account when surveying vacant land (and other matters related to land records). This edict will clarify provisions related to the validation of these management plans by actors involved in rural land development (CARTs, decentralized services of the Ministry of Agriculture, Environment and Rural Development); and (v) communicate with local officials about REDD+ concepts, especially provincial deputies. This project trains all representatives of the decentralized authorities such as the provincial government, elected officials, local administrations, and Decentralized Territorial Entities (DTEs). Contracts will be signed with territory administrators to ensure monitoring of the development plan's implementation.

11. The Implementation Entity will ensure special attention is given to women's representation and will promote their participation in the governance bodies at all level (CLDs, CARTs).

12. **Objective 1b: Capacity building for decentralized technical services**: decentralized state services require efficient organization with adequate resources to fulfill their mission. Validation of management plans and above all, smooth implementation of agreements between the CLDs is required to enhance coordination and effectiveness of teams from the three ministries in charge of village land (Agriculture, Environment / Forest, Rural Development).

13. Activities related to the reform of the organization of these three Ministries, like the review of organization charts and the integration of new units, will be performed in cooperation with GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) projects and PFCN (Project for Forestry and Nature Conservation). Following preparation, the exact distribution of activities between these development projects will be determined.

14. To fulfill this objective, the Implementing Entity will (i) Support the development and enactment of regulations related to the Farm Act of 24 December 2011, which provides for the creation of Consultative Land Councils and their territorial entities at the primary level, implement the legal draft recognizing CARTs' area, support Local Development Committees (CLDs), and organize their operations, as well as provide support for enforcing legal provisions related to the creation and implementation (Ministry of Rural Development) of CARTs, Local Development Committees (CLDs); (ii) Align existing structures with new rules, for example,

through the adoption of recommendations based on the new law and training for new responsibilities and functions arising from the law, especially in the property sector; (iii) Redistribute responsibilities among the three decentralized services: Agriculture, Environment, and Rural Development. The Ministry of Environment Services requires support so that it will be better able to monitor forest management activities. The Ministry of Land Affairs similarly requires reorganization so that it will be in a position to produce appropriate land records including registering rural and forestry concessions granted to communities once the legislation for this type of concession has been promulgated. The units of the Ministry of Rural Development and the Provincial Ministry of Agriculture need to be able to register the constitutions of the organizations concerned (CLDs), and provide relevant registration documents to interested parties, such as the provincial and regional authorities; (iv) Establish a mechanism for addressing grievances, whether through facilitating access to the courts or through improved monitoring of employees' conduct by their superior officers; (v) Empower the decentralized services in the form of training and provision of equipment, which remains to be specified; (vi) Facilitate field missions to villages in the zone. (vii) Organize consultations between the three ministries for effective distribution of responsibilities for project monitoring (working in combined or complementary teams).

15. **Objective 1c: Development investment (investissements structurants) as defined in plans for territories or districts.** Within the available budget, the project will finance investments in the public interest as defined in terms of the CARTs or districts adjacent to the managed territory, such as road repairs and the creation or rehabilitation of community facilities for processing agricultural produce.

16. **Objective 1d: Support for CLDs for local level planning for natural resource use and the implementation of these plans.** The project will support joint efforts in all areas of the intervention zone to establish land-use plans (current use and future liabilities), which include developing maps (through a participatory process) incorporating the various uses of village areas, and an investment plan in line with the land use plan. Investment plans will be negotiated with the communities, and contracts established between project promoters and the communities indicating commitment from both parties. These contracts will then be used in Sub-component 6 dealing with payments for results.

17. This activity will be carried out by a selected operator who will deploy his/her teams in the project zone. Work will be undertaken in accordance with methodologies set out previously by stakeholders through workshops. The operators will enter contracts (conforming to World Bank procedure) with several local partners to perform the work on the ground. Additional studies may be financed, as needed, to tailor the intervention according to the land tenure system, incorporating both traditional and formal rights.

18. Once an initial plan has been approved, the operator will continue to support the CLDs for the duration of the project, and allow them to monitor and supervise the execution of the project.

19. **Objective 1e: Implementation of planned investments in management plans.** Implementing the CLDs' land use plans and updating the CARTs' development plans will be met by contracting non-governmental organizations (NGOs) or independent consultants in the same way as plans developed and financed by the World Wildlife Fund (WWF) and the

European Union. Since the second half of 2011, land use plans have also been given particular attention due to the emergence of the mining sector in the three territories of Kwamuth, Mushie, and the riverine area of Kasai in the Bolobo region. This is where artisanal mines have sprung up along the river and where high levels of consumption are driven by the arrival of a migrant population numbering in the thousands to tens of thousands. If this population settles permanently in the area, this will result in a significant deforestation risk, making it necessary to study the potential scenarios and mitigate potential risks with the help of the Organization of Artisanal Miners (OAM).

20. All aspects of sustainable agriculture could be financed; undoubtedly agroforestry should be considered, but also investments in production-oriented farming as well as perennial crops such as coffee, cocoa and palm oil, provided that this is undertaken with sustainable land use in mind, with clear territorial borders and effective monitoring.

21. The following are examples of areas of collaboration which could be undertaken in a participative manner, which are subject to contract and may require investment:

- Establishment of community conservation concessions (to protect bonobos, for example);
- Protection of primary forests;
- Protection of savannah regions against man-made threats so as to protect them from fire;
- Assigning marginal agroforestry areas to the production of wood charcoal;
- Development of community natural resource management plans in cooperation with the State;
- Acquisition of improved plant stock for short-cycle crops such as cassava, maize and groundnut;
- Building of infrastructure and the maintenance of roads and bridges.

22. Should these plans come to maturity, impact and mitigation assessments will also need to be performed. The budget set aside for these projects will be determined through studies on safeguards.

23. Contractual agreements will underpin the performance of these actions, in return for the CLDs' effort to protect the forest and savannah areas or to experiment with alternative means of production.

24. Furthermore, beyond the village level, the project will be driven by concessionaires (foresters and stock-breeders) so as to ensure that they subscribe to REDD+ guidelines both within their concession areas and at their borders.

Implementation Arrangements: Investments will be initiated after approved requests from micro-projects detailed by the operator; he/she will then contract different service providers, be they private, local NGOs, or government services.

25. **Objective 1f: Compliance with management plans through environmental service contracts.** In terms of the contracts entered into with villages or other entities active in the area

such as Producer Organizations, or private entities (in livestock areas), the project will pay for environmental services throughout its lifetime subject to periodic monitoring (initially on an annual basis, but this could also be negotiated). A legal analysis will be implemented at the beginning of the project to define the template used for these contracts, in accordance with the relevant legislation.

26. Similar contracts will be signed with concessionaires like foresters and stockbreeders to incorporate REDD+ actions into their concession areas and at their borders.

27. Results could be measured in terms of processes (such as joint action on land use undertaken in the allotted time, joint resolutions of boundary disputes between villages, compliance with provisions for land development) but also in quantifiable terms (number of hectares under protection, number of hectares planted, number of hectares which have not suffered fire damage.).

28. It emerged during the course of the project that the village level will not be adequate to facilitate the measurement of emission reductions based on the National Measurement Reporting and Verification (MRV) system. For this reason PBII payments will be made by proxy such as number of hectares duly planted.

29. Implementation Arrangements: Where objectives have been met, payment can be made in kind (in this case denoting supplementary investment for communities in accordance with the development plan for the area) or in cash.

30. The certification of the payment will be the responsibility of the selected operator for this specific component.

31. Monitoring and Evaluation: A monitoring and evaluation system will be implemented with the project staff along with the agricultural and environmental services to monitor results of all contracts and activities.

32. The project will benefit from DIAF (Department of Forest Inventory and Planning), supported by the Food and Agriculture Organization (FAO), to estimate the land cover change bi-annually using 2013/2014 as the baseline.



### *Summary of the PIREDD activities*

Objective of the contract	Example of activities	Enabling or transformational
1a: Strengthening governance for sustainable management of natural resources in the Plateau district	Support to the CART, creation of CART at sector level, training on forest law and dissemination	Enabling
1b: Capacity building for decentralized technical services	Equipment (motorcycle), payment of mission costs, training	Enabling
1c: Development investment as defined in plans for territories or districts	Bridge repair and maintenance, access	Transformational investment
1d: Support for CLDs in local level natural resource planning and the implementation of these plans	Village meeting, technical support for land-use planning. Well-executed land use planning will lead to the identification of the needed investments (for 1e below)	Enabling
1e: Implementation of planned investments in management plans	As defined under community management plans (see 1d above): improved regeneration, creation of conservation zones, and support to non-timber forest products collection, processing and marketing, establishment of forest management plans, financing demand-driven NRM sub-projects. Payment based on activities.	Transformational investment
1f: Compliance with management plans through results-based contracts	Contracts with individuals and/or farmers' organizations to maintain project-linked efforts and implement the local natural resource management plans. Results-based payments.	Transformational investment

### Implementation Arrangements for Component 1

33. This project will be entrusted to a delegated implementation agency, whose program of works will be subject to approval by the Steering Committee chaired by the Provincial Minister of Environment. The contract will be based on two types of expenditures:

- The remuneration of the delegated implementation agency (staff, travel allowances, etc.),
- The payment of activities implemented on behalf of the project, such as (i) Communication with and the provision of training to the decentralized authorities as well as the facilitation of working groups (operational costs); (ii) Protocols with the decentralized state services, initial consultations and discussions (through local NGOs) for drawing up a development plan in each chiefdom; (iii) Local investment through contracts with local companies and NGOs, the acquisition of inputs and/or seeds, impact studies and corrective actions related to safeguards.

34. Additional activities will be directly implemented by the central FIP Coordination Unit
- The purchase of equipment such as vehicles, motorbikes or computers.
  - Support to DIAF to monitor carbon impact.
  - Costs associated with the steering committees for the Bandundu region and reporting on the results of this component or costs related to the supervision of the contract by the FIP Coordination Unit (specific expertise to assist with recruitment, monitoring missions, audits, etc.).

**Component 2 (Technical): Facilitation of Private Sector Activities to Reduce Fuel Wood Emissions.**

35. This component has two sub-components: a) support for agroforestry projects initiated by independent bodies; b) distribution of improved stoves and the promotion of alternative energy.

36. **Sub-component 2a: Supporting agroforestry investments in DRC** to the amount of US\$6 million intended as direct underwriting of project promoters seeking to develop a suitable, profitable business and who need support to develop the project. Most of the anticipated activities will be replicating and rolling out the proven methodologies used in successful pilots such as Mampu, Ibi Bateke and Makala.

37. Projects eligible for this support include, for instance, fast-growing short rotation (5 to 10 years) exotic or local species with the possibility of being in association with short-cycle crops (cassava, open-field market garden crops, aromatic and oilseed crops, bananas) or with long-cycle perennial crops (fruit trees, banana, palm tree, coffee, cocoa, and nitrogen-fixing perennial species like moringa trees (*Moringa oleifera*)). This support could therefore promote reforestation with timber trees for the production of firewood, charcoal, and poles, or simply to promote agroforestry as an economically-viable alternative to solely planting short-cycle crops. Improved charcoal kilns are also eligible under the call for proposals. These crops should preferably be planted in shrub-or forest-land savannah, and also in newly-degraded secondary forests or fallow land. The land cover cannot be primary forest or long-standing secondary forest land.

38. The support, until such time as funds are exhausted, will be offered after a call for proposals on a first come, first serve basis, as long as the proposed plan is acceptable. Candidates for FIP support shall have to present their project proposal, a short note stating whether the project has already commenced or is in the planning phase. A Screening Committee will review the proposals, and ask, if need be, for further information such as a detailed business plan and determine the terms of support. The eligibility criteria will include land tenure, socioeconomic co-benefits (in particular for the communities), biomass energy, and GHG emissions reductions, among others.

39. The support could be co-finance per hectare or per seedling, or take on payments be made on behalf of the candidate for various expenses such as social activities through contributions to the community chest, or carrying out technical studies including studies related to safeguards or the management of interest on loans during the early years of the project. A “green list” of eligible expenses will be detailed in a manual so as to be able to calculate the co-financing contribution out of the IFLMP. Examples could include: land clearance – maximum contribution

of 50 percent; maintenance of fire-breaks – 30 percent of cost per hectare; payment for interest accrued.

40. This manual will also detail the composition of the Screening Committee and the participation of external expert advisers, and in particular experts chosen by the FIP Sub-Committee, its *modus operandi*, the assessment criteria for the selection of projects, the funding ceiling per project (in percentage of the financing by the promoter of the project but also in real terms).

41. The budget for this sub-component amounts to US\$6 million of which transaction fees would represent about US\$500,000 for the operation of the Screening Committee, the review of proposals and the site inspections.

Activities to be funded:

- Short-term (*ad-hoc*) contracts for experts associated with the Screening Committee and to review proposals as well as operational expenses for Screening Committee meetings.
- Contracts for direct implementation of funded activities, in particular: support to local NGOs for social support measures and financing studies such as feasibility studies and environmental impact assessments.
- Agreements with applicants for subsidies per hectare.

**Sub-component 2b: Strengthening the cookstove sector and supporting the dissemination of cleaner cookstoves**

42. This sub-component (with a budget of US\$2.1 million) aims to support the dissemination of improved quality cookstoves and strengthen the improved cookstove value chain. The main activities for this purpose are (i) improving the performance of cookstoves available in DRC by enabling a quality assurance and technical support system; (ii) enhancing the distribution, assembly and production of cookstoves by supporting select entrepreneurs in scaling up their cookstove businesses through cost-share grants and business development services; and (iii) supporting sector development and structure including through the empowerment of sector stakeholders across the value chain.

43. For this purpose, the component will finance technical assistance and cost-share grants for business development, and marketing campaigns. This component will be implemented in line with the methodological framework elaborated in the ACCES program based around five pillars: Quality assurance and Technical Support; Business Development Support; Access to Finance; Consumer Engagement; and Policy Engagement.

44. Improving the performance of cookstoves available in DRC by enabling a quality assurance and technical support system: The Quality Assurance and Technical Support program aims to support technologies that are certified to deliver on their advertised performance and also establish incentives for improving quality in order to provide real economic, environmental, or health benefits to the end-users.

45. This objective will be achieved through the use of a phased approach: first, the quality of the local baseline technology will be assessed with the support of ACCES regional QA/TS<sup>21</sup> consultant who will recommend a tailored technical support package for improving performance of locally-assembled and -produced cookstoves. Secondly, FIP technical assistance will implement the recommended support packages to eligible<sup>22</sup> stove manufacturers who agree to the required stove performance commitments including financial support for the testing of cookstoves and stove quality upgrades.

46. Quality assurance and testing of cookstoves will be performed in close collaboration with the renewable energy testing center CERERK (*Centre d'Études et de Recherche sur les Énergies Renouvelables Kitsisa Khonde de Kinshasa*) at ISTA (*Institut Supérieur des Techniques Appliquées, Kinshasa*) that has recently been established in Kinshasa with the support of SNV. The use of FIP resources will be limited to the provision of targeted support towards the implementation of a national QA/TS program and directly-related training and equipment. FIP funds cannot be used for budget support of day-to-day operations or ensuring financial sustainability of the CERERK testing center.

47. QA support may include activities such as:

- a) Capacity building for the CERERK testing center including activities such as: web-based training videos for testing and calibration of equipment, developing standardized log sheets for documenting QA/TS, etc.
- b) Funding for testing center equipment based on the assessment of the QA/TS team.
- c) Support for testing clean cooking technologies to be provided to eligible manufacturers and distributors at a cost-share basis.
- d) Support to eligible manufacturers for the implementation of the recommendations from the QA assessment and the technical support packages in the form of: training on sourcing and use of materials, guidance on manufacturing or assembly of stoves, quality control processes, etc.

48. Enhancing the distribution, assembly, and production of cookstoves: The project will provide targeted support to entrepreneurs through a range of activities in the form of cost-share grants and business development support.

49. In-country stakeholder feedback in Kinshasa revealed a need to support a comprehensive approach to promoting clean cooking solutions. Access to funding and business development support, among others, were the areas that stakeholders emphasized as a need, something which ACCES has already integrated in its framework of support as a result of regional consultations in SSA.

50. The project will support entrepreneurs by request through the following instruments:

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<sup>21</sup> The Quality Assurance/ Technical Support (QA/TS) consortium contracted by ACCES has been tasked with building the regional QA/TS for Sub-Saharan Africa as well as specific quality thresholds for support to its countries of engagement. The international reference standards for cookstove performance will comply with global standards currently being designed in parallel by ISO. For more information on the ACCES QA/TS program, please see Annex 8.

<sup>22</sup> Eligible entrepreneurs and required commitments will be defined in the OP manual.

- a) **Grants:** Cost-share grants will support eligible entrepreneurs in local production, distribution, and assembly of cookstove technologies including foreign cookstove manufacturers planning to establish a local presence. Eligible activities for grant funding may include implementing innovative business models, acquiring tools and equipment for production, enhancing workshop space, improving production models, enhancing quality and performance of products as well as marketing, commercialization, and consumer engagement activities.

Both manufacturers and distributors would be eligible and may apply jointly to enhance qualifications. Selection criteria will include a review following the cookstove performance criteria provided by the ACCES Quality Assurance program (see above), the existence of a sound business plan coupled with co-financing potential, the existence of sales monitoring and evaluation mechanisms, etc. The design of the cost-share grant mechanism (including a selection committee and selection criteria) will be defined in the Project Implementation Manual.

- b) **Targeted technical assistance:** The project will finance resident technical assistance that will provide business development advice to the entrepreneurs joining the program. In addition, targeted consultancy services will be financed for eligible entrepreneurs. This assistance may include financing of services such as analytical work, consumer research, distribution models, and supply chain assessment. A particular focus will be placed on carrying out marketing strategies (targeted below-the-line marketing strategies) and implementing distribution strategies.

51. *Supporting sector development and structure:* In order to bring together various actors across the cookstove value chain such as: producers, distributors, retailers, women's groups, financing intermediaries, etc. to help create new market linkages, a national alliance will be established. In addition, this support will finance any sectoral studies requested by the stakeholders as well as operating costs for the networking activities before the national alliance begins to operate autonomously.

52. The support may include the following activities under the supervision of the stakeholder network:

- a) Organizing outreach, networking, and knowledge events, trade fairs to promote awareness of business opportunities and to support the alliance described above in promoting broad sector development and establishing new market linkages.
- b) Designing and implementing a consumer engagement strategy to mobilize demand for clean cooking solutions at the household level. This will entail development of creative products, approaches and messages and identification of various channels through enterprises, government, media, and the private sector, to reach and engage target audiences. These may include media campaigns, demonstrations, road shows, development of a marketplace, focus groups and engagement fora in order to receive feedback from consumers to inform the sector activities, etc. Such outreach would complement the below-the-line marketing that entrepreneurs themselves will carry out.

### Implementation Arrangements

53. The FIP Coordination Unit will have the overall responsibility for the implementation of this component supported by a technical assistance firm that will (i) supervise the technical aspects (including drafting the TORs, assessing the technical proposals for the grants, etc.), (ii) act as business advisor to eligible entrepreneurs, and (iii) coordinate sector development activities in close collaboration with the national alliance for improved cookstoves.

#### Activities to be funded:

- Technical Assistance (firm) both to help the FIP team with overall project implementation and supervision, as well as implementing the business development and entrepreneur support activities, setting up the training program and working in close coordination with the producers, manufacturers, retailers and distributors to establish the “national alliance”;
- Capacity building for the CERERK testing center in the form of staff training throughout the project’s implementation and filling any equipment gaps;
- Cost-sharing with the enterprises to test clean-cooking technologies;
- Cost-sharing grants to support entrepreneurs (distributors and manufacturers or joint proposals);
- Training for manufacturers to support their inclusion of the recommendations from the QA assessment and the technical support packages;
- Analytical work, consumer research, supply chain assessments for entrepreneurs;
- Designing and implementing consumer engagement and mobilization;
- Operational cost of four networking events/trade fairs and for convening and strengthening the network of sector stakeholders (such as meeting and advertising for the National Alliance).

### **Component 3 (Technical): Promote small scale agroforestry systems to reduce land use emissions**

54. The budget for this sub-component is set at US\$9.9 million. The target area includes the provinces of Bas-Congo and Bandundu along the N1 Highway (National Road 1), extending 100 km on either side of the N1 in order to facilitate the transport of product removal. The population of the supply area is about 11 million urban dwellers in the towns of Boma, Matadi, Mbanza Gungu, Kisantu, Kinshasa, Kenge, Masimanimba, and Kikwit.

55. This component focuses on the promotion of agroforestry and innovative production systems as alternatives to slash-and-burn agriculture and as a source of sustainable fuel wood for farmers’ organizations in the Kinshasa fuel wood supply Basin. Currently, the targeted zones (both in Bas Congo and in Bandundu along the N1 Road) are the major supply areas for fuel wood and charcoal for Kinshasa; this activity is the main driver for deforestation and forest degradation in these locations. By promoting alternative and sustainable sources of charcoal through agroforestry systems, this component will reduce pressure on natural forests while improving farmers’ revenue. This component will use a different approach from that of component 2a as it will work directly with farmer organizations and provide them with the

needed inputs (either material through seeds, nursery establishment, bags for plantations, and other farm equipment and/or through training and technical support) and will not expect them to prepare formal proposals before beginning to work with them.

56. The FIP team will give local technical support operators (*Agence locale d'Exécution* – ALE) the mandate to support small- and medium-sized community agroforestry projects. These operators will be selected from those which already possess technical teams with experience in agriculture extension, delivering targeted and effective training, workshops, maintaining and operating farm machinery (i.e. tractors), as well as a proven track record of engagement in agroforestry, and knowledge of new technical advances and accommodation facilities. Prior organizational and financial audits of the ALE will be carried out before their final selection.

57. These operators will be contracted (through negotiations) to coordinate the IFLMP for the purpose of disseminating agroforestry practices in their zones. These interventions will be carried out at several levels:

- Capacity-building and training through awareness campaigns, community radio broadcasts, and support for improved carbonization techniques.
- Creation of an enabling environment at the community level, through the creation of community structures, producer organizations, and tenure clarification
- Facilitating provision of: bags, animal-drawn carts, and tools; Nursery establishment for forest and fruit tree species in order to encourage the development of agroforestry, perennial crops, as well as provide a complementary source of nutrition, and on-farm income diversification as in through the production of essential oils.
- Provision of specific services to share costs with the investor such as labor, processing, farm equipment, and product marketing.

58. The ALE will operate in partnership with the decentralized technical services from the government and will ensure that the proposed activities are included in the development plans and compliant with the province's development priorities. They will encourage projects operated or supported by women's organizations and will report on the specific mechanisms established to ensure the effective participation of women.

### Implementation Arrangements

59. For the Bandundu/Kinshasa zone, a small number of suitable operators were identified during the preparation mission by the government team.

60. In the Bas-Congo province, a number of local small-scale entities with low financial capacity have been identified. Their activities appear to be complementary and their transport constraints favor an approach that would make use of a string of operators rather than cover the entire area with a single entity. In addition, the financial stability of these NGOs is fragile so the project should seek to avoid destabilizing their mode of operation. The project should not provide them with ambitious contracts, which would significantly increase operating costs.

61. It is therefore proposed that Bas-Congo be divided into 5 complementary zones with ALEs to be selected for each zone.

Activities to be funded:

- Contracts with operators;
- FIP farm and transport equipment procurement by the operator, such as animal-drawn carts, tractors and motorcycles, and materials such as planting pots for seedlings at the end of the project.
- Project supervision missions performed by IFLMP teams.
- Organization of two steering committees: one for the Kinshasa/Bandundu zone and one for Bas-Congo.

**Component 4 (Management): Support Activities and Promoting Lessons Learned.**

62. The objective of this component is the presentation of the program, the management of institutional relations, the supervision of the overall program, the management of calls for tenders and proposals, the negotiation of contracts with partners, the financial control over the entire program, monitoring and evaluation, the dissemination of lessons learned, the organization of interaction and the implementation of a communication plan, finding synergies in projects implemented by banks and other operators in their spheres of activity and ensuring their compliance with IFLMP and COMIFAC (Commission for the Central African Forests) programs.

**Sub-component 4a: Implementing the Project – Operating Costs**

63. The coordinators of the FIP Program (African Bank for Development and the World Bank) will require a permanent team during its operational phase consisting of a coordinator, an international technical assistant, four local technical assistants (to conduct monitoring assessments, for communication, environmental and social impact assessments, and for relations with local populations), an internal auditor, a procurement specialist, an accountant, a logistical expert, and support staff. This team covers both African Bank for Development/World Bank projects and costs would be shared between the two institutions. Annex 3 provides more details about the structure.

64. A precise budget has been drafted and shared with AfDB to ensure that the two projects support and complement each other while each project remains autonomous in the case that the other project faces any future issues. Specifically, the staff is already divided between the 2 projects; however to avoid depending on the AfDB for fiduciary skills, the procurement and financial management consultants as well as the auditors will be financed under the IFLMP.

Activities to be funded:

- Operating costs such as: bank fees, rent, internet subscriptions, water, electricity, fuel, and supplies.
- Salary and mission expenses including transportation for FIP staff (both for contracted members and consultants).
- Training in procurement and financial management, along with project management training.



- Equipment, including: vehicles, computers, office requirements, and software licenses.
- Audits and mid-term reviews.

**Sub-component 4b: Funding, Dissemination of Lessons Learned by the IFLMP, and Knowledge Management.**

65. The FIP coordination team will have a large budget for consultations and information dissemination activities.

66. This sub-component will also partially finance the results monitoring and reporting at FIP Investment Plan level, following the guidelines that were approved by the Sub-Committee on October 30, 2013.

**Activities to be funded:**

- Studies analyzing the strengths and weaknesses of the IFLMP and lessons learned.
- National and international workshop presentations on the part of the IFLMP, as well as the dissemination of results, travel, and allowances for representatives.
- Communications materials like brochures, flyers and posters, and document editing.
- Data collection and studies for monitoring results.

## Annex 3: Implementation Arrangements

### Program Governance and Institutional Arrangements

#### Program Oversight and leadership

1. As per the recent agreement between the Bank and the Prime Minister regarding the use of country systems, the project will be implemented through the Ministry of Environment, Nature Conservation and Tourism (MENCT).
2. **Steering Committee:** At the national level, the project will be steered by the REDD+ National Committee who will be given the corresponding guidance and decision-making powers. The responsibilities of this Committee will include the approval and control of project work plans and annual budgets. A dedicated team at DDD will oversee the project's technical coordination
3. **Provincial Steering Committee:** A Provincial Steering Committee will be established for the Bandundu and Bas Congo provinces. It will be comprised of representatives of the province government, the Territorial Administration, decentralized services of the Ministries concerned by the project, the provincial REDD+ focal point, representatives of the private sector and civil society. The details of its composition will be specified in the Implementation Manual.

#### Project Implementation Arrangements

4. The following arrangements will be described in detail in the project implementation manual:
5. **Project Coordinator and FIP Technical Coordinator:** The project is implemented under the responsibility of the General Secretariat at the Ministry of Environment, Nature Conservation and Tourism (MENCT) including fiduciary aspects and the technical implementation oversight for the four components. Project coordination will be fully integrated in the MENCT administrative structure. The General Secretary (SG) of MENCT will also be the Project Coordinator and will be supported by a FIP technical coordinator for daily project management (financial management, procurement, safeguards, monitoring & evaluation and supervision of the technical aspects of the project components).
6. The responsibilities of the FIP Program Coordinator (which may be delegated to the Technical Coordinator) include:
  - Oversee the technical secretariat's project implementation;
  - Draft the annual work plan and budget;
  - Report on activity implementation progress to the National REDD+ Committee and the supervisory authority;
  - Ensure the correct use of the means made available to the National REDD+ Coordination Unit;
  - Oversee the implementation of recommendations by the National REDD+ Committee, and of the various audits;

- Draft regular progress reports;

7. The Sustainable Development Directorate (DDD) will have the responsibility for project technical coordination and will ensure full consistency with the ongoing national REDD+ process. Financial Management and procurement will be under the responsibility of the DAF (Directeur de l'Administration et des Finances) and the CGMP (*Cellule de Gestion des Marchés publics*) respectively.

8. Throughout Project implementation, the SG and the DDD will update the National REDD+ Committee on a yearly basis on the progress made by the Project, which will ensure an appropriate level of political ownership of the Project at the national and provincial level.

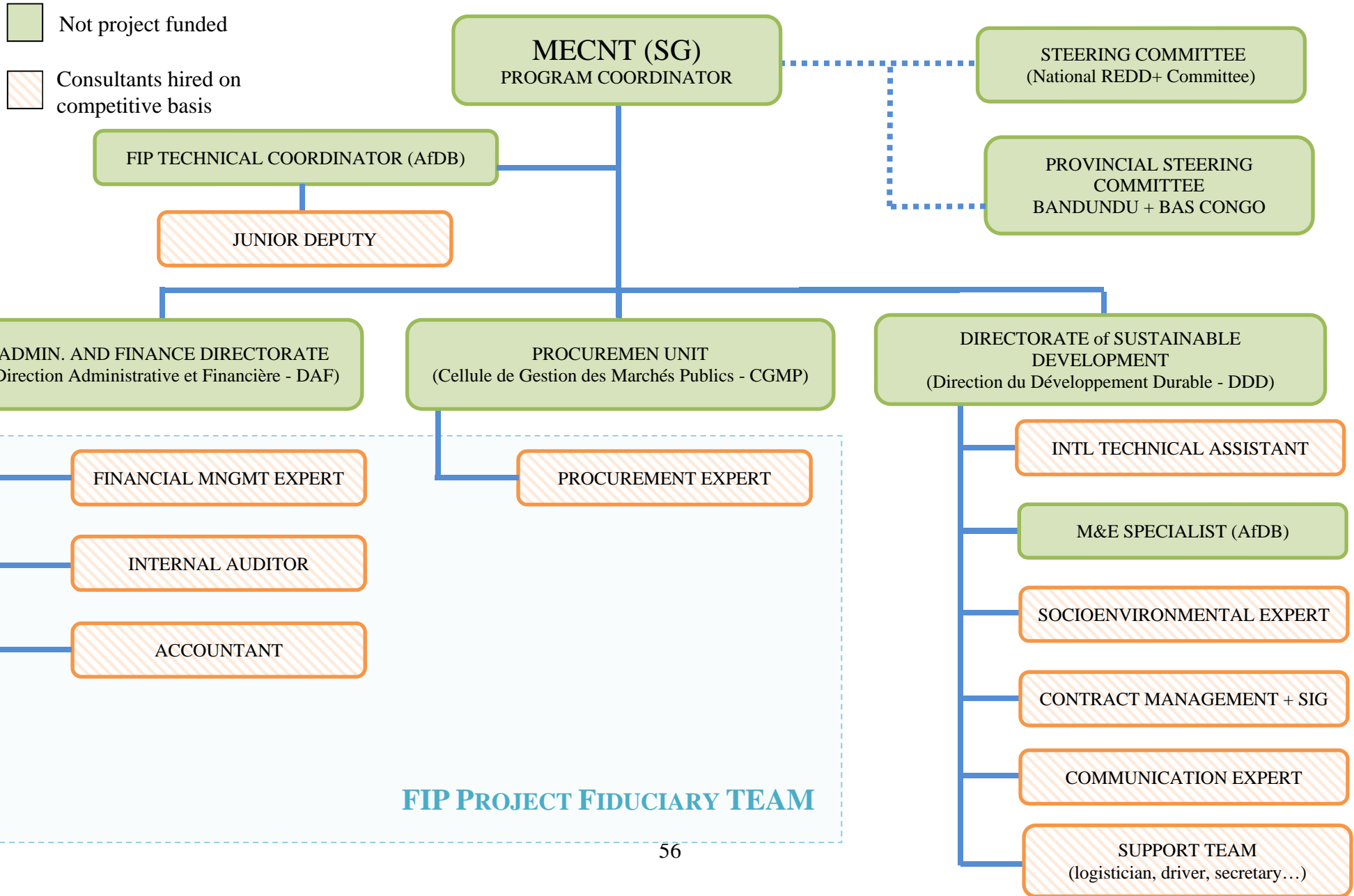
9. **FIP Coordination Unit:** A dedicated team within the General Secretariat, known as the "FIP Coordination Unit", will oversee the project's technical coordination and financial management. This team will comprise an international technical assistant, a junior implementation assistant, four local technical assistants (for monitoring and evaluation, communication, environmental and social impact assessments, and local development/GIS), an expert on procurement, an accountant, an internal auditor for the delegated contract administrative control (component 1), a logistical expert, and support staff, all of them to be recruited through open competition<sup>23</sup>. Operation costs would be shared between the FIP projects financed through the World Bank and the African Development Bank.

10. **Fiduciary management:** Fiduciary, procurement, administrative and financial responsibilities will be overseen by the National FIP Coordination Unit and processed by the dedicated personnel through the established procedures of the MENCT under the responsibility of the FIP Coordinator, the DAF (Head of Financial Management), the CGMP (Head of Procurement), and ultimately MECNT General Secretary will be responsible for the control of the compliance with national regulation and the endorsement of the fiduciary management. As such, they will approve the conclusions of financial reports, audits and procurement selection processes. Their precise role will be described in the Project Implementation Manual (to be finalized before effectiveness).

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<sup>23</sup> The officers currently under contract in the context of the project preparation grant and recruited on a competitive basis, could have their contracts renewed if their performance is deemed satisfactory following an evaluation of their services after grant closure. The Technical Coordinator and the M&E Expert will be recruited through the AfDB project.

**Figure 2:** Institutional and Implementation Arrangements Diagram:



## **Technical management, for WB project:**

11. **Component 1** will be implemented by a specialized operator such as an international NGO. This delegated implementation agency will operate in close coordination with CARPE 3 projects, which also implement REDD+ activities in the project area. Obvious synergies have been identified with the previous CARPE projects and the future CARPE 3. In fact, the IFLM project is largely inspired by the success of this activity that WWF piloted using an innovative methodology - participatory mapping - in order to create 19 land management plans in the Territory Bolobo.

This operator will be responsible for all of Component 1's implementation, with objectives and an annual work plan for the four axes outlined below.

Within the Project Coordination Team, the Expert in Social and Environmental Impact Assessment will control the quality of the grievance mechanism that will be established. The international expert will be responsible for the contract management and ensuring that the operator maintains a certain level of service quality.

12. **Component 2a:** - Support will be provided through a call for proposals to fund exhaustion on the principle of a "first come, first serve" basis (subject to the application's approval). A Screening Committee will review the proposals on a rolling basis. The project Implementation Manual will detail the composition of the Screening Committee and its rules. Once the mini-projects are approved, the daily supervision and contract management will be under the responsibility of the FIP Coordination Unit.

13. **Component 2b** will be implemented by the FIP Coordination Unit with the support of a Technical Assistance firm. The firm will be responsible for defining the annual work program, and providing the Technical Coordinator with regular reports on the work program's implementation. It will prepare the training program for the various actors and identify the potential institutions that will provide this training. It will define the Terms of Reference for any procurement activity, and will be part of the technical evaluation committee. However, this Technical Assistant will not have a fiduciary role (i.e. neither signing contracts on behalf of the Coordination nor paying invoices without the Coordinator's authorization).

14. **Component 3** will be supervised directly by the FIP Coordination unit, which will contract 7 ALEs (Local Implementing Agency). Depending on the assessment results of each ALE, the fiduciary responsibility may be delegated.

15. **Component 4** will be directly implemented by the FIP Coordination Unit.

16. The table below summarizes the supervision of the technical execution within the FIP coordination Unit.

Comp.	Responsible individual(s) from within the Coordination Team	Role	Means of action
1	Specific staff for Component 1 contract management and GIS	Contract management, reporting on progress	Contract for delegation to an operator, reviews, internal audit, and reports
2a	FIP Coordination Unit, with the support of a “Screening Committee”	Contract management, project supervision, reporting on progress	Contracts with project implementers as awarded by the “Screening Committee”
2b	Technical Assistance (Firm)	Support the Coordinator in the subcomponent’s implementation. Fiduciary management remains under the FIP project	Technical assistance provides regular reports on the work program and the sub-component activities
3	International Expert	Contract management, reporting on progress	Direct implementation of the research/knowledge sub-component, contract management for the 5 resources centers to be selected in 2 areas
4	Technical Coordinator	Direct implementation	

## **Project administration mechanisms**

### ***Financial Management, Disbursements and Procurement***

#### **Introduction**

17. The project is funded by the Strategic Climate Fund (SCF) and the conditions for SCF Trust Funds apply. DRC contributions will be in kind, especially the salaries of government staff involved in implementing the project. The SCF will finance all project expenditures and will be managed through one (1) new bank account to be opened and maintained by the DDD in a commercial bank acceptable to IDA, which will be the Designated Account to receive SCF advances, and to pay for the SCF project expenditures (in US\$).

## Country PFM situation and Use of Country System

18. While waiting for the outcomes of the use of country system assessment, the proposed project will be entrusted to the General Secretariat of the MECNT. However, some activities will be out-sourced to other stakeholders such as private sector actors for the training and TA in order to support the project's implementation, since the General Secretariat of the MECNT has limited project implementation experience.

## Risk Assessment and Mitigation Measures

19. The objective of the Financial Management Risk Assessment is to determine whether the FIP Coordination Unit, has acceptable financial management arrangements to ensure: (i) the funds are used only for intended purposes in an efficient and economical way; (ii) accurate, reliable and timely periodic financial reports are prepared; (iii) the entities' assets are protected by adequate safeguard; and (iv) it is subjected to a satisfactory auditing process. Assessment of the risks that the project funds will not be used for their pre-designated purpose is an important part of the financial management assessment work. The risk features are determined based on two elements: (i) the risk associated with the project as a whole (inherent risk); and (ii) the risk linked to a weak control environment in the project's implementation (control risk). The content of these risks is described below.

Risk	Risk rating	Risk Mitigating Measures Incorporated into Project Design	Risk after mitigation measures	Conditions for effectiveness (Y/N)	Remarks
<b>INHERENT RISK</b>	<b>S</b>		<b>S</b>		
<b>Entity level</b> - Lack of coordination due to the involvement of several stakeholders and political interference of the Ministry, etc.  - Limited capacity of the MECNT's General Secretariat to implement World Bank-financed	H	- Follow-up the recruitment process of the financial management team at the General Secretariat of the MECNT level in order to ensure that the recruited consultants have adequate experience in financial management.  - Establish a manual of procedures, as part of the PIM which clarifies the roles and responsibilities of the various stakeholders. The PIM defines implementation procedures in line with adequate fiduciary requirements. Training sessions will also be provided.  - Provide Technical Assistance to the General Secretariat of the MECNT by rolling out a fiduciary training plan which aims at strengthening the capacity of this	Over the course of implementation	N	

projects.		entity's fiduciary staff and establishment of a credible internal audit unit reporting to the project steering committee.			
<b>Project level</b> Weak capacity, lack of availability of different stakeholders involved in other tasks within their usual duties, and risk of fraud and corruption.	S	- Development of a manual of administrative, financial and accounting procedures, as part of the PIM, including adequate fiduciary procedures. - Regular internal audit missions (technical and financial audit) will be conducted during the project period with a focus on fraud and corruption risk in the implementation of project operations.	S Completed as of effectiveness  Over the course of implementation	N	
<b>CONTROL RISK</b>	<b>S</b>		<b>S</b>		
<b>Budgeting</b> Weak budgetary execution and control inducing budgetary overspending or the inefficient use of funds.	S	- Annual work plan and budget will be prepared each year. The project FM Manual of Procedures will define the arrangements for budgeting, budgetary control and the requirements for budgeting revisions. Annual detailed disbursement forecasts and budget required. IFR will provide information on budgetary control and analysis of discrepancies between actual spending and the budget.	M Completed as of effectiveness	N	
<b>Accounting</b> - Lack of reliable accounting system and - Limited knowledge of the financial management procedures of the World Bank.	S	- Purchase appropriate accounting software, customized to generate the financial reports of the project. - Implement appropriate training sessions based upon agreed accounting procedures.	M Three months after effectiveness	N	
<b>Internal Controls and Internal Audit</b> Weak compliance with FM procedures manual and of circumventing internal control systems	S	- Regular internal audit missions (technical and financial audit) will be conducted during the project implementation with a focus on fraud and corruption risk.  - Recruitment of an internal audit consultant who will contribute to strengthening the project's internal control environment.	S Over the course of implementation  Three months after effectiveness	N	



<p><b>Funds Flow</b>  - Risk of misuse of funds or funds used to pay for non-eligible expenses  - Risk of misused and inefficient use of funds.  - Weak capacity in the disbursement procedures of the World Bank which could affect the disbursement rate.</p>	S	- Organize frequent controls for each involved actor in order to help to prevent and mitigate the risk of diversion of funds. - Payment requests will be approved by the Coordinator and the Administrative and Financial Manager prior to disbursement of funds. - Require the future FM consultant to ensure monthly submission of the withdrawal application.	S Over the course of implementation	N	
<p><b>Financial Reporting</b>  Delay and difficulties in the submission of acceptable IFRs to the World Bank due to weak capacity of the FM team and the number of stakeholders involved in the project.</p>	S	- Purchase of an adequate accounting software to computerize the accounting system. - Agreement on the format and content of the Interim Financial Report which will include the project specifications.	M Three months after effectiveness  Completed as of effectiveness	N	
<p><b>External Auditing</b>  External audit arrangements are not defined and there is a lack of capacity in public institutions to control and ensure the external auditing of the project</p>	S	- Recruitment of an independent external auditor based on agreed TOR developed in line with International Accounting Standards (including fraud and corruption).	M Six months after effectiveness	N	
<p><b>Governance and Accountability</b>  Possibility of circumventing the internal control system with colluding practices such as bribes, abuse of administrative positions, mis-procurement, etc., is a critical issue.</p>	H	(i) The ToRs of the external auditor will comprise a specific chapter on corruption auditing; (ii) FM manual of procedures will include anti-corruption measures including a specific safety mechanism that enables individual persons and NGOs to denounce abuses or irregularities; (iii) Robust FM arrangements will be designed to mitigate the fiduciary risks; (iv) Measures to improve transparency such as providing information on the project status to the public, and to encourage participation of civil society and other stakeholder will be built into the project design. The implementing agency will prepare	H Over the course of implementation	N	

		a code of conduct including clear procedures for disciplinary action.			
<b>Overall FM risk</b>	<b>S</b>		<b>S</b>		

20. The overall risk rating at preparation is **Substantial**.

### **Financial Management Action Plan to reinforce the control environment**

<b>Issue</b>	<b>Remedial action recommended</b>	<b>Responsible entity</b>	<b>Completion</b>	<b>Effectiveness conditions</b>
Staffing	Recruitment of the Financial Management team comprising (i) a qualified and experienced Financial Manager; (ii) an experienced Accountant; and (iii) a Treasurer.	General Secretariat of the MECNT	Completed as of effectiveness	N
Information system accounting software	Installation of accounting software acceptable to the World Bank and establishment of an accounting system acceptable to World Bank.	General Secretariat of the MECNT	Three months after effectiveness	N
Financial reporting : IFR	Format, content, and frequency of the IFR to be prepared and discussed during project negotiation	General Secretariat of the MECNT	Completed as of effectiveness	N
Administrative, Accounting and Financial Manual of procedures	Develop a manual of procedures administrative, financial and accounting (as part of the PIM) that also includes detailed procedures describing the system to be used to pay recurrent expenditures with specific sections on anti-corruption aspects.	General Secretariat of the MECNT	Completed as of effectiveness	N
Internal auditing	Recruitment of an internal audit consultant who will contribute to the project's internal control environment strengthening.	General Secretariat of the MECNT	Three months after effectiveness	N
External financial auditing	Recruitment of the external auditor acceptable to IDA	General Secretariat of the MECNT	Six months after effectiveness	N

### **Governance and anticorruption considerations**

21. The country political situation has weakened the governance and corruption environment. In the context of the project, the effective implementation of the fiduciary mitigation measures should contribute to strengthening the control environment. Also, the appropriate representation and oversight of the Steering Committee involving key involved actors and donors, as well as the transparency in both operational implementation and dissemination to stakeholders and the public should constitute a strong starting point to tackle governance and corruption issues during project implementation.

## **Staffing and Training**

22. The General Secretariat of the MECNT will retain staffing resources that adequately respond to the needs based on the project operations and activities, and are sufficiently qualified to maintain accounting records related to project-financed transactions, and to prepare the project's financial reports. The FM function will be carried out by a team composed of (i) a qualified and experienced FM expert in charge of the supervision of all FM activities of the project; (ii) an experienced Accountant; and (iii) a Treasurer. The team will have the overall FM responsibility over budgeting, accounting, reporting, disbursement, internal control, and auditing. The FM expert will provide technical assistance to the existing FM team of the General Secretariat of the MECNT to build the capacity of the FM unit. The General Secretariat of the MECNT accounting staff will have its capacity reinforced over the project implementation vis-à-vis the rolling out of the training plan that includes training on IDA disbursement procedures, training on OHADA accounting principles and its implication for a donor-financed operation, and training on IDA financial reporting arrangements, among others.

## **Budgeting**

23. The General Secretariat of the MECNT will prepare annual work plans and budgets for project activities implementation taking into account the project's objectives. The work plan and budgets will identify the activities to be undertaken and the role of respective parties in implementation. Annual work plans and associated budgets will be consolidated into a single document by the General Secretariat of the MECNT with the support of the FM team, which will be submitted to the steering committee for approval, and thereafter to the World Bank for no objection not later than November 30 of each year proceeding the year the work plan should be implemented. The consolidation will be done after the General Secretariat of the MECNT ensures, through its technical departments, that the plan and budget meet the project objectives.

## **Accounting Policies and Procedures**

24. The accounting systems, policies, and administrative and financial procedures will be documented in the project's Administrative, Accounting, and Financial Manual. It will be used by (i) the project staff as a reference manual, (ii) IDA to assess the acceptability of the project's accounting, reporting, and control systems, and (iii) the auditors to assess project accounting systems and controls and to design specific project audit procedures. Accounting software with multi-project, multi-site, and multi-donor features will be procured. An FM manual of procedures and accounting software should facilitate the project implementation and support the project's requests for funding, as well as meet its reporting obligations to fund providers. For the purposes of this IDA-financed project, a FM manual of procedures, which is part of the PIM, will be prepared and adopted through negotiations. The manual will focus on the following: (i) segregation of duties, (ii) physical control of assets, (iii) authorization and approval, (iv) clear channels of command, (v) arithmetic and accounting accuracy, (vi) integrity and performance of staff at all levels, and (viii) supervision. Specific procedures will be documented for each significant accounting function. They will be written to depict and document and transaction flows and will cover the flow of funds, recordkeeping and maintenance, the chart of accounts, formats of records and books of account, authorization procedures for transactions, planning and

budgeting, financial reports (including formats, linkages with chart of accounts, and procedures for reviewing them). This FM manual will be included in the Project Implementation Manual.

### **Internal Control and Internal Auditing**

25. To ensure a strong financial management system, the General Secretariat of the MECNT should have an adequate number and mix of skilled and experienced staff while the internal control system should ensure the conduct of an orderly and efficient payment and procurement process, which properly records and safeguards assets and resources. The internal control will be organized through the project's Administrative, Accounting, and Financial Manual with appropriate segregation of duties and responsibilities. Internal audit functions will be assumed by a qualified and experienced Internal Audit Consultant who will be recruited on a competitive basis, not later than three months after effectiveness. The internal auditor will report directly to the Coordinator and Steering Committee, and will undertake periodic assessments of the strengths and weaknesses of the internal control system at all levels. All control deficiencies or circumvented practices identified will be communicated in a timely manner to the overall senior management of the project, mainly the General Secretariat of the MECNT and the steering committee for immediate corrective action as appropriate. One of each such reports will also be communicated to the Bank.

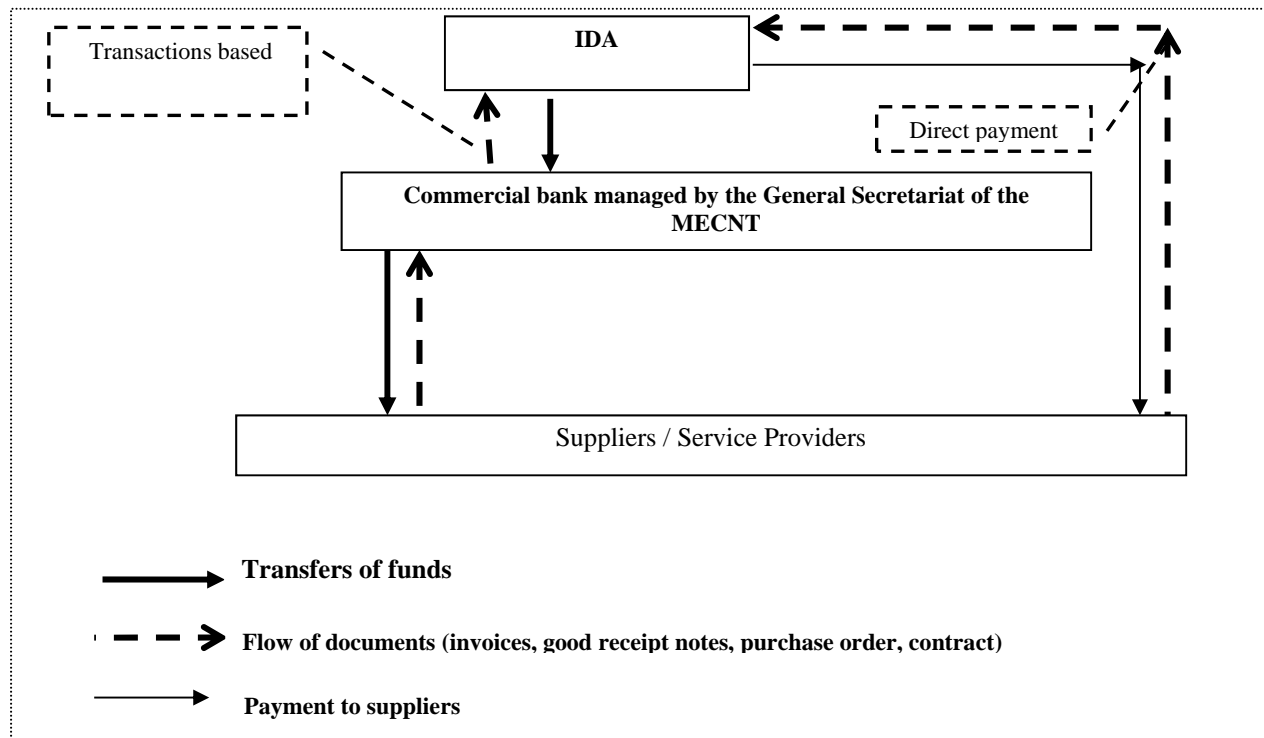
### **Funds Flow and Disbursement Arrangements**

26. A Designated Account (DA) will be opened in a commercial bank on terms and conditions acceptable to IDA under the fiduciary responsibility of the General Secretariat of the MECNT. This DA will be managed according to the disbursement procedures described in the PIM and the Disbursement Letter (DL) for the Project. The ceiling of the account will be specified in the DL estimated to be the equivalent of four months of project cash needs and takes into account the disbursement capacity of the various structures implementing the Project. This ceiling will be set at US\$ 2 million. This Designated Account will be used to finance all eligible project expenditures under the different components. Payments will be made in accordance with the provisions of the manual of procedures (i.e. two authorized signatures will be required for any payment). This DA will be used to pay the suppliers selected through acceptable Bank procurement procedures. Replenishment of these accounts will be done at least once a month by the project upon submission of acceptable supporting documents. Advances to the Designated Account will be made against withdrawal applications supported by Statements of Expenditures (SOE) and other documents as specified in the Disbursement Letter. All supporting documents should be retained at the project and readily accessible for review by periodic IDA implementation support missions and external auditors.

#### ***Disbursement arrangements***

27. ***Disbursement method:*** Upon Grant effectiveness, transaction-based disbursements will be used during the first year of the project implementation. Thereafter, the option to disburse against submission of a quarterly unaudited Interim Financial Report (also known as Report-based disbursements) could be considered subject to the quality and timeliness of the IFRs submitted to the Bank and the overall assessment of the financial management performance. In the case of the use of the report-based disbursement, the DA ceiling will be equal to the cash forecast for two

quarters as provided in the quarterly unaudited Interim Financial Report. The minimum value of applications for reimbursement, direct payment and special commitment is US\$100,000. Another acceptable method of withdrawing proceeds from the IDA grant is the special commitment method whereby IDA may pay amounts to a third party for eligible expenditures to be paid by the recipient under an irrevocable Letter of Credit (LC). The funds flow diagram for the DA follows:



28. **Disbursement of Funds to other Service Providers and Suppliers:** The General Secretariat of the MECNT will make disbursements to service providers and suppliers of goods and services in accordance with the payment modalities, as specified in the respective contracts/conventions as well as the procedures described in the project’s Administrative, Accounting, and Financial Manual. In addition to these supporting documents, the Project will consider the findings of the internal audit unit when approving payments. The General Secretariat of the MECNT, with the support of its internal audit unit, will reserve the right to verify the expenditures ex-post, and refunds may be requested for non-respect of contractual clauses. Misappropriated activities could result in the suspension of financing for a given entity.

29. **Disbursements by category:** The table below sets out the expenditure categories to be financed through the Grant. This table takes into account the prevailing Country Financing Parameter for DRC in setting out the financing levels. In accordance with Bank standard procurement requirements, contracts will continue to be approved “all taxes included” for local expenditures. The project will, however, claim invoiced amounts excluding taxes. The Government will take appropriate steps to cover the tax portion of contracts signed by the project with contractors and suppliers of goods and services.

<b>Category</b>	<b>Amount of the Financing Allocated (expressed in US\$)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, works, non-consulting services, consultants' services, Operating Costs <sup>24</sup> , Training <sup>25</sup> , and Sub-grants <sup>26</sup>	34,400,000	100%
(2) Performance-Based Incentives and Investments <sup>27</sup>	2,500,000	100% of amounts disbursed
<b>TOTAL AMOUNT</b>	36,900,000	

### **Financial Reporting and Monitoring**

30. Financial reports will be designed to provide quality and timely information on Project performance to Project management, and relevant stakeholders. Formats of the various periodic IFRs to be generated from the financial management system will be developed using the World Bank's Financial Management Practices in WB-financed Investment Operations. The quarterly IFR includes (i) the statements of sources and used funds, and utilization of funds per category; (ii) the updated procurement plan; (iii) the physical progress; (iv) expenditure types and implementing agent, showing comparisons with budgets; (v) Designated Account activity statements and explanation notes in the IFR; and (vi) the summary of missions of internal audit as well as implementation status of the recommendations of internal or external audit and

<sup>24</sup> "Operating Costs" means the reasonable costs, as shall have been approved by the World Bank, for the incremental expenses incurred on account of Project preparation and coordination, consisting of vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office (and office equipment) maintenance, utilities, document duplication/printing, translation, catering, consumables, health expenses for the FIP Coordination Unit personnel and their dependents, travel cost and per diem for Project staff for travel linked to the preparation, implementation and coordination of the Project, and salaries of support staff for the Project (but excluding consultants' services and salaries of officials of the recipient's civil service).

<sup>25</sup> "Training" means the reasonable costs, as shall have been approved by the World Bank, for incremental expenses incurred on account of Project preparation and coordination consisting of: local training and workshops conducted under the Project, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities; preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation (but excluding goods and consultants' services).

<sup>26</sup> "Sub-grant" means a grant made or proposed to be made by the recipient to a beneficiary (community, individual farmers or a group of farmers) out of the proceeds of the Grant to assist in financing of Sub-projects. "Sub-project" or "Sub-projects" means collectively key and local investments in the Bandundu, Bas-Congo and Kinshasa Provinces or the Sub-projects for agroforestry to be implemented by beneficiaries, all under Components 1, 2a or 3 of the Project utilizing the proceeds of a Sub-grant under a Sub-grant Agreement.

<sup>27</sup> "Performance-Based Incentives and Investments" means payments for services provided by Communities ensuring the permanence of the forest cover and the proper implementation of management plans under Component 1 of the Project.

supervision missions. The IFR will be prepared and submitted to IDA, 45 days after the end of each quarter. In compliance with International Accounting Standards and IDA requirements, the Project will produce annual financial statements. These include: (i) a Balance Sheet that shows Assets and Liabilities; (ii) a Statement of Sources and Uses of Funds showing all the sources of Project funds, expenditures analyzed by Project component and category expenditures; (iii) a Designated Account Activity Statement; (iv) an Implementation Report containing a narrative summary of the implementation progress of the Project; (v) a Summary of Withdrawals using SOE (transactions-based disbursement), listing individual withdrawal applications by reference number, date and amount; and (vi) Notes related to significant accounting policies and accounting standards adopted by management and underlying the preparation of financial statements. The financial statements will be submitted for audit at the end of each year or other periods to be stated.

### **External Auditing**

31. The project's financial statements and internal control system will be subject to external annual audit by an independent external auditor which will be recruited on ToRs acceptable to IDA. The external auditor will give an opinion on the annual financial statements in accordance with auditing standards of IFAC. In addition to audit reports, the external auditor will also produce a management letter on internal control to improve the accounting controls and compliance with financial covenants under the financing agreement. A special attention will be given to cost sharing with AfDB with an interest in avoiding double-dipping. The project will be required to submit the annual audited financial statements of the previous year no later than June 30 of each fiscal year. In line with the new access to information policy, the project will comply with the disclosure policy of the Bank of audit reports (for instance making the final financial audit available to the public without delay after receipt of all reports, including audit reports qualified) and upload the information to its official website within one month after acceptance of the final report by IDA.

32. The external Auditor will be recruited during the project preparation phase to implement the audit of the Project Preparation Fund. Unless this audit of the PPG does not comply with the Bank's quality or DRC requirements, the same auditor will be used for the first 2 exercises of the project.

### **Implementation support Plan**

33. The bank's FM implementation support mission will be consistent with a risk-based approach, and will involve a collaborative approach with the entire Task Team. Based on the current overall residual FM risk, the project will be supervised twice a year to ensure that project FM arrangements continue to operate well and funds are used for their intended purposes in an efficient way. A first implementation support mission will be performed six months after project effectiveness. Afterwards, the missions will be scheduled by using the risk based approach model and will include the following controls: (i) monitoring of the financial management arrangements during the supervision process at intervals determined by the risk rating assigned to the overall FM Assessment at entry and subsequently during Implementation (ISR); (ii) integrated fiduciary review of key contracts; (iii) review of the IFRs; (iv) review of the audit reports and management letters from the external auditors and follow-up on material

accountability issues by engaging with the task team leader, Client, and/or Auditors; the quality of the audit (internal and external) will also be monitored closely to ensure that it covers all relevant aspects and provide enough confidence on the appropriate use of funds by recipient; and; (v) physical supervision on the ground; (vi) assistance to develop and/or maintain appropriate financial management capacity; and (vii) the supervision mission will include transactions reviews of expenditures occurred.

### **Conclusions of the FM Assessment**

34. The overall residual FM risk at preparation is considered **Substantial**. The proposed financial management arrangements for this project are considered adequate to meet the Bank's minimum fiduciary requirements under OP/BP10.00.

### ***Procurement***

#### **General**

35. Procurement for this project will be carried out in accordance with the World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits "dated January 2011 (Procurement Guidelines); and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated January 2011 (Consultant Guidelines) and the provision stipulated in the Financing Agreement. The various procurement actions under different expenditure categories are described in general below. For each contract to be financed under the Financing Agreement, the various procurement or consultant selection method, the need for pre-qualification, estimated costs, prior review requirements, and time-frame have been agreed between the borrower and the Bank in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity. The implementing entities, as well as contractors, suppliers and consultants will observe the highest standard of ethics during procurement and execution of contracts financed under this project. "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA and Grants" dated October 15, 2006 and updated January 2011 (the Anti-Corruption Guidelines) shall apply to the project.

#### **Reference to the National Procurement Regulatory Framework**

36. For all contracts awarded through the National Competitive Bidding (NCB) method, the Bank may authorize the use of the national institutions and regulations that comprise the law, including its texts of application, the institutions set up for financial control and regulation, and the institutions responsible for procurement. The national competitive bidding procedures currently in force in the DRC deviates slightly from the World Bank Procurement Guidelines NCB procedures for procurement of Works, Goods and services (other than consultants services); thus, they have already been reviewed and appropriate modifications have been proposed to assure that they are economical, efficient, transparent and consistent with the provisions included in Section I and paragraphs 3.3 and 3.4 of the Bank Procurement Guidelines (refer to the paragraph below).



## Requirements for National Competitive Bidding

37. National Competitive Bidding may be used subject to using the open procedure (“*appel d’offres ouvert*”) set forth in the recipient’s Public Procurement Law No 10/010 dated April 27, 2010 (the “PPL”) and the Manual of Procedures of the PPL as per recipient’s Decree No 10/22 dated June 2, 2010 (the “Manual of Procedures”), provided however that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of Section III of the Procurement Guidelines and the additional following modifications:

(a) **Standard Bidding Documents:** All standard bidding documents to be used for the Project under NCB shall be found acceptable to the World Bank before their use during the implementation of the Project;

(b) **Eligibility:** Eligibility of bidders and acceptability of their goods and services shall not be based on their nationality and/or their origin; and association with a national firm shall not be a condition for participation in the bidding process;

(c) **Advertising and Bid Preparation Time:** Bidding opportunities shall be advertised at minimum in a national newspaper with wider circulation and on the website of the recipient’s Procurement Regulator (*Autorité de Régulation des Marchés Publics*) and bidders should be given at least 30 days from the date of invitation to bid or the date of availability of the bidding documents, whichever is later;

(d) **Criteria for Qualification of Bidders:** Qualification criteria shall only concern the bidder’s capability and resources to perform the contract taking into account the objective and measurable factors. Such criteria for qualification of bidders shall be clearly specified in the bidding documents;

(e) **Bid Evaluation and Contract Award:** A contract shall be awarded to the substantially responsive and lowest evaluated bidder provided that such bidder meets the qualification criteria specified in the bidding documents. No scoring system shall be allowed for the evaluation of bids, and no “blanket” limitation to the number of lots which can be awarded to a bidder shall apply. The criteria for bid evaluation and the contract award conditions shall be clearly specified in the bidding documents;

(f) **Preferences:** No preference shall be given to domestic/regional bidders; to domestically/regionally manufactured goods; and to bidders forming a joint venture with a national firm or proposing national sub-contractors or carrying out economic activities in the territory of the recipient;

(g) **Publication of Contract Award:** Information on all contract awards shall be published in at least a national newspaper of wide circulation or in the recipient’s Procurement Regulator (*Autorité de Régulation des Marchés Publics*) web-site;

(h) **Fraud and Corruption:** In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the World Bank’s policy to sanction firms or individuals found to have engaged in fraud and corruption as set forth in the Procurement Guidelines;

(i) **Inspection and Audit Rights:** In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the World Bank’s policy

with respect to inspection and audit of accounts, records and other documents relating to the bid submission and contract performance;

(j) **Requirement for administrative documents and/or tax clearance certificate:** The bidding documents shall not require foreign bidders to produce any administrative or tax-related certificates prior to confirmation of awarding a contract;

(k) **Modifications of a Signed Contract:** Any change in the contract amount which, singly or combined with all previous changes, increases the original contract amount by 15% (fifteen percent) or more must be done through an amendment to the signed contract instead of signing a new contract.

### **Items to be procured and methods to be used**

38. **Advertisement:** General Procurement Notices (GPN), Specific Procurement Notices (SPN), Requests for Expression of Interest, and results of the evaluation and contracts award should be published in accordance with advertising provisions in the following guidelines: "Guidelines: Procurement under IBRD Loans and IDA Credits" dated January 2011; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated January 2011. For this purpose, the FIP Coordination Unit will prepare and submit a General Procurement Notice (GPN) to the Bank. Specific Procurement Notice (SPN) for all goods, non-consulting services and works to be procured under International Competitive Bidding (ICB), and Requests for Expressions of Interests for all consulting services with a cost US\$200,000.00 or more will be published in Dg Market, on the Bank's external website, and in the national press, in addition to other media with wide circulation. All other specific procurement notices and other requests for expression of interest shall be published at a minimum in the national press with wide circulation.

39. **Procurement of works:** works procured under this project will be done under NCB using National Standard Bidding Documents agreed with or satisfactory to the Bank. Small value works may be procured under shopping procedures. Direct contracting may be used where necessary if agreed in the procurement plan in accordance with the provisions of paragraph 3.7 to 3.8 of the Procurement Guidelines.

40. **Procurement of goods and non-consultancy services:** goods and non-consultancy services procured under this project will be done either under ICB using Bank procurement rules that include the related SBD or under NCB using National Standard Bidding Documents agreed with or satisfactory to the Bank. Small value goods may be procured under shopping procedures. Direct contracting may be used where necessary if agreed in the procurement plan in accordance with the provisions of paragraph 3.7 to 3.8 of the Procurement Guidelines.

41. **Selection and employment of Consultants:** consultancy services under this project will be procured using the selection method Quality and Cost Based Selection (QCBS) whenever possible. Contracts for specialized assignments estimated at less than US\$200,000 equivalent may be contracted through Consultant Qualification (CQ). The following additional methods may be used where appropriate: Quality Based Selection (QBS); Selection Based on the Consultants' Qualifications (CQS); Selection under a Fixed Budget (FB); and Least-Cost Selection (LCS).

42. Short lists of consultants for services estimated to cost less than the equivalent of US\$ 100,000 per contract for ordinary services and US\$ 200,000 for design and contract supervision may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines. However, if foreign firms express interest, they will not be excluded from consideration.

43. Single Source Selection (SSS) may be employed with prior approval of the Bank and will be in accordance with paragraphs 3.8 to 3.11 of the Consultant Guidelines. All services of Individual Consultants (IC) will be procured under contracts in accordance with the provisions of paragraphs 5.1 to 5.6 of the Guidelines.

44. **Operating Costs:** Operating costs shall consist of operations and maintenance costs for vehicles, office supplies, communication charges, equipment, utility charges, travel expenses, per diem and travels costs, training costs, workshops and seminars and associated costs, among others. Operating costs will not include salaries of civil servants. Operational Costs will be procured using the implementing agency's administrative procedures described in the Project's administrative, financial and accounting manual to be reviewed and found acceptable to the Bank.

45. **Training and Workshops.** Training and workshops will be based on a capacity needs assessment. Detailed training plans and workshop activities will be developed during project implementation, and included in the project annual plan and budget for the Bank's review and approval.

#### **Implementation arrangements for procurement and assessment of the procurement agencies' capacity to implement procurement**

46. **Guiding principles for procurement:** the Government and the Bank have agreed to mainstream the implementation of the project into the MENCT and its structure and it will be guided by the following principles: (i) responsibility and accountability in project implementation including fiduciary aspects; (ii) equity; and (iii) performance-based agreements. As a consequence of the statements above, procurement activities will be carried out by the MENCT's Procurement Management Unit named CGPMP (Cellule de Gestion des Projets et Marchés Publics) that reports to the General Secretary of the said line ministry. The CGPMP has the overall responsibility for the quality of procurement under the whole project. The procurement activities of component 1 will be carried out by an operator who will be responsible for all of the components. The procurement activities under component 3 may be carried out by Local Implementing Agencies (ALEs) depending on the outcome of their assessment.

47. Procurement capacities of the CGPMP within the MENCT were evaluated in December 2013; although the concerned staff has attended procurement training courses on the new procurement system and a workshop on Bank procurement procedures, they have limited experience with Bank procurement rules and procedures. To strengthen their capacity a procurement expert with strong experience dealing with WB projects will be recruited to provide technical support and training to the CGPMPs.

## Assessment of the risks and the related mitigation measures

The Key issues and risks concerning procurement for implementation of the project have been identified and include: (i) The lack of experience among staff in implementing Bank-funded projects and lack of experience in ICB procedures for the selection of large-value consultancy contracts (experience limited to procurement of goods through NCB and shopping procedures); (ii) the record keeping is inadequate; (iii) the working environment is inadequate in terms of space for procurement records and working space for procurement staff; (iv) the qualifications of procurement staff are inadequate; and (v) there is a lack of clear procedures and guidelines outlined in manuals; (vi) government officials likely to be involved in project procurement through tender and evaluation committees may not be familiar with the World Bank's procurement procedures (guidelines and rules); (vii) Control and regulation mechanisms according to the provisions of the Country procurement law and its application procedures could delay the procurement process if mandatory reviews are required.

48. **The overall unmitigated risk for procurement is high.** Proposed corrective measures which have been agreed to mitigate the risk are summarized in the following table.

**Action Plan for Strengthening Procurement Capacity**

Ref.	Tasks	Responsibility	Due date
1	On the job training of identified procurement staff on Bank procedures by the recruited Procurement Expert.	CGPMP	Continuous
2	Training on World Bank procurement procedures in a specialized institution performing in DRC or abroad.	CGPMP	Three months after effectiveness
3	Establishment of a project filing system in order to improve the storage of procurement documents and reports and identify staff responsible for this task. Train staff in data management.	CGPMP	Three months after effectiveness
4	Establish a better working space for procurement records and procurement staff	MENCT	Three months after effectiveness
5	Prepare and adopt an administrative and financial manual	MENCT	Three months after effectiveness
6	Identify the root cause of procurement delays at National level and propose appropriate solutions	CGPMP, DGCMP, ARMP and CSPP/World Bank	During negotiations

## Procurement Plan

49. The borrower has prepared a Procurement Plan for the first 18 months of the project implementation which provides the basis for the procurement methods. This plan has been agreed upon between the borrower and the Bank during negotiations. It will also be available in the project's database and on the Bank's external website. The Procurement Plan will be updated in agreement with the Project Team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

## Thresholds for Procurement Methods and Prior Review

### 50. Contracts for goods and works

<u>Procurement Method</u>	<u>Threshold for the method in 1000 US\$</u>	<u>Bank review in 1000 US\$</u>
(a) International Competitive Bidding (ICB)	US\$ 10,000 or more for works, US\$ 1,000	US\$ 5,000 for works and 500 for goods
(b) National Competitive Bidding	All contracts estimated below the ICB threshold and above shopping ceiling	US\$ 5,000 for works and 500 for goods
(c) Shopping	Below US\$ 200 for works and US\$ 100 for goods	Post review
(d) UN procurement agencies	No threshold	All contracts
(f) Direct contracting	No threshold	All contracts

### 51. Contracts for consultant services

<u>Procurement Method</u>	<u>Threshold for the method in 1000 US\$</u>	<u>Bank review in 1000 US\$</u>
(a) Selection based on quality and cost	No threshold	All contracts estimated above US\$ 200
(b) Least Cost Selection (LCS)	No threshold	All contracts estimated above US\$ 200
(c) Selection Based on Consultant Qualifications (SQC)	200	All contracts estimated above US\$ 200
(d) Individual Consultants	No threshold	All contracts estimated above US\$ 100
(f) Single Source Selection	No threshold	All contracts

All ToRs regardless of the value of the contract are subject to prior review.

### Frequency of procurement supervision

52. In addition to the prior review supervision to be carried out from Bank offices, the capacity assessment of the CGPMP have recommended at least one implementation support mission to visit the field to carry out post review of procurement actions. As agreed with the government, contracts will be published on the web. Annual compliance verification monitoring will also be carried out by an independent consultant and would aim to: (i) verify that the procurement and contracting procedures and processes followed for the projects were in accordance with the Financing Agreement; (ii) verify technical compliance, physical completion and price competitiveness of each contract in the selected representative sample; (iii) review and comment on contract administration and management issues as dealt with by the implementation entity; (iv) review capacity of the implementation entity in handling procurement efficiently; and (v) identify improvements in the procurement process in light of any identified deficiencies.

53. **Contract Management and Expenditure Reports.** As part of the Procurement Management Reports (PMR), the PS-MENCT will submit contract management and expenditure

information in quarterly reports to the CSPP/World Bank for the duration of the project. The procurement management report will consist of information on procurement of goods, works and consultants' services and compliance with agreed procurement methods. The report will compare procurement's performance against the plan agreed at negotiations and will be updated appropriately at the end of each quarter. The report will also provide any information on complaints by bidders, unsatisfactory performance by contractors and information on contractual disputes if any arise. These contract management reports will also provide details on payments under each contract, and will use these to ensure no contract over-payments are made or no payments are made to sanctioned entities.

## **Details of the Procurement Arrangements Involving International Competition**

### **54. Goods, Works, and Non Consulting Services**

- (a) List of main contract packages to be procured following ICB and direct contracting

### **55. Consulting Services**

- (a) List of main consulting assignments with short-list of international firms
- (b) Short lists composed entirely of national consultants: short lists of consultants for services estimated to cost less than US\$100,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

## **Environmental and Social (including safeguards)**

56. No significant negative environmental impacts are expected from this project as its intention is to promote sound natural resource management and improve floral and faunal biodiversity. The project will lead to significant positive impacts through improved soil and water conservation, increased tree/shrub/grass cover and reduced deforestation and forest degradation. However, the social dimensions of the project may be complex and deserve adequate attention.

57. For this purpose an Environmental and Social Management Framework has been prepared and details the screening to be followed in order to identify a situation that may potentially lead to adverse environmental and/or social impacts early on. This ESMF will be aligned with the National REDD+ ESMF that has been produced following the REDD+ Social and Environmental Strategic Assessment (SESA). In addition, the Environmental and Social Management Framework will be monitored at the central level but implemented at the local level. This ESMF details the screening that will be followed in order to identify any situation that may potentially lead to adverse environmental and/or social impacts early on in the process. The project is categorized as category "B" in accordance with the World Bank Environmental Assessment Policy (O.P. 4.01). World Bank-applicable safeguard procedures are described in more detail in section VI-f above.

58. A grievance redress mechanism will be designed as part of the national REDD+ program to resolve any specific instances of conflict. The official procedures for the grievance mechanism

will be detailed in the operations manual that will be developed as a condition of effectiveness for the project.

59. This ESMF has been presented to stakeholders through public consultations carried out in December 2013 and January 2014. Feedbacks were taken into consideration and integrated as necessary and relevant during a workshop held in February 2014 in Kisantu attended by civil society (GTCR, REPALF).

**Annex 4**

**Operational Risk Assessment Framework (ORAF)**

**Democratic Republic of Congo: DRC Improved Forested Landscape Management Project (P128887)**

Project Stakeholder Risks						
Stakeholder Risk	Rating	Substantial				
<p><b>Risk Description:</b></p> <p>REDD+ attracts much international attention at present. This is leading to increased expectations on the part of governments, civil society, and even private sector. Especially expectations for near-term REDD+ payments may not be realistic and there could be a strong criticism if access to REDD+ funds is not available in the medium term.</p> <p>There are several barriers (i.e. financial, technical, land tenure related) to private sector engagement in reforestation, agroforestry and biomass energy activities leading to low investment interest thus far.</p>	<p><b>Risk Management:</b></p> <p>The project team will manage expectations throughout project preparation and implementation, placing emphasis on the concrete benefits that the FIP interventions are likely to deliver (i.e. in terms of increased yields, income, etc.), instead of focusing on future REDD+ payments. As to REDD+ payments, the team is working closely with the FCPF, which may be a source of performance-based payments to DRC. For this purpose the National REDD Coordination in charge of project implementation has professional experts dedicated to Information, Education and Communication.</p> <p>The project is designed to provide different types of support needed to overcome barriers: i) technical assistance and advisory service, ii) access to finance; iii) support to market access; iv) continued flow of information.</p>					
	<b>Resp:</b>	<b>Status:</b>	<b>Stage:</b>	<b>Recurrent:</b>	<b>Due Date:</b>	<b>Frequency:</b>
	Both	In Progress	Both	<input checked="" type="checkbox"/>		Quarterly
Implementing Agency (IA) Risks (including Fiduciary Risks)						
Capacity	Rating	Substantial				
<p><b>Risk Description:</b></p> <p>The government capacity is weak to deliver a complex program, including funds management, international planning and management of social and environmental</p>	<p><b>Risk Management:</b></p> <p>The project aims to strengthen the capacity of Government as part of its objectives. Partners such as NGOs may play a role in the implementation of specific elements of some components. The team is also striving for simplicity in project design, and seeking</p>					



<p>risks. The FIP interventions will involve innovative activities, such as "performance-based incentives and investments", and a matching grant mechanism targeted at the private sector. These require strong day-to-day management and technical capacities.</p>	<p>synergies with other operations.</p>											
<p>Day-to-day project financial management and procurement risks are Substantial as the fiduciary management will be handled by the MECNT.</p>	<p><b>Resp:</b> Client</p>	<p><b>Status:</b> Not Yet Due</p>	<p><b>Stage:</b> Both</p>	<p><b>Recurrent:</b> <input checked="" type="checkbox"/></p>	<p><b>Due Date:</b></p>	<p><b>Frequency:</b> CONTINUOUS</p>						
<p><b>Governance</b></p>	<p><b>Rating High</b></p>											
<p><b>Risk Description:</b></p> <p>There are risks of elite capture in managing the grant schemes (small grants and matching grants). Grants may be used for political purposes, thereby jeopardizing the PDO.</p> <p>Low enforcement of forest regulations disadvantaging the sustainable charcoal producers. More specifically, sustainably produced charcoal could be at a price disadvantage vis-à-vis charcoal produced unsustainably through illegal logging.</p>	<p><b>Risk Management:</b></p> <p>Rigorous management and clear rules to access funding will be developed and widely communicated prior to project start. Population participation in defining the investment criteria and transparency in funding and disbursement are key elements to allow social control over elite capture.</p> <p>The Project will aim to mitigate risks for charcoal producers by: i) ensuring that sustainably produced charcoal can tap into other streams of revenues to increase overall revenues and offset higher production costs; ii) identifying communities producing unsustainable charcoal to have them voluntarily join innovative schemes where payments are subject to sustainable forest management.</p> <table border="1" data-bbox="842 1068 1908 1177"> <tr> <td data-bbox="842 1068 947 1177"> <p><b>Resp:</b> Both</p> </td> <td data-bbox="947 1068 1108 1177"> <p><b>Status:</b> In Progress</p> </td> <td data-bbox="1108 1068 1314 1177"> <p><b>Stage:</b> Both</p> </td> <td data-bbox="1314 1068 1465 1177"> <p><b>Recurrent:</b> <input checked="" type="checkbox"/></p> </td> <td data-bbox="1465 1068 1623 1177"> <p><b>Due Date:</b></p> </td> <td data-bbox="1623 1068 1908 1177"> <p><b>Frequency:</b> Yearly</p> </td> </tr> </table> <p><b>Risk Management:</b></p> <p>The Project will put in place strong oversight mechanisms, including regular audits.</p> <p>In addition, mostly for components 1 and 3, the project will provide possibility through the grievance mechanism for the community to alert the FIP team anonymously in case of</p>						<p><b>Resp:</b> Both</p>	<p><b>Status:</b> In Progress</p>	<p><b>Stage:</b> Both</p>	<p><b>Recurrent:</b> <input checked="" type="checkbox"/></p>	<p><b>Due Date:</b></p>	<p><b>Frequency:</b> Yearly</p>
<p><b>Resp:</b> Both</p>	<p><b>Status:</b> In Progress</p>	<p><b>Stage:</b> Both</p>	<p><b>Recurrent:</b> <input checked="" type="checkbox"/></p>	<p><b>Due Date:</b></p>	<p><b>Frequency:</b> Yearly</p>							

		<p>fraud suspicion. A dedicated phone line may be set-up for that purpose. The screening committee will include independent experts coming from other countries.</p>				
	<b>Resp:</b>	<b>Status:</b>	<b>Stage:</b>	<b>Recurrent:</b>	<b>Due Date:</b>	<b>Frequency:</b>
	Bank	In Progress	Both	<input checked="" type="checkbox"/>		Quarterly
<b>Project Risks</b>						
<b>Design</b>	<b>Rating</b>	<b>Moderate</b>				
<b>Risk Description:</b>	<b>Risk Management:</b>					
<p>A minimum level of management capacity is necessary to ensure the proper functioning of the mechanisms included in the project design, which includes some innovative elements, such as the PBII scheme and a matching grant mechanism targeted at the private sector. Strong capacities at the central level are needed to ensure the coordination between the multiple activities, including the project supported by ADB and the Set-Aside fund from the FIP.</p> <p>The upfront grants to be given to landholders for the establishment of agroforestry systems may carry some fiduciary risks, in that the grants may be used for other purposes, and not result in agroforestry planting. In addition, payments may be made to non performing landholders.</p> <p>Achieving long-term sustainability of community forest management is a long-term process and needs sustained support over time.</p>	<p>Some of the components of the project will be implemented by high capacity independent agencies (under the oversight of the government). Best efforts have been made to keep project design as simple as possible in the context of weak capacities in DRC.</p> <p>In addition, the FIP Coordination Unit will benefit from additional support from a team of national and international technical experts. Internal and external auditors will complement the support to the team for fiduciary arrangements.</p> <p>Some level of co-financing will be required as a condition of the first payment as a way to identify those beneficiaries who are fully committed to agroforestry efforts. Initial incentive will not be in the form of cash, but rather planting material. For communities, cofinancing could be in-kind though. Performance will be monitored periodically, particularly in the first years.</p> <p>The project team is working closely with the FCPF to tap into future performance-based payments against verifiable emission reductions from deforestation and forest degradation in the project area (Component 1), which would provide a long-term stream of revenues to these communities.</p>					
	<b>Resp:</b>	<b>Status:</b>	<b>Stage:</b>	<b>Recurrent:</b>	<b>Due Date:</b>	<b>Frequency:</b>
	Both	Not Yet Due	Implementation	<input checked="" type="checkbox"/>		CONTINUOUS

<b>Social and Environmental</b>	<b>Rating</b> Substantial					
<p>Risk Description:</p> <p>Social risks include potential conflicts over land related to the promotion of agroforestry, or conflicts over forest boundaries arising from land use planning. Elite capture of PBII payments is also a risk, which could lead to further disfranchise vulnerable communities. Environmental risks include the conversion of natural forests into mono crops leading to biodiversity losses and soil erosion due to inappropriate planting techniques and soil management.</p>	<p><b>Risk Management:</b></p> <p>The matching grant scheme will have clear rules on grant eligibility based on land tenure, with a minimum level of land security as a requirement (i.e. recognition by community leaders and peers). The exact process will be detailed in the Operations Manual. A thorough exercise of stakeholder mapping will be conducted prior to the definition of the PBII scheme, as a way to identify potential PBII beneficiaries. The decision-making bodies will benefit from a strong representation of communities (including women and indigenous people). Clear land management rules associated with reforestation will be part of the management plans that the recipients of matching grants will have to agree with before enrolling in the program.</p> <p>A Strategic Environmental and Social Assessment will be conducted as part of the overall REDD+ Readiness process in DRC. It will also identify the social and environmental risks associated with the FIP Investment Plan. Further, to address potential social and environmental risks, safeguard instruments specific to the planned investments under the FIP will be prepared during the project preparation phase, including an Environmental and Social Management Framework, a Resettlement Policy Framework and a Process Framework. If deemed applicable, further a Process Framework, an Indigenous Peoples Planning Framework, as well as an Integrated Management Plan may be developed.</p>					
<b>Program and Donor</b>	<b>Rating</b> Low					
<p>Risk Description:</p> <p>The success of the FIP-financed activities depends on the broader national REDD+ framework, currently under design with the support of other programs.</p>	<p><b>Risk Management:</b></p> <p>Strong synergies with the ongoing REDD+ readiness process, including the activities financed through the FCPF and UN-REDD programs, are being built from the onset.</p>					
	<b>Resp:</b>	<b>Status:</b>	<b>Stage:</b>	<b>Recurrent:</b>	<b>Due Date:</b>	<b>Frequency:</b>
	Both	Not Yet Due	Both		30-Jun-2014	

	Both	In Progress	Implementation	<input checked="" type="checkbox"/>		Quarterly
<b>Delivery Monitoring and Sustainability</b>	<b>Rating</b>	<b>Substantial</b>				
<b>Risk Description:</b> The long-term sustainability of the PBII scheme is subject to additional funding, such as Emission Reductions Payment Agreements developed by the Carbon Fund of the FCPF. DRC's ability to tap into such performance based schemes will depend on its ability to effectively reduce emissions and complete the REDD+ readiness process in order to benefit from a sound national infrastructure necessary to any carbon forward transaction.	<b>Risk Management:</b> The team will ensure that the 'performance-based' elements are part of project implementation. This will include the participation in the development of the Emission Reductions Program to be submitted to the Carbon Fund of the FCPF. As to REDD+, the FIP is fully embedded in the ongoing national REDD+ readiness process, and all funds for this process have been identified at present.					
	<b>Resp:</b>	<b>Status:</b>	<b>Stage:</b>	<b>Recurrent:</b>	<b>Due Date:</b>	<b>Frequency:</b>
	Both	In Progress	Both		31-Jan-2016	
<b>Overall Risk</b>						
<b>Overall Implementation Risk:</b>	<b>Rating</b>	<b>High</b>				
<b>Risk Description:</b> High risks due to governance issues, to the project design and the difficulties to bring cash and make payments in remote rural areas.						

## **Annex 5: Implementation Support Plan**

### **Strategy and Approach for Implementation Support**

1. The strategy for Implementation Support (IS) has been developed based on the innovative nature of the project and its risk profile. The aim is to provide timely and efficient implementation support to the client, while at the same time implementing the risk mitigation measures defined in the ORAF.
2. *Procurement.* Implementation support will include: (a) advisory support to the procurement team based in the MECNT; (b) reviewing procurement documents and providing timely feedback, including guidance on the World Bank's Procurement Guidelines; and (c) monitoring procurement progress against the detailed Procurement Plan, and ensuring that the Contracts' implementation is compliant with the World Bank's fiduciary guidelines as well as contract obligations.
3. *Financial management.* Supervision will review the implementation of the project's financial management arrangements, including but not limited to, accounting, reporting, and internal controls. It will focus on the training of the FIP Coordination Unit staff as needed and the supervision of the Delegated Implementation Contracts.
4. *Coordination with other Development Partners, especially FCPF and REDD+ related initiatives.* Implementation support will include: (i) alignment of the Environmental and Social Safeguard instruments with the national REDD+ safeguards instruments; (ii) collaboration with the FCPF and the National REDD+ Fund to ensure that the emission reductions linked with the IFLMP are evaluated through the expected ERPA (Emission Reduction Purchase Agreement).
5. *Legal support:* Implementation support will include verification that legal conditions have been met.
6. *Anti-Corruption.* The World Bank team will support implementation by the recipient of activities agreed for strengthening anti-corruption measures in the sector.

### **Implementation Support Plan**

7. *Technical inputs.* The Technical Specialists and the TTL are based in Washington DC. The fiduciary team is based in the Kinshasa office. The Environmental Specialist is based in Burkina Faso and the Social Specialist is based in Kinshasa. Formal supervision and field visits will be carried out at least twice annually. The team leader will ensure that technical inputs are provided concerning forestry, environmental impact assessment, the legal and regulatory framework surrounding forests, social safeguards, and institutional development.
8. *Fiduciary requirements and inputs.* Training will be provided regularly by the World Bank's financial management specialist and procurement specialist to enhance project implementation. The team will also help stakeholders to identify capacity building needs to strengthen their financial management capacity and to improve procurement management efficiency. The

procurement specialist will be based in the country office to provide timely support. Formal financial management supervision will be carried out quarterly, while procurement supervision will be carried out on a timely basis as required by the client.

9. *Safeguards*: Due to the nature of the investments, the Project will require close safeguards supervision due to the high visibility of social aspects of REDD+. As such, the Project will require supervision support from a senior safeguards specialist with experience in the implementation of similar projects.

<b>Time</b>	<b>Focus</b>	<b>Skills Needed</b>	<b>Resource Estimate</b>	<b>Partner Role</b>
<b>First twelve months</b>	Guidance on institutional arrangements and project supervision	Task Team Leader/NRM Specialist	15 SWS	n/a
	FM Training and Supervision	FM Specialist	4 SWS	n/a
	Procurement Training and Supervision	Procurement Specialist	4 SWS	n/a
	Guidance on grievance mechanism and quality control in the Plateau District	Social Specialist	4 SWS	Technical input
	Technical supervision: technical aspects	NRM Specialist	18 SWS	Technical input
	Technical supervision: REDD+/Carbon Finance Aspects - ERPA	Carbon Finance Specialist	6 SWS	Technical input
<b>12-24 months</b>	Financial Management supervision	FM Specialist	2 SWS	n/a
	Disbursement monitoring	Disbursement Officer	2 SWS	n/a
	Procurement supervision	Procurement Specialist	4 SWS	n/a
	Safeguards monitoring	Safeguards Specialist (mainly	4 SWS	n/a

		social skills)		
	Project implementation supervision	Task Team Leader	12 SWS	n/a
	Technical supervision: technical aspects	NRM Specialist	24 SWS	Technical input
	Technical supervision: REDD+/Carbon Finance Aspects - ERPA	Carbon Finance Specialist	4 SWS	Technical input

## II. Skills Mix Required:

### Bank team:

Skills Needed	Number of Staff Weeks	Number of Trips	Comments
FM Specialist	2-4 SWS annually	Site visits as needed	Based in the country office
Disbursement Officer	2-4 SWS annually	n/a	Based in the country office
Procurement Specialist	2-4 SWS annually	Site visits as needed	Based in the country office
Social Specialist / Environment Specialist	4-6 SWS annually	Field trips as needed	Based in the region
Task Team Leader	12-15 SWS annually	Three missions year 1, then two missions at least	Washington based
MRV Specialist	4-6 SWS annually	Two missions (at least year 1, then as needed)	Washington based
NRM Specialist(s)	18 SWS annually	Two missions	Washington based
REDD+/Carbon Finance Aspects	10 SWS annually	Two missions and field trips as needed	Based in the region or in Washington

**Partners:**

<b>Name</b>	<b>Institution/Country</b>	<b>Role</b>
Modibo Traore	African Development Bank	Project Manager- PGFC/REDD+
Jostein Lindland	MFA – Norwegian government	
Josep Gari	UNDP	
Tracy Johns	Wildlife Works Carbon	
Jean-Robert Bankanza	Wildlife Works Carbon	
Mike Korshinsky	Wildlife Works Carbon	
Bruno Perodeau	WWF RDC	
Leslie Ouarzazi	UN-REDD	National REDD+ Fund



## Annex 6: FIP Investment Criteria

### Alignment with FIP Objectives

As defined in the FIP Design Document (July 2009), the FIP is designed to achieve four specific objectives. The project design is aligned with these 4 objectives.

1. **Objective 1:** To initiate and facilitate steps towards transformational change in developing countries' forest related policies and practices, through (i) serving as a vehicle to finance investments and related capacity building necessary for the implementation of policies and measures that emerge from inclusive multi-stakeholder REDD+ planning processes at the national level; (ii) strengthening cross-sectoral ownership to scale up implementation of REDD+ strategies at the national and local levels; (iii) addressing key direct and underlying drivers of deforestation and forest degradation; (iv) supporting change of a nature and scope necessary to help significantly shift national forest and land use development paths; (v) linking the sustainable management of forests and low carbon development; (vi) facilitating scaled-up private investment in alternative livelihoods for forest dependent communities that over time generate their own value; (vii) reinforcing ongoing efforts towards conservation and sustainable use of forests; and (viii) improving forest law enforcement and governance, including forest laws and policy, land tenure administration, monitoring and verification capability, and transparency and accountability.

#### *Transformational impact at national level through the REDD+ strategy*

2. The project is fully integrated into the national REDD+ strategy, which is the overarching policy aimed at transformational change within and beyond the forest sector in DRC. REDD+ Readiness in DRC has advanced considerably with the support of UN-REDD and FCPF, and DRC has obtained significant additional funds (including a second FCPF grant of US\$5.2 million) to finalize its Readiness. The national strategy has been defined, the national Environment and Social Management Framework (ESMF) is currently at the last stage of consultations, and the National REDD+ Fund may become operational within 18 months. DRC is therefore moving into the investment phase (phase 2 of REDD+) for which this FIP project, along with Congo Basin Forest Fund (CBFF) and other initiatives, are key elements. The success of these operations is critical to show the feasibility and positive impact of REDD+ and will provide the rationale to the DRC government for moving toward a low carbon development pathway that will have a transformational impact for the whole Region.

3. In addition, the FIP project will reinforce current sustainable forest management initiatives as it will scale up, support and promote lessons learned from successful projects such as CARPE (Component 1), Mampu and Ibi Bateke (Component 2), and Makala (Component 3).

#### *Transformational impact for the beneficiaries*

4. Through transforming farming systems in areas with high demographic pressure, the IFLM project will demonstrate the feasibility of alternative, low carbon development paths that can be replicated in other deforestation hotspots in DRC.

5. Component 1 aims to demonstrate a REDD+ initiative at scale in a deforestation hotspot, working across the agriculture and forestry sectors and using a landscape approach. This component is very innovative for the following reasons:

- *The multi-level approach:* The project will build capacities at all level: in the villages, within the various farmers' organization at territorial level (CARTs), at provincial level (with the local government), and with the decentralized technical services from the central administration. This multi-level stakeholder association is one special aspect of this project.
- *The multi-sector approach:* The project will rely on territorial diagnosis of the deforestation causes for each group of villages (according to the administrative and/or the traditional units ("*Chefferie de terre*"). In this area, the main direct drivers of deforestation are usually slash-and-burn agriculture and charcoal production. Based on this pragmatic analysis and using a participatory approach, the project will work with the beneficiaries and the technical services to elaborate a local investment plan that will address the local drivers of deforestation from multiple sectors with a focus on agriculture and forestry actors.
- *Both investments and capacity building:* In addition to the local investment plans, the proposed IFLM project will build provincial-level capacity in Bandundu for forest law enforcement. This experience will be crucial as government responsibilities, including forest management, will be progressively decentralized from national to provincial level over the coming years.
- *Promoting alternative livelihoods for the forest communities:* The project will work directly at the village level to define the alternative development path that will allow economic development with the beneficiaries along with the sustainable use of forests. A large range of activities have been anticipated, from promoting non-timber forest products to supporting improved fishing practices – including support for small-scale cash crops to replace charcoal in farmers' income.

6. Component 2a focuses on increasing the production of charcoal originating in sustainably-managed forests and engaging the private sector in agroforestry investments, as alternatives to traditional slash-and-burn agriculture. While the sustainable charcoal produced as a direct result of this project may not represent a significant percentage of the overall charcoal consumption in Kinshasa, the focus on private investment will show the future investor that there is economic potential in this line of business and will pave the road for future investments. Therefore, in addition to the local transformational impact of the investments themselves, the project will support the expansion of large-scale private agroforestry investments in the Congo Basin.

7. Component 2b aims to strengthen the improved cookstove sector. The transformative part of this project is the creation of an alliance among private entrepreneurs that will help to structuring the sector as it is currently not recognized as a specific area of business. The project will (i) increase consumer awareness of the higher quality products produced (these would become easily recognizable) to increase confidence in both purchasing and investing in these goods (the purchase of an improved cookstove is a significant investment at family level); and (ii) the

project will demonstrate that some improved technologies can be profitable in DRC and will determine the segment of the population that could be targeted through consumer analysis. All of these elements are essential to the development of the improved cookstove business.

8. Component 3 directly supports smallholder investment in agroforestry as an alternative to slash-and-burn agriculture, one of the most important drivers of deforestation. Its objective is to support selected farming communities over more than 5 years to help them change their practices and develop a new agriculture system that will be less harmful to the forest. The change in practices may take time and the level of trust on the side of the farming community may imply working with a limited number of actors; however, the replication potential is enormous once practical models are developed and proven to be successful. In addition, the project will have a direct impact on the local economy, providing additional revenues and creating a new set of businesses such as tree nurseries and small-scale cassava transformation.

9. Overall, the IFLM project addresses the top 2 drivers of deforestation in DRC (agriculture and charcoal production/consumption). The investments are fully in line with the more comprehensive work on REDD+ steered by the REDD+ National Committee with the support of FCPF and UN-REDD. As a complement to the legal and governance reforms that are primarily carried out by other projects (the forest governance matrix has been discussed with the government in collaboration with the other donors and technical partners), the IFLM project will demonstrate, through concrete investment focused on direct drivers of deforestation, that the REDD+ strategy can be implemented on the ground, and highlight the major barriers to its implementation as well as how to overcome them. This essential step will facilitate the scaling up of the implementation of REDD+ strategies at the national and local levels.

10. **Objective 2:** To pilot replicable models to generate understanding and learning of the links between the implementation of forest-related investments, policies and measures and long-term emission reductions and conservation, sustainable management of forests and the enhancement of forest carbon stocks in developing countries. By committing to apply a priori and ex post impact assessment of programs and projects, the IFLMP will ensure that the outcomes and effectiveness of FIP-supported interventions in reducing deforestation and forest degradation can be measured.

11. Each component is fully replicable in other provinces. Three different approaches are tested using the 3 components and the *ex post* analysis will help to gain an understanding of the limits and the advantages of each approach. For this reason, component 4 and the M&E system will focus on evaluating the components and assess the optimal conditions for the replication of each approach.

- Component 1 uses a territorial approach (landscape approach) that will show how the decentralization process and the transfer of competencies to the communities can lead them along a low carbon development pathway and how local planning can prevent mosaic deforestation by promoting better agricultural practices.
- Component 2 uses a private sector approach, demonstrating the profitability of the investments and the potential (and risks) for private sector investment. It aims at bringing more private funds into the country.

- Component 3 uses a bottom-up approach, empowering the farmers and enabling them to change their practices by providing all the necessary inputs (material, training, technical support...).

12. The project will use a multi-level evaluation, assessing the results in term of implementation efficiency (through an examination of the time needed to transform the process) and also in term of sustainability and impact (both in terms of carbon and co-benefits).

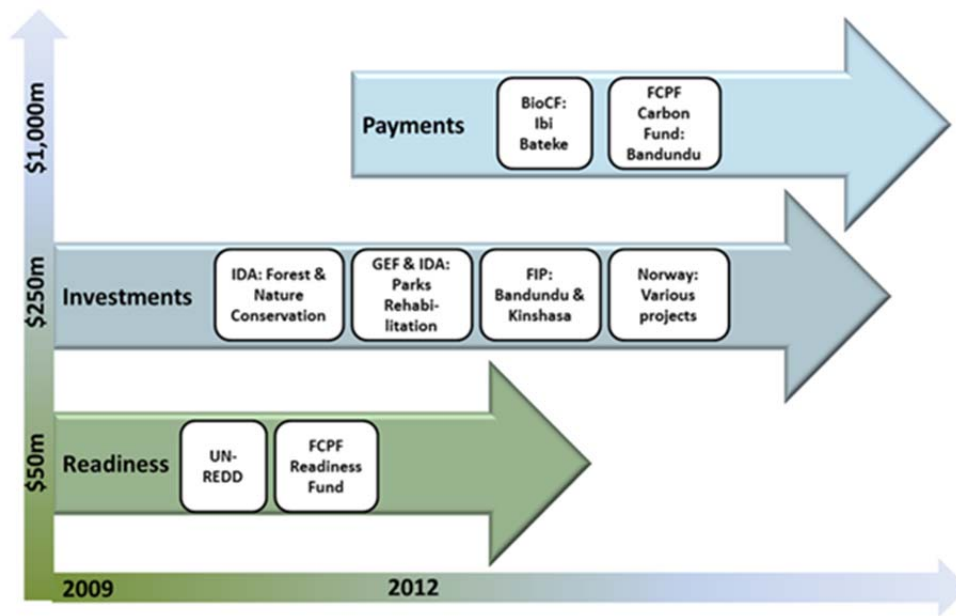
13. **Objective 3:** To facilitate the leveraging of additional financial resources for REDD+, including through a possible UNFCCC forest mechanism, leading to an effective and sustained reduction of deforestation and forest degradation, thereby enhancing the sustainable management of forests.

14. The FIP Program, through providing well-documented, replicable models for interventions reducing land use and woodfuel-related emissions and through targeted communications with key stakeholder groups, is expected to leverage resources from other donors, the private sector, and smallholder farmers for investment in agroforestry and other activities aimed at reducing emissions. The first and most important one is the Emissions Reductions Program (US\$60 million) under preparation in the Mai-Ndombe and Plateau Districts, which will expand the reach of the project results over the next 5 years. Thus, The IFLMP might also be the first building block of an Emissions Reductions Program (ER-Program) under development in the Bandundu province, likely to enter into the pipeline of the Carbon Fund of the FCPF as soon as 2014. This might generate significant financial flows, which would reach the poorest in the Plateau district in the frame of an Emissions Reductions Payment Agreement, based on a detailed benefit-sharing plan<sup>28</sup>. Such performance-based payments will support the momentum towards innovative agricultural practices promoted and experienced by the IFLMP, while convincing new investors to replicate observed successes in the Kinshasa supply basin and across DRC in its entirety. As depicted hereafter in two different graphs, the FIP is a major link in the chain of the growing climate change agenda in the DRC, likely to be worth one billion dollars by 2020.

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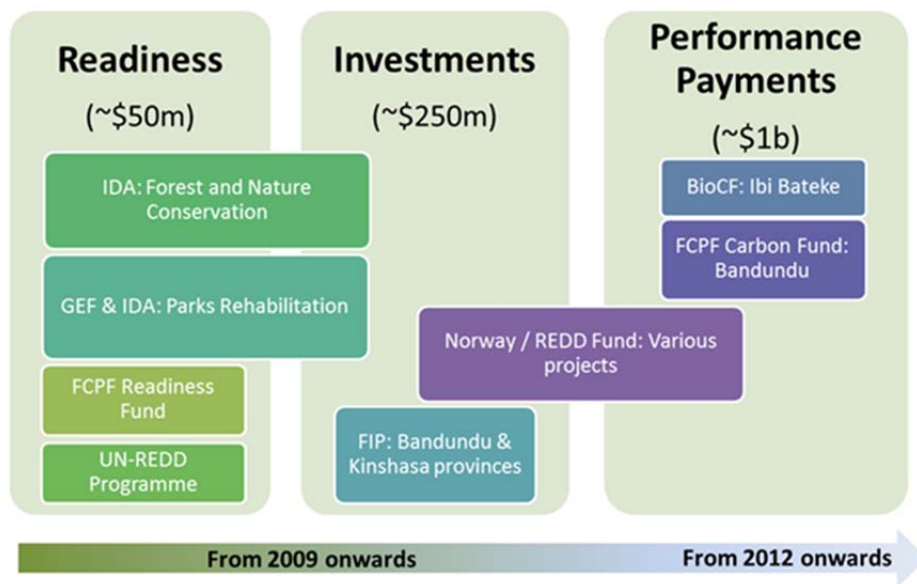
<sup>28</sup> The benefit-sharing plan will be developed in 2014 with the financial support of the FCPF in accordance with the guidelines of the Methodological Framework of the FCPF.

### DRC: Funding expected for Forests, Biodiversity and Climate Change



15. Other financing from Norway (US\$40 million) and USAID (CARPE 3) are also linked with the IFLMP. Finally, private investments are expected to complement the project in particular for agroforestry (2 set-aside projects are being prepared for about US\$11 million) and cookstove production (financial data from potential private investors is confidential).

### DRC: Funding expected for Forests, Biodiversity and Climate Change



16. Overall coordination between these initiatives remains within the Sustainable Development Direction (DDD) and the REDD+ National Coordination. The table below details the possible leveraging of additional resources created by the FIP project.

Comp.	Complementary and parallel initiatives	Coordination/focal point
1	<p>The correct implementation of the land use management plans and the relevant investments may lead to emissions reduction, which could be purchased by FCPF (ER-Program - 60 million). The ER-Program will also hand over the “Performance-Based Incentives and Investments” system established under this project.</p> <p>Norway may develop similar investments (facilitated by the enabling activities from the PIREDD) in the Mai-Ndombé district (US\$40 million)</p> <p>Private owners of cattle-ranching concession (for example in Bolobo and Mushie) or other major landowners may take advantage of the project (and of the ER-Program) to develop parallel financing for REDD+ activities on their concession. Private operators have shown interest in investing in agroforestry in the 2 set aside operations (Bandundu Community acacia and palm oil plantations (US\$4 million)) and South Kwamouth (US\$7 million).</p>	<p>FCPF ER-Program is coordinated by the REDD+ National Coordination.</p> <p>Discussions with Norway are led by the General Secretariat.</p> <p>Contact with the private sector and coordination with the set-aside initiatives are managed by the FIP Coordination Unit</p>
2a	<p>The grants will only facilitate private investment. The ratio of project support/private input will be negotiated for each matching grant and will be one of the selection criteria.</p>	FIP Focal Point
2b	<p>Leverage of ACCES resources (Regional Q&amp;A assessment and support)</p> <p>Will request support from the Global Alliance for Clean Cooking.</p> <p>Private investors have showed interest in investing in DRC once the sector is structured, the customer segmentation better understood and the potential profits are better identified.</p>	National Alliance for Clean Cooking (under construction)
3	<p>This component is designed to be replicated widely. The lessons learned will help to design future agriculture development projects. However, the leveraging potential will depend on the success of the initiative and on the conclusions that are reached by the applied research activities.</p>	FIP Focal Point

17. **Objective 4:** To provide valuable experience and feedback in the context of the UNFCCC deliberations on REDD+.

18. DRC has been an extremely active and widely respected player in the UNFCCC deliberations on REDD+. The experiences that will be gained under IFLMP and under the AfDB project, and the direct support for engaging in the international debate provided by FCPF, will enable DRC to further enhance its involvement in the international forest and climate change policy dialogue. The integration of IFLMP at the General Secretariat level, along with the National committee for REDD+ acting as the Steering Committee for the project, are 2 elements which ensure that the project will be aligned with the UNFCCC agenda.

19. The FIP Coordination Unit will aggregate the lessons learned and knowledge from the various FIP projects (projects financed through AfDB and WB as well as the DGM<sup>29</sup> and Set

<sup>29</sup> Refer to Annex 12.

Aside initiatives). The 3 PIREDD (Plateau District (WB), Kananga and Kisangani (AfDB)) will provide experience in applying the jurisdictional REDD+ approach and the implementing costs for payments in rural remote areas. The set-aside projects as well as Components 2a and 2b will provide information on the conditions and the willingness of private sector investors to develop REDD+ projects. Finally, component 3 will inform the agriculture strategy and pave the road for bridging REDD+ and agriculture policies.

20. All of these initiatives will be registered and monitored through the national registry for REDD+ projects and payments will be recorded in the National REDD+ Fund, both of which are in the process of being created as defined in the National REDD+ Strategy in coordination with DDD and CN-REDD.

### Climate Change Mitigation Potential

21. In terms of climate change mitigation potential, three different types of direct GHG savings (emission reductions and/or removals) have been identified:

- Emission reductions (avoided deforestation and/or reduced forest degradation) derived from direct investments in the field (component 1) aiming at reducing pressure on native forests by promoting alternative livelihoods for forest communities in the Plateau district;
- Emission reductions derived from indirect investments aimed at improving energy efficiency of cookstoves in the greater Kinshasa area (Component 2b);
- Removals generated under afforestation / reforestation schemes in the Kinshasa supply basin (Components 1, 2a and 3).

#### *Avoided deforestation and/or reduced forest degradation (Component 1)*

22. Land use and land-use change in the Plateau district are depicted in the atlases produced as part of the OSFAC (Observatoire Satellital des Forêts d'Afrique Centrale) initiative "Monitoring the forests of Central Africa using remotely sensed data sets" (Forêts d'Afrique Centrale Evaluées par Télédétection, FACET)<sup>30</sup>.

FACET is an OSFAC project whose objective is to quantitatively evaluate the spatiotemporal dynamics of forest change in Central Africa through the use of multi-temporal satellite data. The analysis made use of an automated "wall-to-wall" remote sensing method, developed jointly by South Dakota State University and the University of Maryland, and incorporated over 10,000 Landsat ETM+ images. The atlases consist of Landsat image composites coupled with classifications of forest cover and forest cover loss for the periods 2000-2005-2010.

Forest cover (1000 Ha)												
Territory	2000				2005				2010			
	Total	PF	SF	W	Total	PF	SF	W	Total	PF	SF	W
Kwamouth	521.7	280.7	142.9	98.1	486.8	274.6	116.6	95.6	461.7	262.5	107.0	92.2
Bolobo	181.8	115.1	42.2	24.5	173.7	113.4	36.5	23.7	168.0	110.8	34.3	22.9
Mushie	590.2	478.4	61.0	50.8	582.8	476.4	56.2	50.1	575.3	472.3	53.7	49.3
Yumbi	57.6	27.9	22.8	6.9	54.8	27.4	20.6	6.8	52.7	26.3	19.8	6.6
Plateau district	1351.3	902.2	268.9	180.2	1298.0	891.8	229.9	176.2	1257.6	871.9	214.7	171.0

<sup>30</sup> FACET is led by OSFAC in collaboration with South Dakota State University and the University of Maryland, and supported by USAID CARPE. Additional support was provided by World Resources Institute.

Forest cover loss(1000 Ha)								
	2000-2005				2005-2010			
Territory	Total	PF	SF	W	Total	PF	SF	W
Bolobo	8.13	1.72	5.68	0.72	5.68	2.67	2.21	0.80
Kwamouth	34.98	6.12	26.34	2.52	25.10	12.06	9.63	3.41
Mushie	7.43	2.04	4.75	0.63	7.53	4.11	2.59	0.82
Yumbi	2.80	0.50	2.20	0.10	2.10	1.10	0.80	0.20
Plateau district	53.33	10.38	38.97	3.98	40.41	19.95	15.23	5.23

PF: Primary forest SF: Secondary forest W: Woodlands Source: FACET / OSFAC

23. Based on the FACET data set, the carbon content of each forest stand<sup>31</sup> and post deforestation (degradation) carbon stocks<sup>32</sup>, it is possible to estimate an historical deforestation rate for the Plateau district as a percentage of the 2000 carbon stock. This historical deforestation rate can then be set as the reference scenario (baseline) for the IFLMP in the absence of project activities, bearing in mind that this approach is conservative, as no adjustment is proposed.

Carbon stock 2000 (tCO2)	Total Emissions (tCO2) over a 10 year period
Primary forest	956,035,039
Secondary forest	95,445,776
Woodlands	13,876,983
Total	1,065,357,798
Historical emissions as a % of total carbon stock	0.44%

24. Through the implementation of component 1, the historical deforestation / degradation rate in the Plateau district is expected to be reduced by 3 percent per annum over a ten year period (2015 – 2024), with the deforestation rate (as a percentage of total carbon stock) to be stabilized at 0.32 percent. Based on these assumptions, 11.7 million emission reductions (tons CO2 equivalent) are likely to be generated over a 15-year period (2015 – 2029).

Sensitivity analysis	
2%	8,039,493
3%	11,651,856
4%	15,015,335
5%	18,145,919
6%	21,058,778
7%	23,768,283
8%	26,288,021
9%	28,630,821
10%	30,808,777

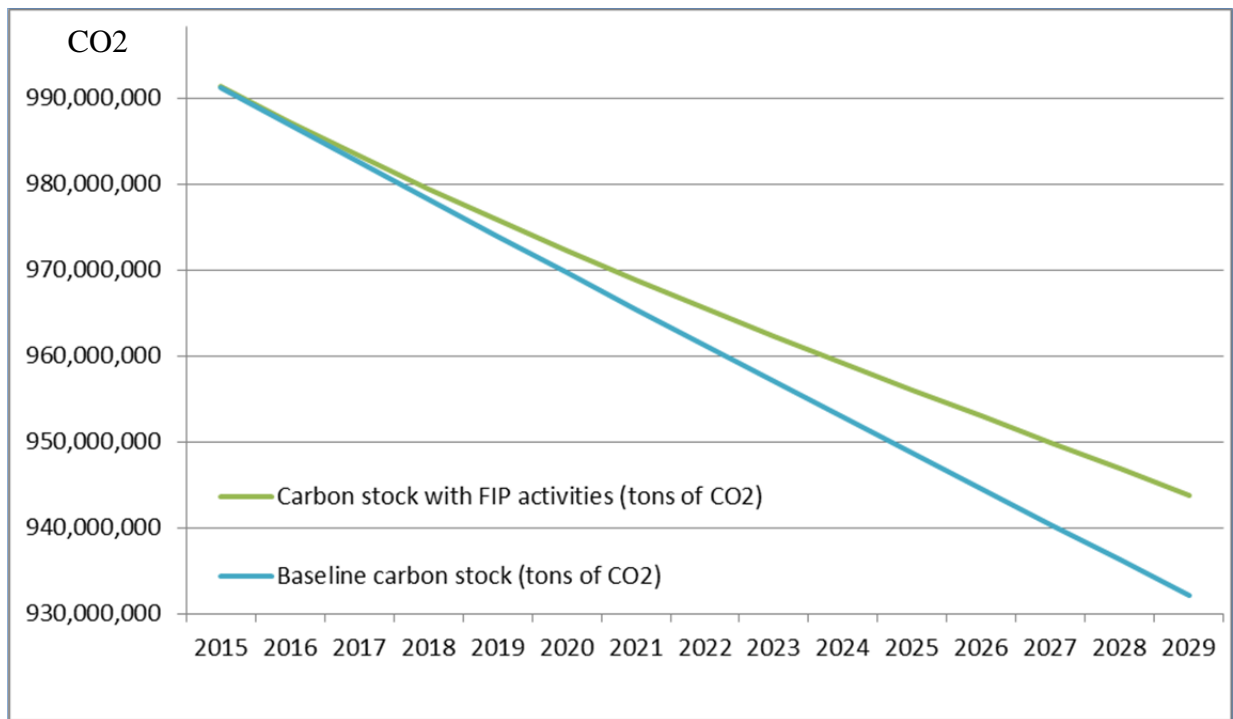
Reducing the historical deforestation / degradation rate in the Plateau district by 5 percent per annum over a ten year period would generate 18 million emission reductions (tons CO2 equivalent) by 2029.

<sup>31</sup> Primary forest: 289tC ha<sup>-1</sup> (source: Mai Ndombe REDD+ Project registered under the VCS), Secondary forest: 96.8tC ha<sup>-1</sup> (source: Makana, 2004), Woodlands: 21tC ha<sup>-1</sup> (source: OFAC, 2008)

<sup>32</sup> 5tC ha<sup>-1</sup> is the carbon stock of herbaceous savanna (OFAC, 2008); 38tC ha<sup>-1</sup> is the simple average of agricultural carbon stocks including forest fallows (Palm et al., 2000).



Year	Emissions as a % of total carbon stock	Carbon stock with FIP activities (tons of CO2)	Cumulative Emission reductions	Baseline carbon stock (tons of CO2)
2010	0.44%	1,013,268,545	0	1,013,268,545
2011	0.44%	1,008,826,831	0	1,008,826,831
2012	0.44%	1,004,404,587	0	1,004,404,587
2013	0.44%	1,000,001,728	0	1,000,001,728
2014	0.44%	995,618,170	0	995,618,170
2015	0.43%	991,384,757	130,930	991,253,827
2016	0.41%	987,295,807	387,192	986,908,615
2017	0.40%	983,345,885	763,434	982,582,451
2018	0.39%	979,529,789	1,254,538	978,275,251
2019	0.38%	975,842,541	1,855,609	973,986,931
2020	0.37%	972,279,373	2,561,964	969,717,410
2021	0.35%	968,835,721	3,369,117	965,466,604
2022	0.34%	965,507,210	4,272,778	961,234,432
2023	0.33%	962,289,646	5,268,834	957,020,812
2024	0.32%	959,179,010	6,353,347	952,825,662
2025	0.32%	956,078,429	7,429,526	948,648,903
2026	0.32%	952,987,870	8,497,419	944,490,452
2027	0.32%	949,907,303	9,557,073	940,350,230
2028	0.32%	946,836,693	10,608,536	936,228,157
2029	0.32%	943,776,009	11,651,856	932,124,153



25. In terms of forest cover over the period 2015 - 2029, 23,300 hectares are expected to be saved as a result of the implementation of component 1 :

- Primary forest: 7,500 hectares
- Secondary forest: 13,500 hectares
- Other woodlands: 2,300 hectares

Forest cover saved as a result of the implementation of component 1			
Ha	Primary forest	Secondary forest	Woodlands
2015	85	152	26
2016	166	297	51
2017	244	437	74
2019	390	698	119
2020	459	820	139
2021	524	937	159
2022	587	1,049	178
2023	647	1,156	196
2024	704	1,259	214
2025	699	1,249	212
2026	694	1,239	211
2027	688	1,230	209
2028	683	1,220	207
2029	678	1,211	206
<b>Total</b>	<b>7,568</b>	<b>13,524</b>	<b>2,297</b>
	<b>23,389.12</b>		

*Energy efficiency (component 2b)*

26. The climate mitigation potential of this component has been evaluated using the Congo (DRC) Improved Cookstoves program of activities at validation under the Clean Development Mechanism (CDM). This program of activities uses the Small-scale Methodology (AMS-II.G.): Energy efficiency measures in thermal applications of non-renewable biomass.

Emission reductions are calculated as:

$$ER_y = B_{y,savings} \times f_{NRB,y} \times NCV_{biomass} \times EF_{projected\_fossilfuel} \times N_{y,i} \quad \text{Equation (1)}$$

Where:

- $ER_y$  = Emission reductions during year  $y$  in t CO<sub>2</sub>e
- $B_{y,savings}$  = Quantity of woody biomass that is saved in tonnes per device
- $f_{NRB,y}$  = Fraction of woody biomass saved by the project activity in year  $y$  that can be established as non-renewable biomass using survey methods or government data or default country specific fraction of non-renewable woody biomass ( $f_{NRB}$ ) values available on the CDM website<sup>1</sup>
- $NCV_{biomass}$  = Net calorific value of the non-renewable woody biomass that is substituted (IPCC default for wood fuel, 0.015 TJ/tonne, wet basis)
- $EF_{projected\_fossilfuel}$  = Emission factor for the substitution of non-renewable woody biomass by similar consumers. Use a value of 81.6 t CO<sub>2</sub>/TJ<sup>2</sup>
- $N_{y,i}$  = Number of project devices of type  $i$  operating in year  $y$ , determined as per paragraph 22

$M_{\text{woody\_biomass}}$	4,59 tonnes/year	B.5.1
$\eta_{\text{new}}$	0.382	Envirofit CH-2200 Emissions and Performance sheet
$\eta_{\text{old}}$	0.1	B.5.1
$B_{y,\text{savings}}$	36,935 tonnes/year	$B_{y,\text{savings}} = N_{\text{op\_stoves},y} * M_{\text{woody\_biomass,app},y} * (1 - \eta_{\text{old}}/\eta_{\text{new}}) * 0.95$
$f_{\text{NRB},y}$	0.99	B.5.1
$\text{NCV}_{\text{biomass}}$	0.015 TJ/tonne	IPCC Guidelines
$\text{EF}_{\text{projected fossilfuel}}$	81.6 tCO <sub>2</sub> /TJ	B.5.1

27. Based on these data, the distribution of 70,000 improved cookstoves over a five year period (2015 – 2019) could lead to emissions reductions amounting to 3.3 MtCO<sub>2</sub> over a 15 year period (2015 – 2029).

Emission Reductions	273,047 tCO <sub>2</sub> /year with 70,000 cookstoves up and running				
	2015	2016	2017	2018	2019
Number of improved Cookstoves up and running	3500	10500	24500	45500	70000
Emission Reductions	13,652	40,957	95,566	177,480	273,047

Over a 5 year period: 600,702 tCO<sub>2</sub>

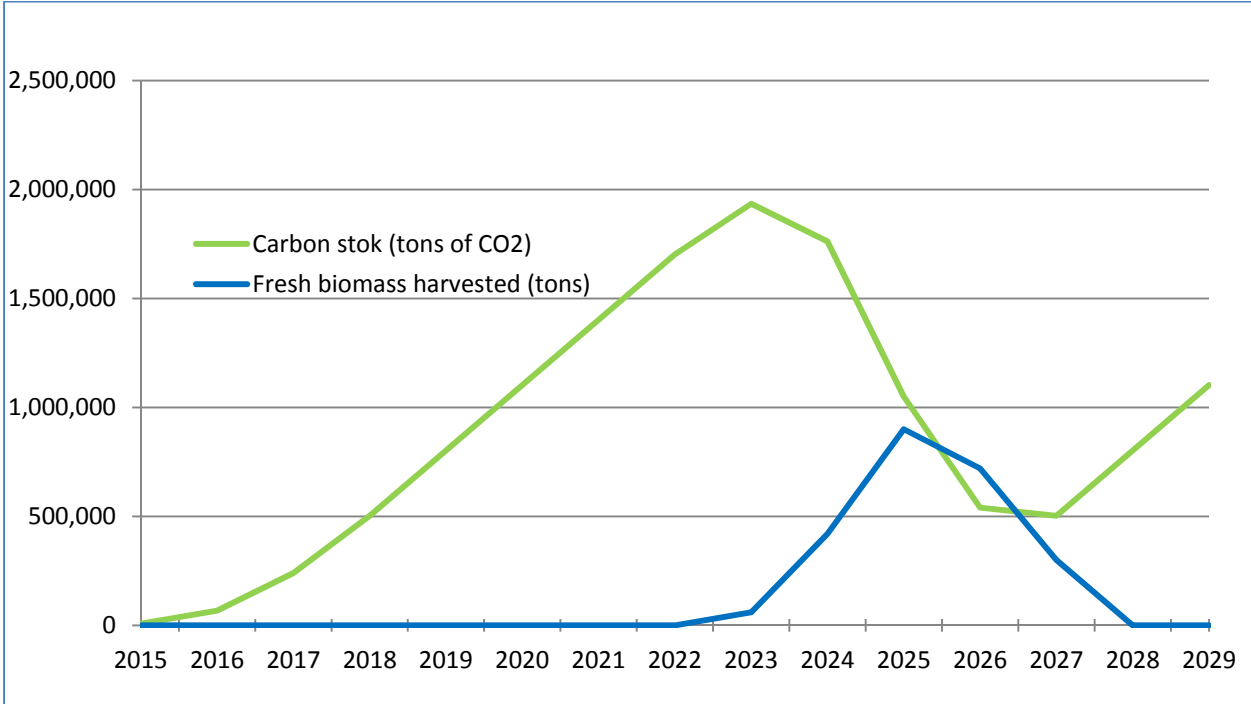
Over a 15 year period: 3,331,168 tCO<sub>2</sub>

*Afforestation / reforestation (components 1, 2a and 3)*

28. The Ibi Batéké degraded savannah afforestation project for fuel wood production (DRC: registered under the CDM on Feb. 18, 2011) is a BioCF project supervised by the World Bank. Project activities consider various types of silvicultural models very similar to those to be developed under the IFLMP, including plantation of *Acacia* spp. intercropped with cassava. Inventories completed in 2011, 2012 and 2013 set the annual average carbon sequestration at around 15 tCO<sub>2</sub> ha<sup>-1</sup>. As a result and based on this observed assumption, the mitigation component of the IFLMP will depend on the planting rhythm of the 20,000 hectares to be planted over the lifetime of the project, as well as the length of the rolling period for clear cuts (anticipated to be 8 years—realistic scenario).

		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Component 1 5 000 ha	Plantation (ha)	0	500	1,000	1,500	2,000					0	500	1,000	1,500	2,000	0	
	Annual increment (tCO <sub>2</sub> )	0	7,500	22,500	45,000	75,000	75,000	75,000	75,000	75,000	7,500	-60,000	-	127,500	195,000	75,000	75,000
	Cumulative Stock (tCO <sub>2</sub> )	0	7,500	30,000	75,000	150,000	225,000	300,000	375,000	450,000	457,500	397,500	270,000	75,000	150,000	225,000	
Component 2a 10 000 ha	Plantation (ha)	0	2,000	5,000	3,000	0					0	2,000	5,000	3,000	0	0	
	Annual increment (tCO <sub>2</sub> )	0	30,000	105,000	150,000	150,000	150,000	150,000	150,000	150,000	-120,000	-525,000	-	255,000	150,000	150,000	150,000
	Cumulative Stock (tCO <sub>2</sub> )	0	30,000	135,000	285,000	435,000	585,000	735,000	885,000	1,035,000	915,000	390,000	135,000	285,000	435,000	585,000	
Component 3 5 000 ha	Plantation (ha)	500	1,000	1,500	1,500	500					500	1,000	1,500	1,500	500	0	
	Annual increment (tCO <sub>2</sub> )	7,500	22,500	45,000	67,500	75,000	75,000	75,000	75,000	7,500	-60,000	-127,500	-	127,500	7,500	75,000	75,000
	Cumulative Stock (tCO <sub>2</sub> )	7,500	30,000	75,000	142,500	217,500	292,500	367,500	442,500	450,000	390,000	262,500	135,000	142,500	217,500	292,500	
<b>Total stock (tCO<sub>2</sub>)</b>		<b>7,500</b>	<b>67,500</b>	<b>240,000</b>	<b>502,500</b>	<b>802,500</b>	<b>1,102,500</b>	<b>1,402,500</b>	<b>1,702,500</b>	<b>1,935,000</b>	<b>1,762,500</b>	<b>1,050,000</b>	<b>540,000</b>	<b>502,500</b>	<b>802,500</b>	<b>1,102,500</b>	
<b>Fresh biomass harvested (tons)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>60,000</b>	<b>420,000</b>	<b>900,000</b>	<b>720,000</b>	<b>300,000</b>	<b>0</b>	<b>0</b>	

29. On a conservative basis, clear cuts restricted to plantations installed under FIP funding are likely to produce 2.4 million tons<sup>33</sup> of roundwood over a 15 year period (2015 – 2029).



*Synthesis*

30. The IFLMP will be transformational beyond the lifetime of the project through various angles, thanks to the creation of new forest assets (afforestation / reforestation schemes) whose actual management (logging) / benefits will mainly start upon its termination. Similarly, the improved cookstoves distributed in the greater Kinshasa will remain functional beyond the IFLMP end date, as well as the awareness of energy efficiency and its relevance.

<sup>33</sup> 450 000 tons of charcoal are likely to be produced over the period (2015 – 2029).

31. Based on these observations, it is possible that transformational changes can be sustained over a 15-year period with a climate change mitigation potential amounting to 16 million tCO2 by 2029.

<b>5 year period (2015 - 2019)</b>			
<b>tCO2</b>	Deforestation	Energy efficiency	Afforestation
Component 1	1,855,609		150,000
Component 2a			435,000
Component 2b		600,702	
Component 3			217,500
Total	1,855,609	600,702	802,500
	<b>3,258,812</b>		

<b>15 year period (2015 -2029)</b>			
<b>tCO2</b>	Deforestation	Energy efficiency	Afforestation
Component 1	11,651,856		225,000
Component 2a			585,000
Component 2b		3,331,168	
Component 3			292,500
Total	11,651,856	3,331,168	1,102,500
	<b>16,085,524</b>		

## Demonstration Potential at Scale

### *Addressing REDD+ priorities*

1. The proposed project will address the key priorities of the framework REDD+ strategy for DRC through a combination of greenhouse gas emissions reductions, and through enabling activities to support alternative livelihoods and production systems. It is this combination that will guarantee the transformative impact of the project. As noted above, the project will tackle the top two direct drivers of deforestation and forest degradation, slash-and-burn farming and overharvesting of fuel wood, through investments in alternative farming methods (agroforestry, intensification) and in value chain development for improved cookstoves.

2. The main drivers of deforestation and forest degradation in the project area are slash-and-burn farming and unsustainable fuel wood harvesting, which are directly addressed by the proposed investments in improved community- and district-level land-use planning, agricultural intensification and agroforestry. Therefore, the project is aligned with 5 of the 7 pillars of the National framework-strategy for REDD+ in DRC:

a) Sectorial pillars:

The project focused on the 3 direct sectoral pillars: *Agriculture* (mostly in Component 3 with the definition of improved and innovative agriculture systems, on Component 1 through the planning of the agriculture development strategy at Territorial level (CART)), *Energy* (production of sustainable charcoal and promotion of improved cookstoves) and *Forest* (Component 1 will include forest protection as well as improving community-based forest management).

b) Enabling pillars

Component 1 focuses on 2 of the 4 enabling pillars: *Governance* (at national, provincial, territorial and village level, with the central services, the provincial governments, the CART and the village representatives), and *land-use planning* mostly at village and territory level.

### *Potential for replication at scale*

3. At the *national scale*, the project targets specific investments in deforestation hotspots in the Kinshasa supply area. The lessons learned from these investments, which will be carefully documented, will be instrumental in replicating similar initiatives in other deforestation hotspots in the DRC. As an example, the FIP team is currently discussing the possibility to leverage additional financing to expand on similar actions in the Mai Ndombé District.

4. At the *international scale*, the phyto-ecological zones targeted by the proposed project cover the equatorial rainforest and Batéké Plateau savannah zones. Therefore, lessons learned from the project will be relevant to a host of other countries including Angola, Cameroon, Central African Republic, Republic of Congo, Equatorial Guinea and Gabon, as well as West and East African forested zones, and to a lesser extent, equatorial rainforest countries on other continents.

### *Use of good practices*

5. The project builds on a considerable body of analysis carried out under the national REDD+ program since 2009, which was also summarized in the DRC Forest Investment Plan approved by the FIP Sub-Committee in June 2011.<sup>34</sup> The project will also build on lessons and experiences from ongoing projects in the Democratic Republic of Congo covering forestry, agriculture (including agroforestry and agriculture value chains), and climate change. It includes proven agroforestry techniques as well as better agricultural land-use planning as tested in Mampu, Makala and Ibi Bateke projects. The land-use planning activities will benefit from the experience of the EU-funded initiative with the Agricultural and Rural Management Councils (CART) that operate at territory-level, and from the long-standing track record with participatory land-use zoning in conservation landscapes in Bandundu.

6. For component 2b, through its collaboration with the ACCES initiative, the project also builds on lessons learned from prior investments in improved cookstoves and from the knowledge base of the “Global Alliance for Clean Cookstoves”.

### *Mitigation of potential leakage*

7. The project is not anticipated to lead to leakage as it aims primarily at replacing current unsustainable practices with low-emissions practices, fulfilling the same needs. Therefore it will be unlikely that unsustainable activities will shift from the project area to other areas. To avoid this outcome, the project will work with all the stakeholders to change their existing production practices.

8. Regarding Component 1, the project will focus on land management, promoting either the development of alternative activities (replacing slash-and-burn or charcoal production with cash crops or non-timber forest products) or a relocation of agriculture activities from the forest zone to the savannah zone. Agriculture production is not expected to decrease (therefore not leading to increasing the production/deforestation elsewhere).

9. Regarding Component 2a and 3, the project will work to produce an increased amount of charcoal from the sustainable use of the forest. This additional amount of sustainably produced charcoal is not expected to create any leakage.

10. Finally, Component 2b aims to increase the number of improved cookstoves, thus leading to a decrease in consumption of fuel wood. Again, no negative leakage has been identified for this component.

### **Cost-effectiveness**

11. Cost-effectiveness of the Integrated Forested Landscape Management Project is guaranteed in a number of ways:

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<sup>34</sup> See for example : Ministère de l’Environnement, Conservation de la Nature et Tourisme et Ministère de l’Energie, Programme REDD+ amélioration de l’efficacité énergétique par la diffusion des foyers améliorés. Document d’orientation. Kinshasa, novembre 2010.



- a) Through working directly with local implementation agencies with a strong track record and reputation for financial rigor, most of the project funds will directly benefit concrete investments on the ground, rather than be lost to overhead costs, or inefficiencies and irregularities.
- b) By leveraging direct financial and in-kind contributions from private sector companies and local communities, the impact of the FIP funding will be multiplied.
- c) By concentrating the bulk of the investments on activities implemented with proven technologies and methods, the risk of failure is greatly reduced.
- d) By helping to create sustainable business models in agroforestry and improved woodfuel stoves, these investments will need fewer or no subsidies in the future.
- e) Through careful monitoring of emissions reductions and other benefits generated by the project, the cost-effectiveness of the overall project will be emphasized.

12. The cost-efficiency concern has been the reason for concentrating the project activities in the Kinshasa Basin and for integrating the 3 programs defined in the Investment Plan into a single project.

## **Implementation Potential**

### *Public Policies and Institutions supportive of REDD+*

13. *Country and sector strategies supportive of REDD+*. DRC is one of the most advanced countries in terms of its REDD+ strategy, and it is moving decisively into the REDD+ Investment Phase. The high-level political commitment to REDD+ in the country is demonstrated by the fact that REDD+ has a prominent place in the 2011-2016 National Strategy for Growth and Poverty Reduction (DSCR), and by the existence of a range of REDD+ pilot projects experimenting with a variety of implementation mechanisms. Despite this progress, many sectoral and systemic constraints to the implementation of REDD+ still remain. The Integrated Forested Landscape Management Project will provide leverage for continued policy dialogue on how to overcome these constraints and move towards a wide-scale national REDD+ payment for performance program.

### *Institutional and Implementation Arrangements*

14. DRC has a relatively recent forest law (2002) that provides for a balanced approach to forest resource management, with transparent allocation of forest resources for productive and protective purposes, and ample opportunities for community participation in forest management. Most of the legal texts necessary for implementing the forest law are in place, with the notable exception of the decree on community forestry, adoption of which has been pending since 2011 when a broad consensus was reached between the Environment Ministry, civil society, and DRC's technical and financial partners in the forest sector. Since 2002, however, there has been an effort to progressively decentralize governance functions. The responsibility for forest resource management has been partly decentralized to the provincial level, but there still is much confusion on how these new Provincial responsibilities will be funded and implemented. Nevertheless, the Provincial government of Bandundu showed a high level of interest in the preparation phase of the Integrated Forested Landscape Management

Project. The Project will assist the ongoing decentralization process by implementing REDD+ activities in close collaboration with the Central, Provincial and District-level governments. The implementation arrangements used under the Project will provide an example of how REDD+ and other forest-related responsibilities can be equitably allocated and effectively implemented in other Provinces.

### *Sustainability*

15. At the macro level, the project fits within the government's core strategy of improved governance of natural resources and employment generation, as forests have been identified as a core strategic sector. This will make it more likely that its results will be sustained. The proposed project investments on the ground, while seeking to enhance opportunities to contribute to global environmental services, focus strongly on local socio-economic incentives and benefits, which will also help guarantee the sustainability of the project results. The Emission Reductions Purchase Agreement (ERPA) planned for the project area in Bandundu, if successfully concluded, would make the results of component 1 sustainable in the long term. A further factor that will enhance sustainability is that the project will help to directly improve the core functions (procurement and financial management, results-based management and monitoring, and information management and communications) of the Environment Ministry, by housing project management inside the Ministry rather than creating a separate project implementation unit. These core functions are a prerequisite for the Ministry to fulfill its mission of transparent, sustainable natural resource management and enhancement of environmental services in the longer term.

### *Effective stakeholder participation and decision-making*

16. There will be scope for stakeholder participation in all project components. Land-use planning and social infrastructure investments in the Plateau District will have both top-down and bottom-up elements. Most of the stakeholder participation will be through existing mechanisms (Agricultural and Rural Management Councils, Bandundu Provincial Forest Forum) rather than through mechanisms created specifically for the project, which will enhance sustainability. The project will directly enhance the capacity of local communities to participate in decision-making on land use planning and forest management, through training, communication and extension. There will also be a grievance and redress mechanism for stakeholders who feel they have been disadvantaged by project activities.

### *Cross-Sectoral Planning*

17. The cross-sectoral nature of REDD+ and climate change more broadly necessitates that it be a collaborative effort in order to be successful. Broad guidance for the FIP-funded investments will be provided by the existing National REDD+ Committee. The Committee has members of all the key sectoral ministries, including Agriculture, Energy, Infrastructure and Economic Planning. An independent review of the implementation of DRC's Forest Carbon Partnership Facility (FCPF) grant carried out in late 2012 found that the National REDD+ Committee has not played its cross-sectoral mobilization role very effectively thus far. Remedial measures have been included under the third FCPF grant. The cross-sectoral dialogue

at provincial level will take place in the Agricultural and Rural Management Councils as well as among the key provincial ministries.

#### *Collaboration with partners*

18. The proposed operation builds on and has been developed in cooperation with prior and ongoing forest and REDD+-related initiatives supported by the World Bank and other development partners, including France, Germany, Norway and the African Development Bank.

#### **Integrating sustainable development (co-benefits)**

*Measuring delivery of social benefits (improvement in well-being), protection and enhancement of biodiversity and strengthened resilience and ecosystems*

19. Co-benefits from effective land and forest management will be varied and multiple. Household surveys will be conducted at the outset of the project to ascertain a baseline for the target villages related to income generating activities, income levels, and other measures of local socio-economic conditions. Follow-up surveys will be conducted toward the end of the project to measure the impact of the investments on livelihoods in the targeted communities.

20. The project will rely on the Measurement, Reporting and Verification (MRV) scheme developed with the assistance of UN-REDD to measure key co-benefits. While the project will aim to measure the biodiversity benefits it generates, it will be impossible to set clear targets for these at this stage.

#### **Safeguards**

21. All investments financed under this project will have to comply with the safeguards procedures described above, a more detailed version of which is contained in the Environmental and Social Management Framework (ESMF) and the Process Framework (PF).

*Strategic Environmental and Social Assessment (SESA)*

22. A full Strategic Environmental and Social Assessment (SESA) for REDD+ investments has been prepared with funding from the Forest Carbon Partnership Facility grant. This SESA, which has benefited from a country-wide consultative process, will be updated for the benefit of the Integrated Forested Landscape Management Project. The civil society platform “REDD+ and Climate Change Working Group” (GTCR) has been closely associated with the SESA preparation process, and will also be involved in the SESA update for the current project.

## Annex 7: Detailed Economical Analysis

### 1. Introduction and Objectives

1. **The Democratic Republic of Congo (DRC) is one of the eight pilot countries currently eligible to benefit from the Forest Investment Program (FIP), a multi-donor trust fund aiming to support developing countries' efforts to reduce emissions from deforestation and forest degradation by providing financing for investments.** DRC has launched activities that begin to assess the underlying causes of deforestation and forest degradation consistent with the Forest Carbon Partnership Facility (FCPF) approach and has identified strategic pillars of a national REDD+ program, including land-use planning, securing land tenure, management of agroforestry systems, development of economic opportunities of non-timber forest products, especially targeting women, knowledge sharing and capacity-building for relevant ministries, the private sector, civil society, and educational and research institutions, and harmonization of policies to promote good governance of natural resources and forests.

2. **The objective of this economic analysis (EA) is to assess the economic feasibility of the World Bank financed Improved Forested Landscape Management Project (P128887) within the broader portfolio of REDD+ activities supported by other donors and organizations.** By promoting sustainable forest management around Kinshasa, specifically in the Plateau district of the Bandundu Province and in the Kinshasa Province, the project aims at improving the livelihood of rural communities and to reduce land-use based GHG emissions from deforestation and forest degradation in the targeted project area. It will also aim at addressing the demand for woodfuel at the urban household level by supporting the introduction of clean cooking solutions in Kinshasa. Therefore, this project will contribute to improving food security, enhancing access to clean cooking solutions, and alleviating poverty, especially among the rural and urban poor in the targeted areas. The key co-benefit targeted by this project is the enhancement of forests as carbon sinks through the sustainable management and conservation of forests and woodlands.

3. **Due to the complexity of the project, the anticipated economic benefits cut across many sectors and aspects.** The enhanced delivery of environmental goods and services, improved livelihoods and poverty alleviation, and health-related benefits from the adaptation of clean(er) cookstoves are the three broad categories. Given time and data constraints for this *ex-ante* EA, the consideration of benefits for the quantitative simulation will be limited to a few aspects and complemented by a qualitative discussion of other benefits. As it is important to embed the EA into the overall economic and environmental framework of the country, the section will briefly discuss some key parameters. This is followed by a more detailed discussion of anticipated economic benefits and the presentation of results of a numerical simulation, including a brief assessment of the economic feasibility of the project.

### 2. Environmental and Economic Context

4. **The Democratic Republic of Congo (DRC) is slowly recovering from the civil war, which ended in 2002, having destroyed the country's infrastructure and social fabric.** National Parliamentary and Presidential Elections were held in 2006 and 2011, the latter marred by violence and contestations of the results. Elections for the 11 provincial parliaments and for

local government entities have not yet taken place for lack of funding and the need to revisit the electoral system. Provincial and local government elections are tentatively planned to take place in 2013. While progress has been made towards peace, armed conflicts continue to simmer in the East of the country, with recent resurgence of rebel activity in the North Kivu Province as a manifestation of weak and unaccountable state institutions.

**5. Weak institutional capacity and governance result in very limited delivery of and access to public services.** The quality of public administration, as measured in the 2012 Country Policy and Institutional Assessment, is stable at 2.0 (of 6.0) compared to the average among International Development Association (IDA) borrowers of 2.9. The DRC ranked 160 of 180 countries in Transparency International’s Corruption Perception Index and was perceived as one of the most corrupt countries. Only 45 percent of the population has access to an improved water source (SSA<sup>35</sup>: 61percent), infant mortality is 111 per 1,000 live births (SSA: 69), 28 percent for children under 5 are malnourished (SSA: 21percent), and life expectancy at birth is 48 years (SSA: 55 years). Somewhat surprisingly, DRC scores slightly higher than Sub-Saharan Africa as regards literacy, which is assessed at 67 percent (SSA: 63 percent).

**6. Economic growth has been about 7 percent annually since 2010, which has so far not translated into lower poverty and unemployment rates despite huge economic potential due to its abundant natural resources.** The main obstacle to growth has been poor governance, weak institutions, wars and conflicts. Per capita gross national income is only US\$190 (2011) and 71 percent of the 71 million Congolese live below the poverty line (2006 figures, a nationwide poverty survey is being undertaken, data not available by appraisal). Despite economic growth, the private sector offers formal employment to only 1.2 percent of the labor force. The country’s ranking on the Doing Business Index remains low at 181 of 185 countries. Young people are most affected by unemployment, particularly in urban areas. Moreover, the DRC has formidable infrastructure and institutional obstacles to employment creation and demographic imbalances have engendered social and political exclusion.

**Table 7.1:** Demographic parameters for Congo DR and Kinshasa (base year 2007)

	Population [total]	Urban	Rural	Growth Rate until 2025	Year to Double	Population Density [people/km2]
<b>Congo DR</b>	57,187,942	67.8%	32.2%	4.5%	15.9	28.9
<b>Kinshasa</b>	7,387,945	-	-	3.8%	18.4	-

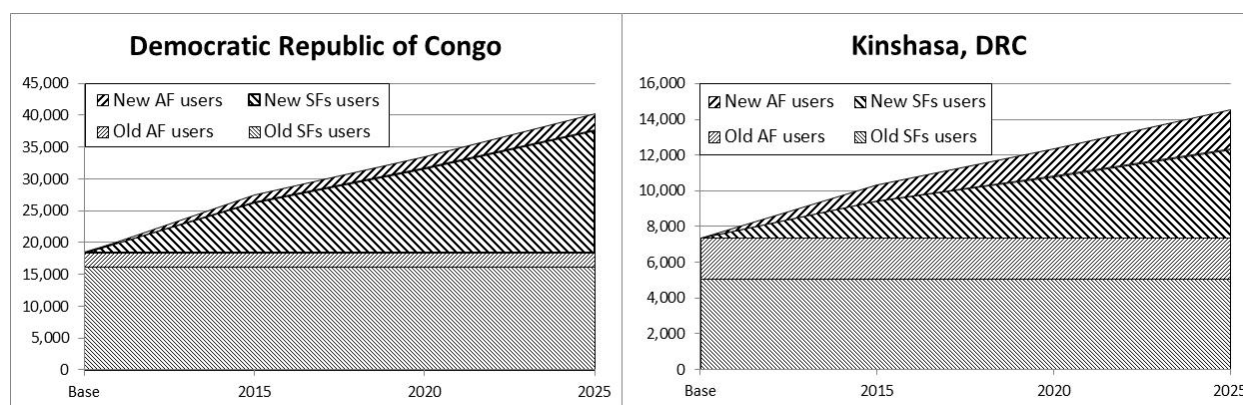
Own analysis

**7. The DRC is undergoing a rapid and unplanned urbanization process, with the twelve largest cities estimated to be growing at 4.7 percent annually.** The country was 9.9 percent urbanized in 1956; by 2012 the urban population is estimated at 24 million, or 37 percent of the total population, and is projected to reach 40 million by 2025. With 400,000 new inhabitants joining the city every year, by 2030, Kinshasa (population in 2000 about 6 million) will be the largest African city, ahead of Cairo and Lagos and the 16th largest metropolis in the world. The

<sup>35</sup> SSA : Sub-Saharan Africa

major urban centers of Kinshasa, Lubumbashi, Mbuji-Mayi, Kananga and Kisangani are estimated to grow from 9.3 million inhabitants in 2000 to 17 million in 2015. The population of other urban centers of over 100,000 inhabitants will increase by over 75 percent over the same period, from 3.6 million to 6.3 million. Smaller urban centers are estimated to be growing at a slower pace, around 50 percent. This rapid urbanization process results in unplanned development of cities in the DRC, which in turn is likely to undermine economic growth, to pose challenges to urban poverty reduction, and to make provision of adequate urban services particularly challenging. Congolese cities experience higher levels of poverty than Central African counterparts. Even Kinshasa, with 42 percent poverty, is above other main cities of the region. In the absence of reliable statistics, it is not possible to know the exact level of public investments in urban areas. However, the 2010 urban sector study (carried out as part of the Country Economic Memorandum) estimates the investment needs in urban areas at 16-17 percent of central government expenditures, or US\$12 per capita – three times the current investments.

**Graph 7.1:** Solid fuel (SF) and alternative fuel (AF) users in Congo DR and Kinshasa assuming the same relative proportions in base and target year [in thousands]



Own analysis

**8. Rapid urbanization coupled with low access rates to modern and clean energy services will significantly accelerate the demand for solid fuels, especially for cooking.** Woodfuels (wood and charcoal) represent about 91.5 percent of the energy consumption in DRC. According to an assessment<sup>36</sup> of the market potential for improved cookstoves (ICS) and clean cooking solutions, a total of about 3.5 million households could be reached between 2011 and 2020 resulting in an overall reduction of GHG emissions of an estimated 20.9 million tons of CO<sub>2</sub> equivalent. Key co-benefits associated with such an activity were the income generated through ICS manufacturing, reduction in negative respiratory health impacts, reduced pressure on forests and woodlands. As the reliance on woodfuels is unlikely to change, the demand will increase significantly in the coming years (see Graph 7.1). For Kinshasa alone, it is forecasted that the number of users of solid fuels will increase from 5 million in the base year 2007 to about 9.5 million people in 2025.

<sup>36</sup> Programme REDD+ Amélioration de l'efficacité énergétique par la diffusion des foyers améliorés - Document d'orientation; Ministère de l'Environnement, Conservation de la Nature et Tourisme (Coordination Nationale REDD) et Ministère de l'Énergie, République Démocratique du Congo; November 2010

### 3. Economic benefits generated by the Project

#### 3.1. Qualitative description

9. **The proposed FIP investment is generating a diverse portfolio of economic benefits ranging from direct, tangible benefits to indirect, intangible benefits.** A direct, tangible benefit is, for example, the increase in wood production through agroforestry systems in the targeted project areas or the reduction of GHG emissions. On the other side of the scale, indirect and intangible economic benefits of the project are, for example, improved schooling results of children triggered by a reduction in indoor air pollution (IAP) resulting from the provision of cleaner cooking solutions, or the improvement of the public administration and associated delivery of public services triggered by the project’s supported capacity building for the forest administration. Table 7.1 provides a limited overview of selected examples of the four categories of benefits that can be associated with the project.

**Table 7.1:** Selected economic benefits generated by the project

	<b>Tangible</b>	<b>Intangible</b>
<b>Direct</b>	<ul style="list-style-type: none"> <li>• <u>Reduction in GHG emissions</u></li> <li>• Reduced indoor and outdoor air pollution (smoke in kitchen and smog in urban areas)</li> <li>• <u>Increase income</u></li> <li>• Increase in qualified jobs</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction in soil erosion/increase in soil conservation</li> <li>• Reduction in deforestation</li> <li>• Afforestation / reforestation</li> <li>• Increase of trees in the agricultural landscape</li> <li>• Biodiversity conservation</li> </ul>
<b>Indirect</b>	<ul style="list-style-type: none"> <li>• Reduced respiratory and other <u>indoor air pollution (IAP)</u>-related diseases</li> <li>• Reduced pressure on protected areas</li> <li>• Reduced malnutrition</li> <li>• Better access to credit</li> <li>• Reduction in inundations</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthened self-governance capacity of communities</li> <li>• Enhancing institutional mechanisms in support of decentralization</li> <li>• Improved efficiency of forest product value chains</li> <li>• Lowering marketing costs</li> <li>• Improved schooling and education</li> <li>• Improved access to health services</li> </ul>

Underlined benefits are included in quantitative economic analysis

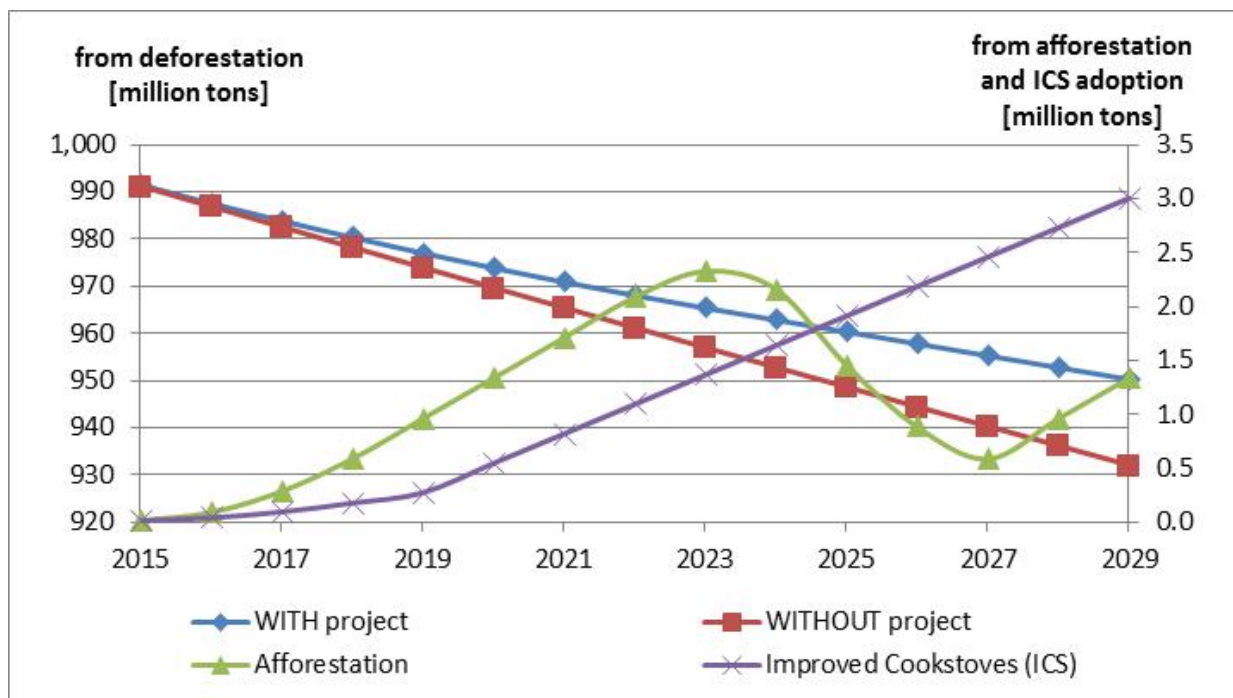
10. **Given the lack of data and time and resource constraints for this *ex-ante* project economic analysis, only a few selected benefits will be used for the quantitative economic assessment of project feasibility.** These are a) carbon sequestration benefits, b) livelihood benefits from tree growing and agroforestry, and c) health impacts resulting from clean cooking solutions. Other economic benefits as listed in Table 7.1 are additional and need to be considered in the qualitative discussion, especially if quantitative simulation results indicate borderline economic feasibility of the project.

#### 3.2. Quantification of selected benefits

### 3.2.1. Carbon

11. **Three different types of carbon benefits can be directly assigned to the project: reduced emissions from avoided deforestation, sequestration through afforestation, and emission reductions through improved cookstoves (ICS).** Graph 7.2 depicts anticipated developments in carbon stocks resulting from the project intervention. In the context of deforestation, the positive carbon effect resulting from the project is that it is anticipated that the FIP investment will slow the rate of deforestation. The baseline estimation is that the rate of deforestation will be reduced by 3 percent per annum over a ten year period (2015 – 2024), and then stabilized - which is considered a conservative assumption - amounting to an overall carbon differential of about 11.7 million tons of carbon by 2029. Over the same period, the anticipated afforestation will lead to an overall cumulative sequestration of about 1.1 million tons of carbon and the adoption of improved cookstoves (ICS) achieved by the project is estimated at 3.3 million tons of carbon. However, the ICS estimation especially is rather conservative as it assumes no further adoption of ICS after the end of the project which would be a minimum baseline.

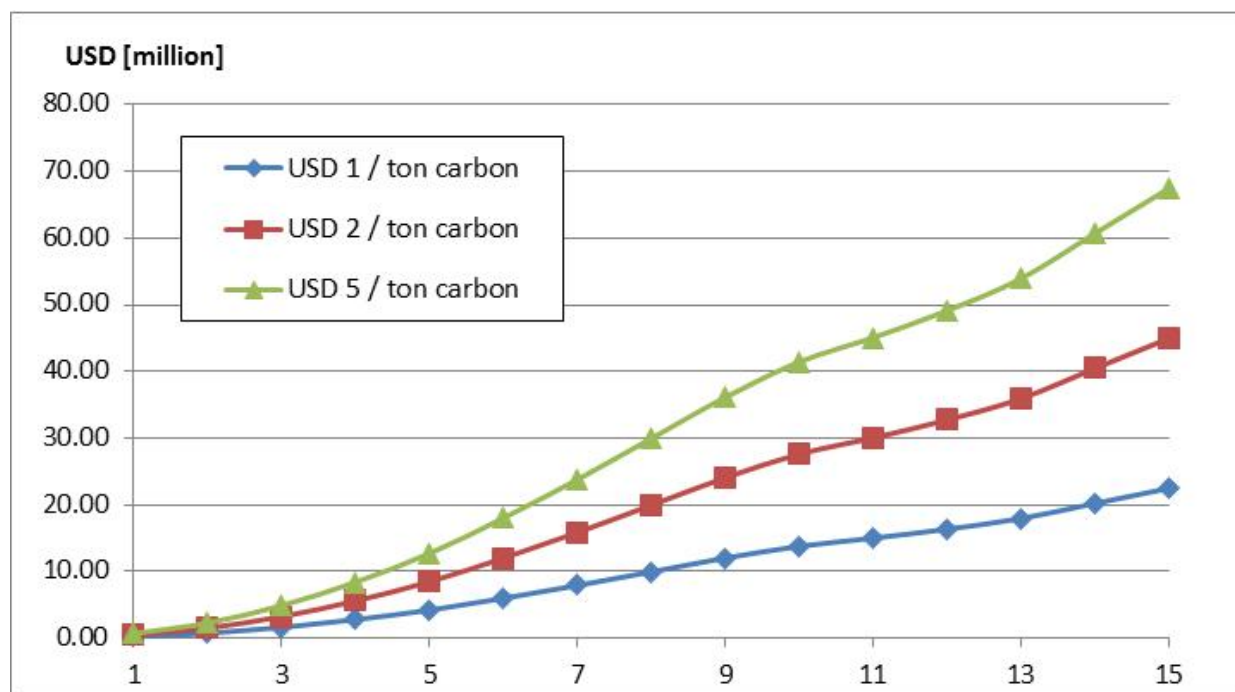
**Graph 7.2:** Changes in carbon stocks resulting from FIP investments (in million tons)



12. **The valuation of project carbon benefits requires the assignment of a dollar value per ton of carbon, which is a difficult exercise with the recent collapse of global carbon markets.** However, as the assigned carbon value serves as a shadow price that should reflect a market value if all associated values could be marketed, recent carbon price developments can be used as a conservative proxy-measure to estimate a shadow price. In this regard, a baseline value of one US\$ per ton of carbon is assumed. Graph 7.3 shows the carbon value of the project activities against different carbon price estimations.



**Graph 7.3:** Value of project carbon benefits at different shadow prices



### 3.2.2. Livelihoods and Poverty Alleviation

13. **In the DRC, seven out of ten households are poor with a disparity between rural areas -where about eight out of ten households are poor - and urban areas - where less than seven out of ten households are poor.** An analysis of the poverty profile reveals that households headed by women are less affected by poverty, but according to the place of residence, households are more affected in urban areas. Poverty rate among households whose head is working on his own account in the informal agricultural sector is 76 percent, and households whose head is a semi-skilled employee or worker is 72 percent. Regardless of the place of residence, the size of poor households is larger than that of the affluent and the number of their dependents is often higher. The educational level is a key factor determining the standard of living in the DRC: the more educated the household head is, the higher the household consumption, and the less likely it becomes for such a household to be poor.

**Table 7.2:** Welfare distribution between rural and urban households in DRC<sup>37</sup>

	Poorest	Second	Mean	Fourth	Richest	Total
<b>Urban</b>	0.8	5.2	22.7	34.7	36.5	100
<b>Rural</b>	41.4	36.6	16.9	3.6	1.5	100

Note: Data from 2005

<sup>37</sup> WHO Africa Health Observatory (AHO) accessed November 5, 2013

**14. Spending in Congolese households is dominated by food representing 62.3 percent of total expenditures.** This household expenditure pattern reveals that any inflation affecting food reduces their real incomes, while increasing the number of the poor and vulnerable, all things being equal. Following the expenditure pattern of Congolese households, a typical poor Congolese household will take an average of at least 3.5 years to move out of poverty if it records an average annual increase of 20 percent of household expenditure, all things being equal. The same household will take 70 years to move out of poverty if its annual increase in spending is only 1 percent and 23 years if its annual increase in spending is only 3 percent. This result shows that poverty alleviation requires the implementation of an economic policy supporting high growth (economic growth at least twice as high as the population growth of 3.1 percent) coupled with a proper redistribution policy, to have a chance of halving poverty by 2020 in accordance with the advocacy instruments for the mobilization of resources to achieve the MDGs in the DRC.

**Table 7.3:** Development of livelihood benefits generated by the project (Component 1)

Year	1	2	3	4	5	6	7	...	15
People	17,143	17,143	17,143	17,143	17,143	17,143	17,143	0	0
	17,143	34,286	51,429	68,571	85,714	102,857	120,000	120,000	120,000
Benefits	121,714	243,429	365,143	486,857	608,571	730,286	852,000	852,000	852,000

Note: Increment livelihood benefit calculated as 5 percent of average rural per capita GNI

**15. The livelihood impact anticipated from the project is approximated using basic income data that is available for DRC, adjusted and adapted to the project’s situation by including several assumptions.** The reported per capita income for DRC is US\$190 (GNI, Atlas method, June 2013<sup>38</sup>) without taking account of the rural urban-urban income differentiation stated above. To take account of this differential, the income is adjusted to a lower value of US\$142, which is 75 percent of the average income. This is also taking account of the fact that agricultural households have higher poverty prevalence than other households as stated before (compare Table 7.2). The anticipated incremental livelihood benefits are subsumed in an assumed income increase of 5 percent - or US\$7 – received by people impacted by project activities, which is stated as 120,000. The target population is reached in a linear fashion over the lifetime of the project, i.e. 17,134 per year. For the purpose of this analysis and as a conservative assumption, it is also assumed that once the project is over, no further people will be positively affected. Altogether, a baseline benefit stream is anticipated as depicted in table 7.3.

**16. This already demonstrates that anticipated livelihood benefits are outweighed by carbon benefits, even if only very low carbon prices are assumed.** However, the incremental livelihood increase does not consider any secondary effects triggered by increased incomes, such as better access to health services, improved education, or overall positive impacts on the economy as a whole. Sensitivity analyses that model alternative incremental benefits and benefit groups will be applied to further analyze the economic feasibility of the project focusing on livelihood benefits only.

<sup>38</sup> Congo, DR at a glance (World Bank 2013)

### 3.2.3. Health Impacts

**17. Indoor air pollution (IAP) resulting from the inefficient burning of solid biomass fuels for heating and cooking is responsible for more than 1.5 million deaths globally per year due to respiratory diseases – mostly of young children and their mothers.** Effective solutions to reduce levels of IAP and improve health do exist. They include cleaner and more efficient fuels, improved stoves that burn solid fuels more efficiently and more completely, and better ventilation. To be effective and sustainable in the long term these solutions must be accompanied by behavior change. In addition to improving health and reducing illness-related expenditures, interventions to reduce IAP have many impacts that, at the household level, improve family livelihoods and, at the population level, stimulate development and contribute to environmental sustainability.

**18. The energy supply of the DRC is heavily dependent on traditional biomass (firewood, charcoal, and waste), which represented 95 percent of total energy consumption in 2009.** Electricity accounted for only two percent of the energy supply of the DRC, while oil products, mainly gasoline, diesel, gas, and kerosene, accounted for three percent. Large urban areas are responsible for most of the charcoal consumption while firewood and waste biomass are used primarily in rural and suburban zones.

**19. The high level of biomass energy use and the prevalence of inefficient cookstoves in DRC results in high levels of infant mortality.** One of the main causes of high mortality of children is the especially a high prevalence of malaria (4 percent), and Acute Respiratory Infections (ARI). In general, all age groups seem more or less to be uniformly affected. However, while most prevalence rates dropped over the past years, the number of children who suffered from ARI has risen sharply, from 11 percent in 2001 to 15 percent in 2007.

**20. The accelerated adoption of ICS as targeted by the project under Component 2 will, therefore, not only reduce GHG emissions, but will also generate other economic benefits, especially related to health outcomes.** In a detailed study on the benefits and costs of ICS, Jeuland and Pattanayak (2013) find that the costs and benefits of ICS technologies are most affected by their relative fuel costs, time and fuel-use efficiencies, the incidence and cost-of-illness of acute respiratory illness, and the cost of household cooking time. However, Jeuland and Pattanayak did not consider further downstream secondary effects, such as that improving health effects of ICS could improve schooling performance, which again are determinants of accelerated development and economic performance of households.<sup>39</sup> The authors also differentiate between the true private net benefits and so-called social net benefits, where different carbon-based subsidies are accounted for. As the reduction of GHG emission has already been considered under “Carbon Benefits” in this economic analysis, only private net benefits as calculated by this study are considered and presented in Table 7.3 below.

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<sup>39</sup> For Congo DR, returns on education (in terms of consumption) only begin to materialize from a threshold of level 4 in primary school. Higher levels of education often result in an improved diet, health, access to essential services, and the ability to cope with challenges, whether due to economic, health or environmental reasons.

**Table 7.4:** Private net benefits of switching to charcoal ICS [US\$/household/month]<sup>40</sup>

ICS baseline	Private net benefits			Private net benefits with carbon offset subsidy		
	<i>Low</i>	<i>Median</i>	<i>High</i>	<i>Low</i>	<i>Median</i>	<i>High</i>
Traditional wood-burning	-2.2	0.3	4.3	0.7	7.9	26.4
Basic charcoal	-0.2	1.0	3.3	1.6	5.5	13.4

21. **The baseline used to calculate private net benefits in the Jeuland and Pattanayak (2013) study is traditional wood-burning stove technology; in addition, one comparison of a switch from basic charcoal to improved charcoal technology is simulated.** While the median private net benefit calculated for the switch from traditional wood burning to improved charcoal is lower compared to the basic charcoal to improved charcoal switch, the variation between low and high private net benefits is stronger (see Table 7.4). For the purpose of this economic analysis the median value for the switch from basic to improved charcoal technology will be used as the baseline with the possibility of sensitivity analysis justified on the low and median variations. Given the wide range and continuously evolving technology options for charcoal ICS and, thus, evolving determinants for charcoal ICS, not least market prices, these numbers are expected to evolve likewise. However, they are the only HH-based data currently available on the private net benefits of ICS technology. Under the assumptions of a linear adoption of ICS and one ICS per HH (i.e. 70,000 households reached) a benefit stream as depicted in Table 7.4 is considered for the economic analysis over the 15-year calculation period. This is a highly conservative assessment as it is expected that the project can serve as a catalyst for ICS adoption in Kinshasa, hence, further ICS adoption is clearly anticipated even after the project has ended.

**Table 7.5:** Private net benefit stream from adoption of ICS facilitated by FIP [US\$]

Year	1	2	3	4	5	6	7	...	15
Households	10,000	20,000	30,000	40,000	50,000	60,000	70,000		70,000
Benefits	120,000	240,000	360,000	480,000	600,000	720,000	840,000		840,000

### 3.3. Project costs

22. **Project costs are approximated using the investment costs of the project totaling US\$36.9 million.** According to the anticipated disbursement schedule, total project costs are spread out over seven years (FY15 – FY21) with individual annual allocations as follows (in US\$ million): Year 1 (1.0), year 2 (3.0), year 3 (6.0), year 4 (8.0), year 5 (8.9), year 6 (7.0), and year 7 (3.0). These allocations are used for the cost calculations in the analysis.

<sup>40</sup> From Jeuland and Pattanayak (2013)

#### 4. Methodology

23. **A threshold analysis identifying the break-even point where net benefits equal net costs of the project is applied.** Sensitivity analysis is applied for the key simulation parameters, notably: discount rate, carbon price, and livelihood benefit increments (in percent). While results will first be separated by environmental and livelihood benefits to allow for a better analysis of the impacts of different benefit categories on overall project outcomes, a final simulation will combine the two benefits for one result. Quantitative results will be contrasted with qualitative benefits to conclude overall project feasibility.

24. **As required for economic analysis of projects, a With and Without project situation is used for estimating incremental benefits generated by the project.** Taking account of the current situation, and the fact that the environmental as well as livelihood situation in the project areas is likely to continue to decline, even a slowing but continuing existing negative trend represents a project benefit. For example, a slow-down but continuation of deforestation and forest degradation trend is a benefit that can be quantified by the amount of incremental carbon that is not emitted into the atmosphere compared to the without project situation. Likewise, if household incomes can remain stable under a project situation compared to a possible negative trend due to declining agricultural productivity, deforestation, climate change, and other possible impact factors, this also represents an incremental benefit achieved by the project. Net Present Value (NPV) and Benefit-Cost Ratio (B/C-Ratio) are used as criteria to assess the economic feasibility of the project.

25. **A 15 year period is used to assess the economic feasibility of the project.** While project costs are only assumed for the first 5 years of the project according to the disbursements anticipated by the project team, benefits are assumed to be generated beyond the lifetime of the project. To harmonize project benefits and costs through the calculation of a present value of costs and benefits, a discount rate needs to be determined. Given the often significant impact of the choice of the discount rate on economic analysis outcomes and the common difficulty in determining discount rate reflecting economic discounting behavior, a sensitivity analysis is applied considering discount rates of 5 percent, 10 percent, and 20 percent.

#### 5. Simulations and Results

26. **A range of simulations were run to assess the economic feasibility of the project ranging from an inclusion of all quantified project benefits to some partial assessments of individual project components.** As the overall analysis is largely dominated by the monetary quantification of carbon benefits, these additional analyses allow more thorough conclusions to be drawn regarding the feasibility of the project. In addition, the partial analysis of singled-out project components also permits a more in-depth look at the economic feasibility of selected individual components. Sensitivity analyses were also conducted with respect to the simulation period for which 15 years was assumed as the baseline.

##### 5.1. Project feasibility with all quantified project benefits

27. **The economic feasibility simulation yields positive results under the baseline assumptions.** At a shadow price of carbon of US\$ 1 per ton of carbon, with a 5 percent

incremental increase in livelihood benefits compared to a without project situation and median private net benefits of moving from a baseline to an improved charcoal stove, the 15 year simulation derives positive Net Present Values (NPV) and Benefit-Cost-Ratios larger than 1 for all three discount rate scenarios of 5 percent, 10 percent, and 20 percent (see Table 7.6). If the simulation is only run over the actual project period of 7 years, the simulations yield negative NPVs and B/C-Ratios between 0.60 and 0.53.

**Table 7.6:** Summary of economic simulation results

	All Benefits			Excluding Carbon Benefits			ICS Components		
	5%	10%	20%	5%	10%	20%	5%	10%	20%
<b>15 year simulation</b>									
NPV [in US\$ million]	45.9	23.3	4.7	-16.7	-15.5	-12.3	4.9	3.0	1.3
B/C-Ratio	2.45	1.96	1.28	-0.56	-0.64	-0.72	3.93	3.17	2.26
<b>Sensitivity analysis</b>	<i>7 years only</i>			<i>Livelihood benefits +20 percent, ICS adoption maximum</i>			<i>50 percent ICS adopted</i>		
NPV [in US\$ million]	-11.9	-10.4	-8.0	18.1	8.1	0.083	1.6	0.8	0.1
B/C-Ratio	0.60	0.58	0.53	1.61	1.33	1.00	1.97	1.59	1.13

### 5.2. Assessment of Charcoal ICS for Kinshasa Component

**28. The component supporting the introduction of ICS in Kinshasa is economically feasible as a self-standing component, even if benefits are purely based on private net benefits, excluding carbon related benefits.** For this simulation a linear distribution of the total component costs of US\$2 million was assumed for the 7 year project period, coupled with a linear adoption of ICS totaling 70,000. These results apply across all simulated discount rates and even apply under the assumption that only 50 percent of the anticipated project target of 70,000 ICS can be achieved.

**29. Even if only simulated over the 7 year project period, this component yields positive results under the assumption of 70,000 adopted charcoal ICS.** Again, these results apply to all three discount rates. The threshold when simulations turn negative lies between the adoption of 45,000 – 50,000 charcoal ICS – but only for the 7 year project period. In addition, given that only median private net benefits are considered and not the much higher maximum private net benefits underlines the robustness of this component as regards its economic feasibility and positive development impact.

### 5.3. Project feasibility excluding carbon benefits

**30. Given that carbon benefits dominate the economic analysis, a simulation is run to assess project feasibility under the assumption of no carbon benefits being generated.** The results show that under baseline assumptions of livelihood benefit increases and net median private net benefits for charcoal ICS adoption, the project would not be feasible. However, an increase of livelihood benefits by 20 percent and applying the maximum private net benefits of adopting a charcoal ICS from a baseline charcoal cookstove results in strong positive results across all three discount rate scenarios, with B/C-Ratios of 1.61, 1.33, and 1.00, respectively.

31. **This demonstrates that even without the anticipated carbon benefits the project is likely to lead to positive economic outcomes.** First, with only two quantified benefits a very small sub-sample of potential benefits is included in the numerical simulation. If other benefits as depicted in Table 7.1 were included in the simulations, positive results over shorter simulation periods and under higher discount rate assumptions are expected. Second, the assumed 20 percent increase over the baseline as well as the application of the maximum private net benefit that can be derived from the adoption of charcoal ICS as published in current literature are within a reasonable range of benefits and could be easily achieved, not least because more secondary, downstream benefits had been excluded.

#### 5.4. Project feasibility with carbon benefits under varying simulation periods

32. **Given the relatively large carbon benefits expected from the project, the economic robustness was tested for a 7-year calculation period (the project period) testing which shadow carbon price would yield positive results.** It was calculated that at a shadow price of US\$3 per ton of carbon and excluding all other benefits but carbon, the project yields positive results at all discount rates.

33. **Despite the currently low carbon market prices, the carbon price estimations applied for this economic analysis are conservative reflecting current scientific debate about the social cost of carbon – that is how much economic damage each extra ton of carbon dioxide delivers.** There are a number of ways which economists try and arrive at their estimates, using different modeling techniques<sup>41</sup>. In the context of this debate, a US\$ 5 per ton figure is very low. For example, the United States government puts the figure at around US\$ 32, while other studies give a range between US\$ 15 and US\$ 74.

## 6. Discussion

34. **The economic analysis conducted for the Forest Investment Program for the Democratic Republic of Congo supports the project through positive results across a variety of sensitivity analyses and data assumptions.** Despite the emphasis on carbon benefits generated by the project, the analysis confirmed that even an exclusion of these benefits is likely to yield positive economic results for the project. The analysis also tested the economic feasibility of individual project components, which yielded positive results. The analysis was also robust as regards varying discount rates and also testing for changes in anticipated results.

35. **The results of the analysis are also robust insofar that only a few selected project benefits were concluded in the economic analysis.** If additional and downstream project benefits had been considered the simulations would have yielded even stronger results. For example, A study assessing the economic value of Protected Areas (PA) in the Congo Basin using a total economic value (TEV) approach estimates the TEV at around US\$603,468,014,907 with US\$13,884,954 for direct use value; US\$589,532,157,606 for indirect use value and US\$50,903,301 for option, existence and bequest value.

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<sup>41</sup> See, for example, the Yale Forum on Climate Change.

**36. The economic benefits generated by the project are likely to have significant development impacts given the broader economic framework in which the project is implemented.** The potential for the project to catalyze important development momentum as regards natural resources management and energy access is very high, with potential for replicability and continuity beyond the immediate lifetime of the project. Providing additional livelihood opportunities in rural areas can yield important secondary effects; for example, with respect to improving agriculture production, and access to education and health services. Similarly, taking account of demographic developments and the accelerating urbanization requires urgent action on clean(er) energy access solutions with important benefits in the context of IAP and associated downstream effects. The project can serve as an important catalyst for generating such changes with impacts beyond the immediate project boundaries and lifetime of the project.



## Annex 8: Africa Clean Cooking Energy Solutions (ACCES) Initiative in DRC

37. **Africa Clean Cooking Energy Solutions (ACCES)** initiative operates under the overall context of World Bank’s regional support for the cooking sector and aims to promote large-scale dissemination and adoption of clean cooking solutions in Sub-Saharan Africa through a consultative, integrated, enterprise-based approach. ACCES has developed a comprehensive framework for developing the cookstove industry.

### ACCES framework of support



38. DRC was chosen as a pilot country for ACCES in coordination with FIP’s support for the promotion of clean cookstoves. ACCES is supporting FIP in project preparation and design of the country activities informed by the sector assessment and stakeholder meetings in collaboration with the SNV<sup>42</sup> office in DRC.

<sup>42</sup> SNV is a non-profit, international development organization, established in the Netherlands. In the DRC, SNV works in three thematic fields: Agriculture, Renewable Energy and Water, Sanitation & Hygiene. In the renewable energy sector, SNV’s main focus is on domestic biogas, use of biofuels and improved cook stoves, promoting the development of value chains and inclusive business (inclusive entrepreneurship)

39. The proposed component activities are consistent with DRC's Poverty Reduction and Growth Strategy Paper (DSCR) of 2011, directly contributing to the fourth pillar "Protecting the environment and sustaining the fight against climate change." Activities are also well aligned with the 2013-2016 CAS for DRC. The activities in the clean cooking sector will contribute to employment creation and increasing competitiveness through promotion of new technologies, enhancement in the manufacturing sector, and other opportunities along the supply chain including distribution and retail, which will contribute to the strategic objective to "boost competitiveness to accelerate private-sector-led growth and job creation." Furthermore, CAS identifies "gender and climate change" as cross-cutting themes which are both central to the benefits of the activities under this component. Understanding the role of men and women in making household purchase decisions, saving time in cooking and freeing up expenditures for other activities are some of the potential benefits. Climate change benefits can come from emission reductions of using fewer biomass energy resources and burning of these fuels with a device that supports higher combustion efficiency.

40. Consultations: In-country stakeholder feedback in Kinshasa revealed a need for a comprehensive approach to clean cooking solutions, something which ACCES has already developed as a result of regional consultations in SSA. The enterprise-based approach taken should ensure that the support provided will lead to sustainable outcomes and is based on needs of sector stakeholders and active engagement of consumers. Moreover, the sector development approach is in line with the existing operations of ongoing efforts and partners, such as SNV, in the country.

41. Analytical studies: As part of the preparatory project activities, ACCES commissioned the following two studies in order to close gaps in the understanding of the sector landscape:

- Access to finance assessment for the clean cooking sector in the Kinshasa area
  - Considering the fledgling sector for cookstoves in the Kinshasa area, actors in this sphere include nascent enterprises such as distributors, local manufacturers and NGO programs, as well as several international manufacturers, who are keen to explore the market potential in Kinshasa. Lack of access to funding for making necessary investments at the initial stages presents a major barrier.
  - Since the current financial products do not provide the necessary solutions for most small enterprises, entailing high interest rates, a need for collateral, etc., matching or cost-sharing grants mechanisms have been recommended. These grants can fill the financing gap while the experience through the proposed project is used to demonstrate the demand/need for advanced financing mechanisms such as partial credit guarantees, a revolving fund, lines of credit to MFIs, etc.
  
- Consumer insights study to better understand consumer preferences and willingness to pay Kinshasa
  - The preliminary results from the study confirm a large market size for improved cookstoves. However, significant barriers to adoption of cookstoves exist including the high cost of stoves. Stoves may also be perceived as "high cost" considering the low awareness about the potential benefits of cleaner and efficient cookstoves.

Among some characteristics that consumers in Kinshasa value in a stove are portability, safety, stove capacity, and ease of use. Consumer engagement and mobilization is thus one of the recommended activities to bridge the gap between affordability and willingness to pay and increase adoption of cleaner stoves.

### **The ACCES Quality Assurance and Technical Support Program (QA/TS)**

42. Even though fuel efficiency and durability of the stove are cited as two of the main improved cookstove purchase considerations for Kinshasa households<sup>43</sup>, there has not yet been a way to ensure that the cookstoves perform according to advertised specifications and no mechanism is in place to endorse the stoves for these qualities. It is critical that the cooking technologies promoted through development programs are quality-assured to provide benefits, including economic, environmental, health, and social, to the users.

43. ACCES is currently in the process of establishing a regional quality assurance system for Sub-Saharan Africa that is harmonized with international standards but customized to the level of technological development in each of the countries of engagement. The program will establish minimum performance criteria for clean cooking technologies and a quality assurance assessment approach for manufacturing and business processes based on guidelines currently being designed by the IWA/ISO process.<sup>44</sup> The process is being coordinated with a *technical committee*<sup>45</sup> in DRC consisting of local stakeholders from various technical bodies. Quality and performance of stoves will be linked to other areas of support such as access to finance in order to support technologies that are certified to deliver on their advertised performance and also establish incentives for improving quality.

### **The rationale for choosing DRC as a pilot ACCES country**

44. **Dissemination of improved cookstoves** is particularly relevant in the case of DRC, where their current use by local population is not yet at 5 percent. A study of the Kinshasa market has been carried out by the PROBEC project and it highlights an existing market, made up of households and large consumers (restaurants, hospitals, schools, bakeries, etc.). While there has been some uptake of these cookstoves in DRC, the level of adoption is still relatively low and often obsolete (less efficient) production and marketing models have been promoted. The technology has evolved substantially and experience has been gained over recent years including through the attempts through prior project examples illustrated below in DRC:

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<sup>43</sup> SNV Etude de Base Pour l'implantation des Foyers Améliorés dans les Provinces de Bas-Congo et de Kinshasa and CREFES Study on the Market Potential for Improved Cook Stoves in Kinshasa, DRC.

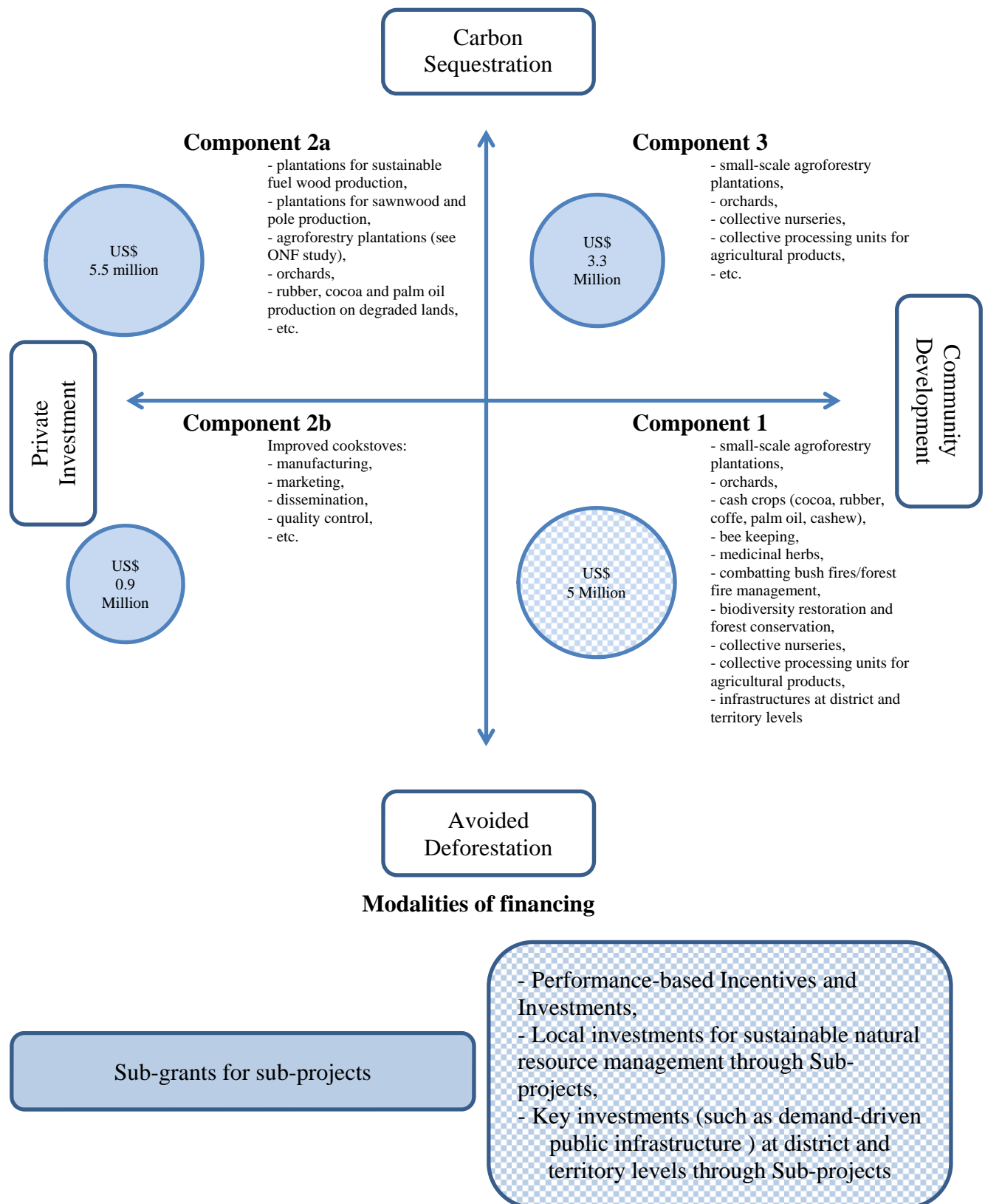
<sup>44</sup> In its countries of engagement, ACCES is also developing in-country quality criteria in order to measure the performance of existing cooking technologies against a benchmark set for the country. The IWA framework, a precursor to the full ISO standards, has established the main performance indicators for stoves as: efficiency, indoor emissions, outdoor emissions, and safety, and durability (in the process of being incorporated as the program develops). Tiers for each indicator range from 0 – 4 with 0 being associated with open fire cooking and higher tiers associated with incrementally more advanced technologies.

<sup>45</sup> ACCES has established Technical Committees in the three pilot countries to serve as “contact groups” in the efforts to harmonize development of the regional and international QA standards and criteria with the in-country ones using the local technical knowledge and the reality on the ground.

- The **Paradigm Project** is a social business promoting projects to improve people's **livelihoods** in a sustainable way, valuing the local social and environmental capital as much as economic capital. It promotes improved cookstove projects in Kenya and Haiti. The project in Kenya aims to disseminate 400 000 improved cookstoves in two years. However, after only two years of activity, demand exceeded the projections by a factor of four, hence the project now aims to disseminate over 1 million stoves. The model used combines industrial production (small & medium industries) with technology transfer in order to ensure the supply of the stoves and the quantity in demand, and to reduce the sale price of the stoves. This can maximize demand and job creation in the marketing and distribution sectors.
- **This model of dissemination seems to respond well to the barriers identified in the past in Kinshasa by the CATEB project, including:** i) difficulty in the organization of a supply chain capable of responding to the demand, in relation to the choice of working with artisanal producers; ii) importance of ensuring acceptability of the models being promoted by the users, but also by the producers; iii) importance of holding the producers responsible for the supply of raw material.
- **It is important to highlight the well document co-benefits** on health, household budgets (savings from less energy need) and security arising from the adoption of the improved cookstoves.

45. In addition, dissemination of improved cookstoves has been identified as one of the priority actions to be taken for reducing the emissions from deforestation and forest degradation resulting from Kinshasa household energy consumption.

## Annex 9: Testing innovative approaches: activities and financing modalities per component



**Annex 10: Tools, processes and frameworks governing the IFLMP's implementation and aimed at mitigating governance risks**

<b>LOCAL</b>	<b>IFLM Project</b>	Component 1	Participatory management planning process at the village level under the supervision of CLDs	Methodology available
		Components 1 & 3	Priority investments selected and implemented by independent third parties (ALEs) in close cooperation with CLDs under the supervision of the FIP Coordination Unit	To be developed throughout the course of project implementation
			Performance-based payments Feedback, grievance and redress mechanism	
		Component 2a	Screening Committee comprising of independent third parties ensuring a fair assessment (based on eligibility criteria) of received proposals	
<b>NATIONAL</b>	<b>REDD+</b>	Institutional arrangements	Feedback, grievance and redress mechanism	To be developed throughout the course of project implementation
			Civil Society Organizations involved in the decision making process	
		National REDD+ strategy	Governance is one of the seven retained pillars of the strategy	Synergies between FLEGT and REDD+
		Implementation framework	Registry interconnected with an Information System on Safeguards and specifying final beneficiaries of REDD+ activities	Under development
			National REDD+ Fund Benefit Sharing Plans	Under development FCPF methodological framework (validated in December 2013)
<b>Surveillance</b>	<b>Surveillance</b>	Satellite observation	National MRV system	Under development
			Independent observers such as MOABI	Active
			Economic governance matrix with specific criteria related to forest sector and REDD+	Under monitoring

## Annex 11: Simplified budget for the project

<b>Component 1 - Integrated REDD Project for the Plateau District (Plateau PIREDD)</b>	
Local planning for each sector and territory	80,000
Local planning at village level	325,000
support to the decentralized technical administration	400,000
support to intersectoral planning (CARG)	290,000
Contract with local NGO for technical support	300,000
Territory level investment	535,000
Village level investment	2,000,000
PBI with farmers	2,500,000
Other governance activities	150,000
Implementation agency	5,250,000
Equipments (car, furniture...)	1,000,000
Supervision by the FIP coordination Unit	720,000
Unallocated for contingencies - 5%	650,000
<b>Total Component 1</b>	<b>14,200,000</b>
<b>Component 2a - Supporting agroforestry investments in DRC</b>	
Subsidies for agro-forestry private proposals	5,500,000
Selection committee, supervision and transaction costs	250,000
Unallocated for contingencies - 3%	150,000
<b>Total Component 2a</b>	<b>5,900,000</b>
<b>Component 2b - Strengthening the cookstove sector and supporting the dissemination of cleaner cookstoves</b>	
Support for quality assurance and technical support	230,000
Support to entrepreneurs, including matching grants	920,000
Structuring the sector	450,000
Technical assistance and operating costs	400,000
Unallocated for contingencies	100,000
<b>Total Component 2b</b>	<b>2,100,000</b>
<b>Component 3 - Promote small-scale agroforestry systems to reduce land use emissions</b>	
Direct support to farmers' organisations	3,300,000
Implementing agencies and operating costs	3,900,000
Collective equipments and furniture	1,850,000
R&D - piloting new agro-forestry systems	820,000
Supervision by the FIP Coordination Unit	330,000
Unallocated for contingencies - 3%	300,000
<b>Total Component 3</b>	<b>10,500,000</b>
<b>Component 4 - Knowledge management and program Coordination</b>	
FIP Coordination Unit - staff	2,400,000
FIP Coordination Unit - equipments	150,000
Operating costs and management	480,000
Overheads	460,000
Knowledge management	375,000
Unallocated for contingencies - 3%	115,000
Supervision and audits	220,000
<b>Total Component 4</b>	<b>4,200,000</b>
<b>Total project</b>	<b>36,900,000</b>

## **Annex 12: Linkages with projects to be supported by the dedicated grant mechanism (DGM)**

1. Since the beginning of the REDD+ preparation process in DRC, the government has established a very constructive dialogue with the civil society, including Indigenous Peoples' organizations. Civil society in DRC is very active and rapidly joined the REDD+ discussions held by the REDD+ National Coordination team. During the FIP project preparation, many civil society organizations (CSOs) also utilized the opportunity of the consultation workshops to expose their views.
2. A national platform, the *Groupe de Travail Climat REDD+* (GTCR), has been created and acts as the key counterpart for the environment sector on behalf of civil society and traditional organizations. After several years of coordination, CSO participation in REDD+ in DRC is now mature.
3. When the DGM approach was proposed in DRC, CSOs were ready and quickly took the lead in the process with great ownership. During the first phase of the DGM definition, the DGM dialogue was embodied in the broader discussions within Civil Society. As the DGM is now moving into an operational phase, and the two FIP projects are defined more precisely, the DGM is now discussed as a separate project that needs to keep a close connection with the FIP process. Hence, the DGM will not cover the entire country but will only focus on the deforestation hotspots identified in the FIP Investment Plan; this is reflected in the DGM Steering Committee which will be comprised of delegates from these specific communities. However, a hybrid working group (*Groupe de travail technique - GTT*), comprised of community representatives from within the FIP target area as well as from other areas has been established and will ensure a close link to national-level CSOs.

### **DESCRIPTION OF THE DGM CONCEPT**

4. The DGM project objective is “to empower targeted Indigenous Peoples and Local Communities (IPLC) to benefit from and engage in REDD+ policies and FIP activities”. To ensure the link with the FIP Investment Plan, the DGM National Steering Committee will prioritize the concerns of the IPLC from the target areas of the FIP projects but will also integrate the issues raised by representative IPLC leaders at national level.
5. Since the FIP Investment Plan focuses on 3 urban agriculture/fuel wood supply basins (Kinsangani, Mbuji-Mayi / Kananga and Kinshasa), the DGM has selected the sectors/territories in which communities from IPLC are present. The table below summarizes the list of territories and sectors from which the delegates to the Steering Committee will be selected.

<b>BASIN</b>	<b>PROVINCE</b>	<b>TERRITORIES</b>	<b>Main IPs GROUPs</b>
KINSHASA (WB Project)	BANDUNDU	KIRI	PENZWA
		OSHWE	NKAW
		INONGO	LOKANGA
MBUJI-MAYI / KANANGA	KASAI ORIENTAL	LUPATAPATA	BAKWA MPUKWA
		LUSAMBO	KASHINDI



(AfDB Project)		LUBEFU	NONOTSHI
		LUBAO	BABILA
		KABINDA	EVUNGU
	KASAI OCCIDENTAL	DIMBELENGE	BATWA ISAMBO
		MWEKA	BATWA KANDIMA
	LUEBO	MBELENGE	
KISANGANI (AfDB Project)	ORIENTALE	OPALA	LOOLO
		BANALIA	BAKOBI
		BAFWASENDE	BOMILI
		YAHUMA	
		MAMBASA	EPULU

6. The main challenge with the selection of delegates is that local communities typically only have local representatives. As the political and cultural context places greater value on equality than on leadership, these local communities cannot be adequately represented at the national level with only a few delegates. Nevertheless, with the support of the National Network of Indigenous Peoples and Local Communities for the Forest Ecosystems (REPALEF), civil society organizations made a great effort to identify a methodology to create a governance body (DGM Steering Committee) for the DGM that would ensure the representativeness from the local level to the national level. REPALEF, which has so far been the main counterpart for the DGM and was invited in the preparation meetings in Thailand and Ghana, will act as the Secretary of such an innovative governance body for the project.

## RELATIONSHIP TO THE FIP INVESTMENT PLAN

7. The DGM project assures complementarity to the FIP projects through its alignment with the Investment Plan. The Investment Plan aims to increase the proportion of energy wood and agricultural products produced in a sustainable way, with a view to promoting the sustainable management of natural forests, and addressing the direct and underlying drivers of deforestation and forest degradation, in particular in the three targeted Basins.

8. **Geographical complementarity.** The areas for consultations and the members of the National Steering Committee (NSC) are all anchored in the three target Basins of the FIP projects. While the FIP activities will only focus on portions of each Basin, the area selected for this project will include surrounding sectors and territories in order to fit with the living territories of Indigenous Peoples (IPs) and Local Communities (LC). In addition, it will reduce the risks of leakage from the FIP and mitigate the risk of creating tensions between the communities in the FIP investment areas and the ones in the same Basin but outside of the investment area.

9. **Improving inclusive participation.** The FIP will channel investments through the existing official and traditional institutional framework, Local Development Committees (CLD), “chefferies” (chiefdom), farmers’ organization for spatial planning (CART), provincial government and decentralized technical services, etc.), in which the minorities may not be adequately represented. Therefore, the DGM will support the inclusion of the Indigenous Peoples

and Local Communities' representatives by building their capacities and bringing financial independence.

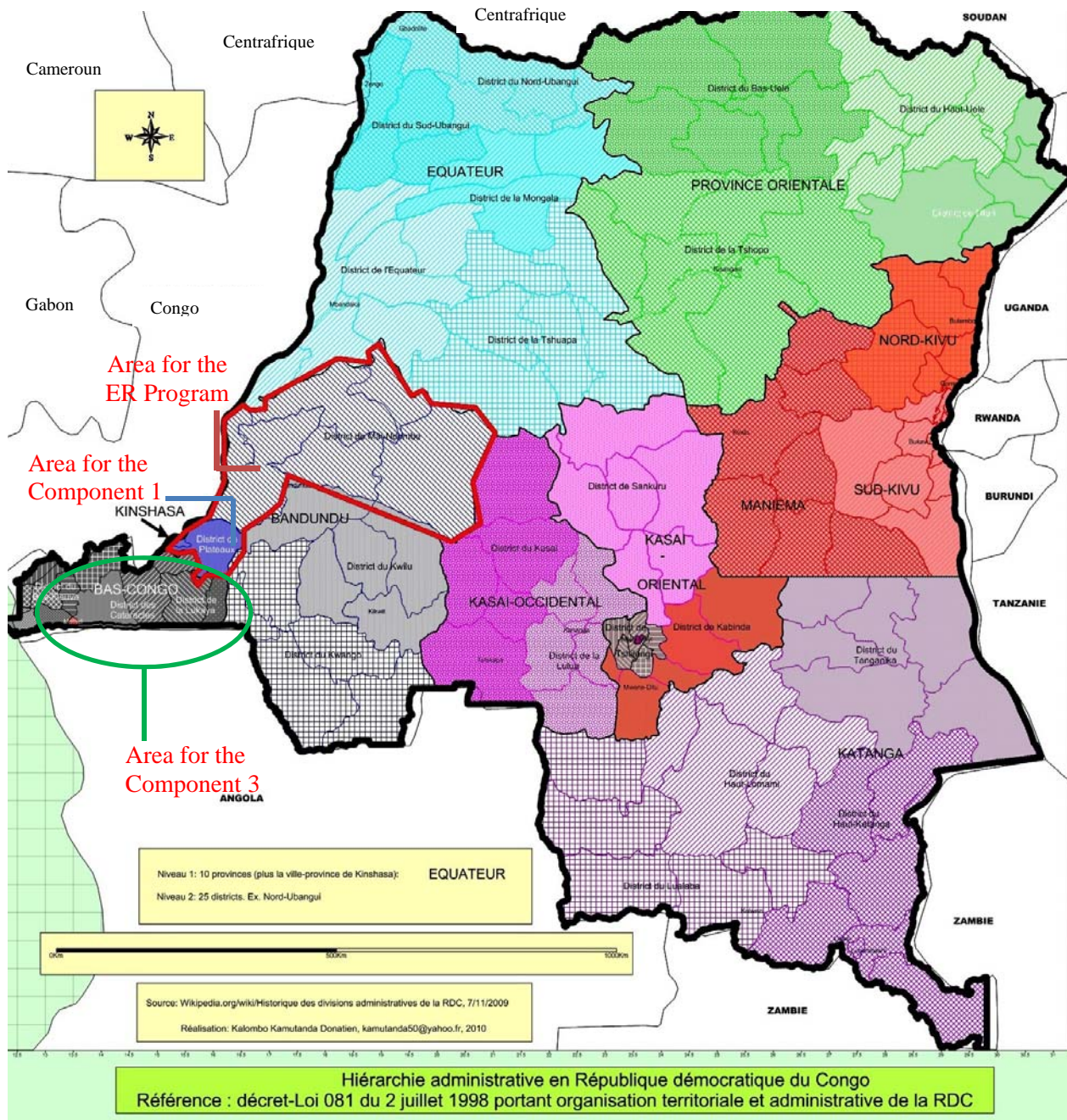
10. **Complementary investments.** While the FIP will support farmers' organizations to improve their planning and efficiency to increase the quantity of sustainable agriculture and timber products, the DGM will focus on improving traditional livelihoods for indigenous peoples and the local communities. The focus will be less on agriculture, equipment and training, and more on securing land rights or non-timber forest product collection areas.

## **NEXT STEPS**

11. While the dialogue with civil society has been mostly driven by thematic CSOs (Forest, Environment, etc.), the DGM is now approaching organizations that are supporting Indigenous Peoples and Local Communities in other areas (Human rights, IPs culture conservation, etc.) because the IP claims are as related to the destruction of their enabling environment as to their situation within DRC society. There is now a clear need to directly reach the most vulnerable groups at the local level to help them designate their representatives for the Steering Committee.

12. With the help of REPALF, a series of field visits in the IPs campsites will be organized in March 2014 to formally establish the national DGM steering Committee. Once the DGM Steering Committee is in place, the National Execution Agency (NEA) will be selected through a competitive process. For practical and logistical reasons, the NEA may need to sub-contract to local Execution Agencies in each Basin. One potential arrangement might work through local implementation units (ALE) from each of the FIP projects to complement the NEA work. This solution would reduce the costs and ensure the complementarity of the projects in the field.

### Annex 13: Map and geographic locations of the components



- Component 1 has a “jurisdictional” approach and will target the Plateau District exclusively, with a landscape approach. This Sub-project is located within the boundaries of the wider ER-Program that may be supported by the FCPF Carbon Fund.
- Component 2a can finance projects country-wide.
- Component 2b focuses on Kinshasa (urban areas).
- Component 3 will provide technical support for farmers in the Bas-Congo Province and in the rural areas of Kinshasa Province (along the RN1 road).