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READINESS PREPARATION PROPOSAL ASSESSMENT NOTE

ON A

PROPOSED GRANT

IN THE AMOUNT OF US\$3.6 MILLION

TO THE

REPUBLIC OF LIBERIA

FOR

REDD+ READINESS PREPARATION SUPPORT
FROM THE FOREST CARBON PARTNERSHIP FUND (FCPF)

| | |
|-------------------|-----------------------------|
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DATA SHEET

REPUBLIC OF LIBERIA REDD+ READINESS PREPARATION SUPPORT

ASSESSMENT NOTE

AFR
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| Date: May 30, 2012 Country Director: Yusupha B. Crookes Sector Manager/Director: Idah Z. Pswarayi- Riddihough/ Jamal Saghir Project ID: P124073 Lending Instrument: Technical Assistance Grant Team Leader: Paola Agostini Regional Safeguards Coordinator: Alexandra Bezeredi Safeguards Specialist: Lucienne M. M'Baipor (social), Moses Yao Duphey (environment) Procurement Specialist: Charles Taylor Financial Management Specialist: Maxwell Bruku Dapaah | | Risk Rating: High Sectors: ENV Themes: Forests, Climate Change |
| Does this project include any CDD component | Yes | X No |
| Date of country selection into FCPF: July 10, 2008 Date of Participation Agreement signed by Country: October 2, 2008 Date of Participation Agreement signed by Bank: October 2, 2008 Date of R-PP Formulation Grant Agreement signature: May 18, 2009 Expected date of Readiness Preparation Grant Agreement signature: May, 2012 | | |
| Project Financing Data: | | |
| <input type="checkbox"/> Loan <input type="checkbox"/> Credit | <input checked="" type="checkbox"/> Grant <input type="checkbox"/> Guarantee | <input type="checkbox"/> Other, explain: |
| For Loans/Credits/Others: N/A Total Project Cost (US\$M): US\$3.6 million Cofinancing: Total Bank Financing (US\$M): \$3.6 million | | |
| Source | | Total Amount (US\$) |
| Recipient IBRD IDA | | |

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|--|---|
| New Recommitted Others FCPF | 3.6 |
| Regional FCPF Trust Fund Number: TF093599 FCPF Country Child Trust Fund Number: XX | |
| Recipient: Republic of Liberia Responsible Agency: Forest Development Authority | |
| Contact Person: Hon. Moses D. Wogbeh Telephone No.: +231 6 513994 | Fax No.: NA E-mail: moseswogbeh@yahoo.com |
| Project Implementation Period: July 2012–2015 | |
| Clearances to the Readiness Preparation Proposal Assessment Note: | |
| Sector Manager: Idah Z. Pswarayi-Riddihough, May 2012 Regional Safeguards Coordinator: Alexandra Bezeredi, May 11, 2012 Safeguards Specialist: Lucienne M. M'Baipor (social), April 17, 2012 Moses Yao Duphey (environment), March, 2012 Procurement Specialist: Charles Taylor, May 17, 2012 Financial Management Specialist: Maxwell Bruku Dapaah, May 17, 2012 | |
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PURPOSE OF THE READINESS PREPARATION PROPOSAL ASSESSMENT NOTE

As part of its responsibilities for the FCPF, the World Bank has been asked to ensure that the FCPF's activities comply with the relevant World Bank Operational Policies and Procedures, in particular the Safeguard Policies, and the policies on Procurement and Financial Management.

The World Bank has also been asked to assist REDD Country Participants to formulate and implement their Readiness Preparation Proposals (R-PPs).

The purpose of this Readiness Preparation Proposal Assessment Note (R-PP Assessment Note), therefore, is for the Bank to assess if and how the proposed REDD+ Readiness Support Activity, as presented in the R-PP, complies with Safeguard Policies and the Bank's policies on Procurement and Financial Management, discuss the technical quality of the R-PP, record the assistance it has provided to the REDD Country Participant in the formulation of its R-PP, and describe the assistance it might potentially provide to the REDD Country Participant in the implementation of its R-PP.

ATIONS AND ACRONYMS

| | |
|----------|--|
| AACC | Action Against Climate Change |
| BDS/BSM | Benefit Distribution System/Benefit Sharing Mechanism |
| CARI | Center for Agriculture and Research Institute |
| CAS | Country Assistance Strategy |
| CBOs | Community-Based Organizations |
| CCBA | Climate Community and Biodiversity Alliance |
| CDM | Clean Development Mechanism |
| CDO | County Development Officer |
| CFDC | Community Forestry Development Committees |
| CFMA | Community Forest Management Agreements |
| CI | Conservation International |
| CoC | Chain of Custody |
| CoP | Conference to the Parties |
| CRL | Community Rights Law |
| C&P/SESA | Consultation & Participation/Strategic Environmental and Social Assessment |
| D&FD | Deforestation and Forest Degradation |
| DNA | Designated National Authority |
| EIA | Environmental Impact Assessment |
| EPA | The Environmental Protection Agency of Liberia |
| ESMF | Environmental and Social Management Framework |
| EU | European Union |
| FAO | Food and Agriculture Organization of the United Nations |
| FPIC | Free, prior, and informed consent |
| ESA | European Space Agency |
| EU | European Union |
| FAPS | Food and Agricultural Policy and Strategy |
| FCPF | Forest Carbon Partnership Facility |
| FDA | Forest Development Authority |
| FFI | Fauna & Flora International |
| FLY | Federation of Liberian Youth |
| FMU | Forest Monitoring Unit |
| FMT | Facility Management Team |
| GC | Governance Commission |
| GHG | Green House Gas |
| GIMPA | Ghana Institute of Management and Public Administration |
| GIS | Geographic Information Systems |
| GoL | Government of Liberia |
| IBRD | International Bank for Reconstruction and Development |
| IDA | International Development Association |
| INGO | International Non Governmental Organization |
| IPCC | International Panel on Climate Change |
| IUCN | International Union for Conservation of Nature |
| JAS | Joint Assistance Strategy |
| LFI | Liberia Forestry Initiative |
| LISGIS | Liberia Institute of Statistics and Geo-information Services |
| Mha | Million hectares |
| MOA | Ministry of Agriculture |
| MPEA | Ministry of Planning and Economic Affairs |

| | |
|---------|---|
| MRV | Measurement, reporting and verification |
| NCCSC | National Climate Change Steering Committee |
| NCCS | National Climate Change Secretariat |
| NESP | Nested Sphere of Poverty Approach |
| NFRL | National Forestry Reform Law |
| NGO | Non-governmental organization |
| NFRL | National Forest Reform Law |
| NTGL | National Transitional Government |
| PFMU | Project Financial Management Unit |
| PC | Participants Committee |
| PIU | Project Implementation Unit |
| PRS | Poverty Reduction Strategy |
| PSIA | Poverty and Social Impact Assessment |
| PUP | Private Use Permit |
| REDD+ | Reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries |
| RIG | REDD+ Implementation Group |
| RIU | REDD+ Implementation Unit |
| REL | Reference Emission Level |
| R-PIN | Readiness Preparation Idea Note |
| R-PP | Readiness Preparation Proposal |
| RSA | Rapid Social Assessment |
| RTWG | REDD+ technical working group |
| Mt | Megaton (million metric tonnes) |
| SADS | Skills and Agricultural Development Services |
| SEA | Strategic Environmental Assessment |
| SES | Social & Environmental Standards |
| SESA | Strategic Environmental and Social Assessment |
| SFM | Sustainable forest management |
| ToR | Terms of References |
| TWG | Technical Working Group |
| UNFCCC | United Nations Framework Convention on Climate Change |
| UN-REDD | United Nations REDD Program |
| UNSC | United Nations Security Council |
| VER | Voluntary Emission Reduction |
| VPA | Voluntary Partnership Agreement |
| WB | World Bank |
| WG | Working Groups |

REPUBLIC OF LIBERIA
REDD+ Readiness Preparation Support

CONTENTS

I. Introduction and Context

- A. Country Context
- B. Sectoral and Institutional Context
- C. Relationship to CAS

II. Proposed Project Development Objectives

- A. Proposed PDO
- B. Key Results

III. Project Context

- A. Concept
 - 1. Description
 - 2. Key Risks and Issues
- B. Implementing Agency Assessment
- C. Project Stakeholder Assessment

IV. Overall Risk Ratings

V. Proposed Team Composition and Resources, including Technical Assistance Provided by Bank Staff to Date

VI. Assessment Summary

- A. Technical
- B. Financial Management
- C. Procurement
- D. Social and Environmental
 - 1. Social (including Safeguards)
 - 2. Environmental (including Safeguards)
 - 3. Consultation, Participation and Disclosure
 - 4. Safeguards Policies Triggered

Annex I: Operational Risk Assessment Framework (ORAF)

Annex II: Preparation Schedule and Resource Estimate

Annex III: Terms of Reference for the Strategic Environmental and Social Assessment (SESA) for the REDD+ Readiness process of Liberia

Annex IV: Consultation and Participation Plan

Annex V: Documents in Project Files

Annex VI: R-PP Submitted by the REDD Country Participant

Annex VII: Draft Grant Agreement for REDD+ Readiness Preparation (if available)

REPUBLIC OF LIBERIA
REDD+ Readiness Preparation Support

I. Introduction and Context

A. Country Context

1. Despite abundant natural resources, governance issues and social inequality have perennially engendered poverty, conflicts, and low human development in Liberia. The country emerged from a long conflict period in 2003, when a global peace agreement was signed. The civil war badly crippled much of Liberia's economy, damaged its physical infrastructure, and undermined its institutional capacity at the national and local levels. Social, political, economic, and governance systems were destroyed. Between 1980 and 2006, GDP fell by over 90 percent.

2. After a transition period, democratic elections were held in 2006, and the Government of Liberia (GoL) embarked on an ambitious social and economic recovery program. Liberia's second democratic elections since the end of the conflict were held in October/November 2011 and the re-elected Government of President Ellen Johnson Sirleaf took office in January 2012. Despite important progress made in recent years (including an average growth rate of 7.3 percent between 2006 and 2009), poverty remains a challenge in the country as it is estimated that about 64 percent of Liberia's 3.5 million live below the poverty line, with 48 percent living in extreme poverty. In 2009, Liberia ranked 169th out of 182 countries in the world with reference to the UN human development index. Limited access to modern health services (41 percent) and high illiteracy rate (58 percent; 62 percent for women and 29 percent for men) remain important social limitations. Other structural constraints to long-term development are the substantial infrastructure gap, especially in transportation and electricity as well as unclear land property rights.¹ Liberia still faces many challenges in laying the foundation to transition from post-conflict recovery to long-term development.

3. Liberia contains approximately 4.3 million hectares (Mha)² of lowland tropical forest that comprises 43 percent of the remaining Upper Guinea forests of West Africa, which extend from neighboring Guinea to Togo. While the overall extent of the Upper Guinea Forest has dwindled to an estimated 14.3 percent of its original extent, Liberia still hosts two massifs of forest including evergreen lowland forests in the southeast and the semi-deciduous mountain forests in

¹ Land is a highly contested subject in Liberia. Land laws and policies have been made based on a western understanding of land as a resource, whereas most native Liberians see land as an inheritance—as something to be used but not owned. Less than 20 percent of total land in Liberia is privately deeded or registered. The small share of private ownership and legal ambiguities over the non-privately held land has given rise to poor land use management. Rights of rural communities remain poorly defined with many rural lands having overlapping and unresolved ownership rights. Land conflict is one of the major sources of violent conflict in the country.

² The figure of 4.3Mha is contained in the FAO GFRA tables for 2010 and is consistent with the estimate of 4.5Mha in 2004 (Bayol et al, 2004), adjusted by an annual deforestation rate of 0.7 percent. However, it is acknowledged that different estimates have arisen owing to the treatment of areas obscured by cloud, assessment of the forest element in shifting cultivation, and discrepancy in estimates of Liberia's surface area.

the northwest. The forest of Liberia is extremely rich in biodiversity,³ being a recognized global hotspot and priority for conservation. The forests' biological diversity encompasses the last long-term viable populations of several endemic species, ecosystem service provisioning, and potential to contribute to the country's development goals.

4. Liberia's forest cover provides direct benefits that include wildlife habitat, ecotourism industry, soil conservation and sustainable agriculture, protection of water resources, and availability of non-timber forest products to local communities. Most of Liberia's rural population (roughly one-third of the national population) is dependent on forests and their various products and ecosystem services for their livelihoods. Forests play an important role as safety net for vulnerable and marginalized people, especially those living around forest areas, and for the broader community during times of stress.

5. In addition to Liberia's unique biodiversity, the direct social and economic benefits of forests are under threat due to the continued clearance and degradation of the country's remaining forest blocks. Deforestation and forest degradation remained low during the last decades due to the civil conflict. Currently, as peace has been restored, pressure on the forest and its natural resources is escalating.

B. Sectoral and Institutional Context

Forestry sector reform⁴

6. In 2003, the United Nations Security Council (UNSC) imposed sanctions on Liberia to prohibit trade in roundwood and timber products, as revenues from timber exports were being used to finance ongoing civil war⁵. The sanctions were to remain in place until the GoL established its full authority and control over timber production areas and ensured that the revenues will be used to benefit the Liberian people.

7. In 2003, after the Accra Comprehensive Peace Agreement was signed, ending Liberia's civil war, the new National Transitional Government (NTGL) established a road map for reforms in the forest sector. Within the reform process the Liberia Forestry Initiative (LFI) was established in early 2004 as a partnership to assist the country in reaching sufficient standards of forest governance, accountability, and management to enable the lifting of the UN Timber Sanctions. The LFI, which was led by the US Government, included UN agencies (FAO, UNDP, UNEP), bilateral partners (EU), funding institutions (World Bank), international NGOs (Environmental Law Institute, Conservation International, IUCN, Fauna & Flora International), research institutions (CIFOR, ICRAF), and local NGOs (Green Advocates, Sustainable Development

³ Liberia is home to approximately 240 tree species, 2,000 flowering plants, 125 mammal species, 590 bird species, 74 reptiles and amphibians and over 1,000 insect species.

⁴ Main source: James, Smyle. "Liberia Forest Sector Diagnostic". Final Draft. April, 2012.

⁵ According to the IMF, at the time timber sanctions were imposed, timber still accounted for around a quarter of GDP and around half of export earnings—though the rest of the Liberian economy had practically collapsed due to a lack of security, looting, and the withdrawal of all but a few risk-tolerant investors.

Initiative).⁶ The LFI provided a platform for the engagement of key stakeholders in the forest sector reform process. It also worked hand in hand with the UNSC Panel of Experts created to monitor compliance with UN sanctions and their impact. The LFI work followed what came to be referred to as the “Three C’s” approach that aims to balance and integrate community, commercial, and conservation uses of the country’s forests.

8. In 2004, the NTLG also created a Forest Concessions Review Committee (FCRC) to review the forestry sector, its role in the conflict, and to evaluate the legal status of all timber concessions. The Committee, that included representatives from civil society and from various other stakeholders (including the US Forest Service), made several recommendations such as the cancellation of all forest concessions and a series of key reforms to the 2000 National Forestry Law in order to improve transparency, accountability, and public participation in the sector. In 2006, the newly elected president, Johnson-Sirleaf, started to put in place the recommendations (including Executive Order No. 1 canceling all forest concessions) and in the same year the UNSC voted to lift the timber sanctions.

9. Progressive forest policies and laws were developed and approved by the new government. The Forest Development Authority (FDA) was reformed and restructured according to the new policies and laws. The GoL also established the National Forest Reform Law (NFRL) of 2006 and the Ten Core Regulations (2007) that provided the framework for the sector’s legal, participatory, and transparent operation. The law established sustainable forest management as a national goal and advocated for greater engagement of civil society and communities in forest sector policymaking, equitable distribution of benefits, and governance. In addition, LiberFor, the chain of custody (CoC) system⁷ for forest resources, was established as part of the reform process. The government also became part of the Extractive Industries Transparency Initiative (EITI) to provide an oversight mechanism of company payments and government revenues and became the first country to include forestry in the initiative.

10. Forest resource assessments were also conducted to support the reform process. In 2004, an assessment of the state of Liberia’s resources was completed. Also, a “Liberia Forest Reassessment Review” provided an assessment of changes in forest cover and quality between the mid-1980s and 2001. These studies provided valuable information, but given the scale of the process, they did not allow for regional-level or operational planning and decision-making. The studies, together with a subsequent rapid national forest inventory, had a focus towards commercial forestry and could not fulfill the needs for accurate data.

⁶ The LFI is an informal arrangement but provides a forum for consensus on development priorities and for program coordination in the forest sector. Some of the activities supported by the LFI were: (i) training and building local capacity; (ii) establishment of forest policies and good practices; (iii) systems for tracking revenues; (iv) establishment of LiberFor, with a —Chain of Custody (CoC) system to verify legal timber practices; (v) creation of a network of protected areas; and (vi) programs for improving the livelihoods of forest communities.

⁷ Called “Liberfor,” the CoC stump-to-ship system, which is currently being implemented under a contract with Société Générale de Surveillance (SGS), promotes transparency of payments, independent monitoring of approvals for payments and shipping permits, as well as monitoring of all log movements (the World Bank supported financing of the CoC through the FLEG and PROFOR TF).

11. Liberia's ambitious forestry reform process has become an example for other countries. However, as the government progressed in the implementation of the sector reforms, limited capacity arose as a significant obstacle. Institutional and governance mechanisms were new and there was a lack of trained and experienced people to put in place the needed reforms. Weak governance and oversight mechanisms also became an obstacle for satisfactory compliance of the new laws, regulations, and procedures. In addition, no mechanisms were implemented to promote participation and transparency in sector decision-making. The scarce capacity was also geared towards the export-oriented commercial forestry, marginalizing conservation and community aspects of forest use.⁸ Overall, in the now almost six-year period since United Nations Security Council-imposed timber sanctions were lifted, the realization of the promise of the sector reforms has been slow in coming.

12. In late 2009 the Community Rights Law (CRL) with Respect to Forest Lands was signed into law, aimed at resolving the lack of legal clarity over forest ownership and use rights. The CRL revealed the contradictions between GOL's emerging policies on land and community rights (by recognizing the customary right of communities to their forest resources, and implicitly also to community lands) and the forest sector's historic policies and laws (including the NFRL) that asserted state ownership of natural forest resources.⁹

13. More recently the issuance of Private Use Permits (PUPs) and large-scale Community Forest Management Agreements (CFMAs) has emerged as a concern as: it has conflicted with the government's established processes and procedures for land reform, bypassing the Land Commission; it has lacked transparency and due process; it has unveiled a legal and regulatory framework that is ambiguous and uncertain to guarantee meeting the social, environmental, and economic objectives. A rapid expansion and scaling up of the issuance of these instruments appears to be on track to soon exceed, area-wise, that under forest concessions.

14. Emerging policies and opportunities that will continue reshaping the forest sector reform are: (i) the clear trend towards the recognition of customary land rights and forest tenure that will lead to the development of a significant community forestry subsector; (ii) GoL's National Policy on Decentralization which provides for political, administrative, and fiscal decentralization to be implemented by 2020; (iii) the growing recognition of the importance of the domestic forest sector; (iv) the Voluntary Partnership Agreement (VPA) with the European Union (EU), signed in May 2011 to prevent illegal timber exports as part of the Forest Law Enforcement, Governance and Trade (FLEGT) program. This will also require the regulation of the domestic market and the integration of many existing (informal) small forest and forest-

⁸ Even though the reform was geared more towards Commercial use, there is still little economic benefit accruing to the country. In addition, hopes for direct benefits to communities—primarily employment, a share of revenues from industrial logging concessions and other benefits negotiated between communities and loggers (social agreements) – have yet to materialize in any significant fashion.

⁹ Between the establishment of the NFRL and the CRL, seven Forest Management Contracts (FMCs) (concessions) —on more than 1 million ha—were approved under the NFRL provisions. No additional FMC has since been awarded. Contradictions with the CRL regulations could become obstacles for the implementation of the National Decentralization policy within the context of the forest sector and the REDD+ Strategy.

resource dependent enterprises into formal and regulated trade and commerce; and (v) Liberia's participation in REDD +, whose Readiness Preparation Proposal (R-PP) was formally submitted in May 2011 and which will introduce a range of new priorities and instruments for forest conservation and management, as discussed in more detail below.

15. The World Bank is part of the history described above as it has been providing direct support to the reforms and development of the Liberian Forest Sector since 2004. This support has been coordinated with other development partners and strategically aligned with government priorities for the forest sector. The WB participated in the LFI and helped establish a Special Planning Unit (SPU) in the FDA to reach a consensus vision for sustainable forest management, and engage people living in protected areas in improving their livelihoods. The WB also supported the development of the Forest Concession Review, forest inventory, review of draft laws, fiscal/tax reform, the implementation of the "Chain of Custody" system, a Land Tenure study, and the establishment and expansion of the Protected Areas Network and Community Forestry. Also, the Bank has assisted the GoL in developing the L-EITI and the inclusion of timber and agriculture in the Initiative.

16. For the GoL to successfully further the reforms, confront current and emerging issues, and capitalize upon the opportunities that are unfolding for the development of the forest sector and the benefit of the Liberian people, a shared sense of priorities and a consensus on the way forward in land use planning is needed among a representative and critical mass of sector stakeholders. Currently, a consensus vision for land use planning is lacking. Among stakeholders there are increasingly divergent views on policy, institutional, regulatory, and governance issues that require discussion and resolution. Efforts are required to seek the establishment of a broad consensus vision on land use planning around which stakeholders can come together to further the reforms and development of the sectors.

i. REDD+ Readiness in Liberia and the FCPF grant

17. The establishment of an international mechanism to compensate countries for reducing emissions from deforestation and forest degradation (REDD+)¹⁰ offers an opportunity for Liberia to serve the common interest in managing its forests in a balanced way for long-term sustainable economic growth; to support the livelihood of local and rural communities; and to ensure that its important national and global heritage is conserved.

18. The Forest Carbon Partnership Facility (FCPF), a multi-donor initiative became operational in 2008 to assist countries in establishing the key pillars of REDD+ readiness; i.e., 1) developing their national reference scenarios for emissions from deforestation and forest degradation; 2) adopting and complementing national strategies for stopping deforestation and forest degradation; and 3) designing national monitoring, reporting, and verification systems for

¹⁰ Reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests, and enhancement of forest carbon stocks are a set of activities collectively referred to as "REDD+".

REDD+. These activities are referred to as "REDD+ Readiness." The concept of "readiness" and the process of getting ready for REDD+ is however a continuum. While the FCPF has established key milestones to be reached as part of the readiness process, the process depends on the country's context and there is not a specific pre-defined output set by the FCPF for every country.

19. The country is committed to follow the FCPF framework and processes for REDD+ readiness. Liberia has developed a Readiness Preparation Proposal (R-PP) in close consultation with key stakeholders, which was approved by the FCPF Participant Committee in Norway in June, 2011. The R-PP, designed in close consultation with key stakeholders, lays out the components and activities needed for achieving "Readiness" for REDD+. As per usual procedures, the R-PP has been widely reviewed and evaluated by the following: the World Bank task team, the FCPF Facility Management Team, independent reviewers on behalf of the Technical Advisory Panel (TAP), and the FCPF Participants' Committee as part of a multi-step review and feedback mechanism.¹¹

20. The proposed grant aims to obtain US\$3.6 million from the FCPF in order to implement key components of the R-PP.¹² As the FCPF grant will not fund the full REDD+ Readiness process, the country is expected to leverage resources from other sources to complete its REDD+ Readiness process.

21. Liberia is well placed to undertake the program of activities required to prepare for REDD+. To develop a successful REDD+ strategy, the country has key institutions and laws in-place, as well as being in the process of reform and establishment of new strategic policies (such as the National Policy on Decentralization and Local Governance). Many crucial activities are already in process. However, existent threats and competing interests are compounded by a lack of resources and capacity, at all levels of society. The FCPF grant will address these threats and limited capacity.

22. The FCPF grant will provide the opportunity to the Government of Liberia and the Liberian people to have strategic discussions—based on updated quantitative analyses—about land use options for its forested and mixed agricultural lands,¹³ considering multiple criteria such as revenue for the government, benefits for the communities, livelihoods for communities, environmental and social sustainability, and potential carbon benefits. The discussions regarding land use options will not only consider the commercial—domestic and export—use of the land but also, following the 3-C approach, the Community and Conservation uses. The GoL and the people of Liberia will be able to make informed decisions about the best land use option for the country looking at the different trade-offs and the best possible balanced solution.

¹¹ Details of the review and comments are available: <http://www.forestcarbonpartnership.org/fcp/node/72>.

¹² The R-PP is prepared by and owned by the GoL, while this Assessment Note provides information about the strategic elements of the R-PP to be financed by the FCPF.

¹³ The grant proposal will consider the 4.3 million hectares of forest, plus an additional 1.3 million ha of "Class 2.3 Mixed agricultural and forest lands."

ii. Deforestation and Forest Degradation—Drivers and Strategic Options

23. Deforestation rates have been held relatively low in Liberia during the past two decades as a result of the civil conflict that forced many to leave the countryside and immigrate to the capital city and urban centers. This was also a period of relatively low international timber and agricultural exports.

Table 1. Deforestation in Liberia over two decades¹⁴

| Forest area (1,000 ha) | | | | Annual change rate (000 ha/yr. and %) | | | | | |
|------------------------|-------|-------|-------|---------------------------------------|--------|-----------|--------|-----------|--------|
| 1990 | 2000 | 2005 | 2010 | 1990-2000 | | 2000-2005 | | 2005-2010 | |
| 4,929 | 4,629 | 4,479 | 4,329 | -30 | -0.63% | -30 | -0.66% | -30 | -0.68% |

24. Now that peace has been restored, there is a general return of the population to rural areas, assisted by extensive infrastructure rehabilitation of road and bridges. These domestic factors, coupled with expanding global markets for tropical agricultural products, bio-fuels, and timber are exerting considerable pressure on land use conversion from forests. Recent clearing activity is mostly concentrated in ten or so sectors of the country. Almost all clearing is in the form of numerous small (<10 hectare) clearings around towns and roads near Liberia's forest regions.

25. Deforestation and Forest Degradation (D&FD) arise from driving forces within the forest, agricultural, mining and energy sectors. The R-PP identified seven principal driving forces (included in the following table) of deforestation and forest degradation but also noted that little is known about their relative weights and interactions. More details about the relative degree of the different deforestation drivers and their respective impact will be answered as part of the elaboration of the REDD+ Strategy.

Table 2. Direct Drivers of Deforestation and Forest Degradation (D&FD)

¹⁴ Global Forest Resource Assessment, FAO 2010. The vegetation cover map to be undertaken by this grant will provide reliable information about nationwide deforestation rates, differentiated according to forest density.

| Sector | Direct Drivers of D&FD |
|---------------|---|
| Forest Sector | <p>1) Commercial Logging, categorized as:</p> <ul style="list-style-type: none"> a. Extensive logging - without area regulation (i.e., allocated commercial sector too large and failure to abide by periodic felling cycle), resulting in eventual timber shortages, reduced felling intervals, progressive canopy degradation, unsustainable logging and industry. (<i>This practice facilitates chainsaw logging and ingress of shifting cultivation – see below</i>) b. Over-logging – without selection control of species or diameter limits; and, resulting in creaming of species (genetic impoverishment), removal of undersize trees (future shortage of canopy trees), harvesting of all species (degraded canopy cover) c. Hi-impact logging – the opposite of Reduced Impact Logging, arising from a failure of site planning of extraction, roading and landing areas for minimal impact and cost; and, resulting in degraded canopy cover and collateral tree damage. <p>2) Chainsaw logging – unregulated forest logging with similar results as for over-logging, characterized by low recovery rate but mitigated by lower extraction damage. Studies show that chainsaw logging can reach into forest over 5 km from access roads (<i>Synergistic with shifting cultivation – see below</i>)</p> |
| | <p>3) Shifting cultivation – unregulated clearance and farming on forest land for a temporary period (2-3 yrs.) followed by a fallow period (5-12 yrs.) by the same or another farmer. Opportunistic on forest road accessibility and chainsaw logging operations. May be intensive involving larger forest clearing assisted by chainsaw operatives and resulting in deforestation.</p> <p>4) Plantations and Permanent Agriculture - higher economic value land use than forest, resulting in complete forest conversion with deforestation liability on the REDD balance sheet, even if actual clearance and planting may be delayed for several years. Replacement crops may comprise trees, especially oil palm as a biofuel, but do not provide a full range of forest services nor sequester comparable carbon stocks.</p> <p>The emergence of palm oil as a bio-fuel has contributed to a rise in global prices for the commodity and so driven further expansion of plantation. As such, while palm oil produced from plantations on barren or highly degraded (forest) land, may provide for a ‘green’ fuel and potentially generate REDD credits, there is also a risk that this increase in value may drive further D&FD in Liberia – resulting in a potential and significant risk for REDD.</p> |
| | <p>5) Charcoal Production – most charcoal production is a bi-product of agricultural clearance for shifting cultivation or small holder farms. It may have a significant impact on deforestation of degraded areas.</p> <p>6) Oil – Oil companies have moved into Liberia relatively recently and while current activities appear to be focused off-shore, there needs to be communication between relevant ministries, the FDA and RTWG on any plans to develop on-shore wells and pipelines</p> |
| | <p>7) Mineral extraction and mining – Although not regarded as a significant driver of D&FD at present, it is possible that artisanal mining might be more damaging than currently recorded and that large scale mining (e.g., open cast gold mines currently under pre-scoping) will become a major driver.</p> |

| Sector | Direct Drivers of D&FD |
|--------|------------------------|
| | |

Emerging Opportunities under REDD+ to address drivers of D&FD

26. Based on the Direct Drivers of Deforestation and Forest Degradation, the R-PP includes preliminary REDD+ Strategic Options for each of the sectors. These are summarized in the following table:

Table 3. Preliminary Strategic REDD+ Options

| FORESTRY SECTOR | AGRICULTURE SECTOR | ENERGY SECTOR | MINING SECTOR |
|---|---|--|---|
| 1) Raising commercial logging standards; 2) Reducing logging area footprint; 3) Regulating and managing chainsaw logging (with a new regulatory structure for chainsaw logging about to be set in place) 4) Integrating Conservation and Protected Areas into REDD and acceleration of the timeline (whilst Liberia has committed through policy and legislation to allocate 30% of forest area to protected areas, there is a shortfall of 894,000 ha. A plan is needed to fill this gap). 5) Enhancement of carbon loading in degraded forest areas, focusing on indigenous species / forest rehabilitation | 6) Transforming the shift from cultivation into permanent or semi-permanent agriculture (moving to a more efficient agricultural system in order to reduce land use and forest degradation) 7) Ensuring that plantation and permanent agriculture development is located on degraded forest lands with lower carbon content 8) Carbon stock enrichment of barren land through timber crop planting (tree crops instead of other agricultural products), including commercial tree species (linked to forest sector) | 9) Regulating and managing wood fuel energy 10) Introducing more efficient kilns and cooking stoves | 11) Mainstreaming of environmental and social concerns in the mining sector 12) Promoting certification for sustainable mining |

27. During the war years and before commercial logging was blocked by the imposition of UN timber sanctions, the Forest Development Authority (FDA) practiced a weak regulatory oversight which sanctioned unsustainable logging. The country's forest reform process has set in place the policy, legal, and institutional environment to combat these direct drivers of D&FD on the supply side. One of the key instruments is the Chain of Custody for commercial forestry. In addition, the Community Rights Law (2009) has laid ground for an equitable distribution of benefits from forest resources and empowering of local forest communities.

28. Foreign investment agreements in mining, rubber, palm oil, and forestry are expected to be a primary driver of economic growth.¹⁵ However, in addition to the need for strategic options in each sector, it is becoming clearer that the government needs assistance to define the land allocation for agriculture, forest, protected areas, and mining, taking into account the Community Rights Law. The preliminary results of the contract developed with the European Space Agency in coordination with FDA,¹⁶ shows that there are overlapping proposed concessions between forest, agriculture, mining, and protected areas. This situation will exacerbate conflicts related to land in Liberia and will hamper growth and poverty reduction. As said before, the FCPF grant will contribute to the establishment of a broad consensus vision on land use planning around which stakeholders can come together to further the reforms and development of the sectors.

C. Relationship to Country Assistance Strategy (CAS)

29. The FCPF grant will assist Liberia in making better-informed decisions regarding land use options for the country. It will also allow the country to prepare itself for a future REDD+ mechanism, which should ultimately contribute to the country's sustainable development through improved management of its forest resources. In its particular area of intervention, the grant aligns with the strategic pillars included in the 2008 Joint Country Assistance Strategy (WB/African Development Bank): (i) Rebuilding core state functions and institutions; and (ii) Jump-starting and facilitating pro-poor growth. Particularly the second pillar encompasses several aspects including improved agricultural and natural resource management in a way that generates pro-poor growth. The draft completion report¹⁷ of the 2008 CAS highlights that the outcome related to enhancing forestry governance was achieved as progress was made in forestry governance and institutional capacity building. However, the report states that governance issues in the forestry sector, including addressing broader community-based forestry concerns, will continue to be a challenge. The alignment with the current CAS will extend to the Joint WBG/AfDB Country Partnership Strategy FY 13-17, that is under preparation and aims at helping Liberia meet its current and long-term development priorities.

30. The goals for the FCPF grant are also in synergy with: (a) the low carbon development strategy; (b) Poverty Reduction Strategy (PRS) I, specifically Pillar II that aims to revitalize the economy; (c) the ongoing development of the forest sector strategy for the PRS II which has defined as the sector goal: *Integrate community, conservation, and commercial aspects of*

¹⁵ As noted by a recent IMF mission to Liberia: Seventh Review Under the Extended Credit Facility Arrangement. IMF Country Report No. 11/345. December 2011.

¹⁶ During 2011, two studies were performed in Liberia to map and monitor forest resources using satellite data. The projects covered the country and provided an overview of different forest resource assessments, land allocation mapping, as well as land use changes from 2002 to 2010. The studies were carried out by the consulting firms Metria AB (Sweden) and GeoVille GmbH (Austria), as part of the ongoing partnership between the World Bank and the European Space Agency. The objective was to provide an independent expert opinion on the accuracy of various resource assessments and annual allowable cuts, and to map the overlap of various types of land allocations. Recommendations for future activities by the World Bank and other development partners were also proposed, based on the study as well as discussions with different stakeholders involved in Liberian forests.

¹⁷ Draft report.

*forestry to sustainably contribute to reducing poverty, improving livelihoods and the quality of rural life, and increasing the ecological services provided by forests;*¹⁸ and (d) “Liberia Rising 2030,” that serves as a road map for addressing the social, political, and economic challenges that confront Liberia on its path towards economic growth and wealth creation.¹⁹

31. The grant will contribute to strengthening Liberia’s governance structures, institutions and capacity building processes for sustainable land use planning (forest, mining, agriculture and protected areas) while promoting the participation and generating benefits to the local communities. By doing so, the country will receive compensation for protecting the global ecosystem services that its forests provide. The FCPF grant is consistent with the National Policy on Decentralization and Local Governance, crafted by the Governance Commission (GC) in collaboration with the Ministry of Planning and Economic Affairs (MPEA) and officially launched recently. By supporting and strengthening local governance structures for land use management, the REDD+ Strategy will be consistent with the purpose of devolving some of the central government powers and authority to local officials.

32. The implementation of the FCPF grant will align with several policies that involve the forest sector. The grant aligns with the National Forestry Reform Law (NFRL) that placed the Liberian people center stage as beneficiaries of the nation’s forests, and its central theme is the balanced and integrated 3C approach between the Commercial, Community and Conservation uses of forests. In this Policy, although carbon sequestration is not explicitly mentioned, it fits well under ecosystem services (Conservation), forest products (Commercial) and Community. The reform of the forest policy, and the legal and governance framework provides a focus on balancing the economic, social, and environmental roles of Liberia’s forests. This will serve as a basis for incorporating a REDD+ strategy to address drivers of D&FD. The grant will also be aligned to the Community Rights Law on Forest Lands of 2009, which set the framework for sustainable and equitable forest management, and clarifies that “all forest resources on community forest lands are owned by local communities.”

33. The Food and Agricultural Policy and Strategy (FAPS) adopted in 2008, lists forestry, natural resources management, and climate change as key action areas that serve to commit the Ministry of Agriculture (MOA) to REDD+. The policy explicitly recognizes that: (i) Liberia’s agriculture sector is dominated by traditional subsistence farming systems on uplands that are characterized by labor intensity, shifting cultivation, low technologies, and use of rudimentary inputs, resulting in low productivity; and (ii) the farming systems are primarily forest based. The policy recognizes that agricultural projects should not undermine the sustainability of forest

¹⁸ The final version of the PRS2, called the “Agenda for Transformation,” will be the basis for the design of the joint WBG-AfDB Country Partnership Strategy for FY 13-17. The new Pillar II aims to *transform the economy to meet the demands of Liberians by developing the domestic private sector, including with resources leveraged from the FDI in mining and plantations; providing employment for a youthful population; investing in infrastructure for economic growth; addressing fiscal and monetary issues for macroeconomic stability; and improving agriculture and forestry to expand the economy for rural participation and food security.*

¹⁹ The GoL is currently organizing a massive national consultation process during which they will discuss the historical drivers of conflict and fragility and what needs to be changed in order to promote more inclusive growth and development by the year 2030. These themes are presented in a national visioning document, “Liberia Rising 2030,” which also provided the basis of the first draft of Liberia’s second five-year Poverty Reduction Strategy (PRS2), whose discussion is also part of the consultation process.

resources. Also, the National Energy Policy (NEP) fully recognizes the important role of wood fuel in climate and that 95 percent of Liberians rely on the inefficient use of wood fuels for domestic purposes.

The preparation process for the FCPF grant has taken into consideration the above current and emerging contexts plus other inputs from: (a) prior analytical work and consultations, especially the Forest Sector Strategic Environmental Assessment, the Poverty and Social Analysis (PSIA), the Rapid Social Assessment (RSA), the initial results of the study developed by the European Space Agency—Forest Cover and Land Use Mapping with overlaps and trade-offs, the identification of the new forestry project, and Liberia Forest Sector diagnostic; and (b) lessons learned and emerging issues in the sector. The “Sanctions Lifting +6” sector-wide dialogue²⁰—to be carried out during the second quarter of CY 2012—is also expected to provide significant inputs for the implementation of the proposed grant as it will aim to build consensus on the medium-term priorities for the sector. In addition, the grant will benefit from the results of the third Forest Governance Forum conference that will be held in May 2012 in Monrovia. This will be a space of discussion and exchange of ideas, experience, and research regarding forest governance and trade.²¹

II. Proposed Project Development Objectives

A. Proposed PDO

34. The Project Development Objective is to carry out a consultative and quantitative analysis of the different land use options for development of the national REDD+ Strategy for Liberia, to be approved by the National Climate Change Steering Committee.

35. The options analysis will look at the tradeoffs and complementarities of various land uses, based on different criteria such as: revenues for GoL, livelihoods for the communities, benefits for the communities, environmental and social sustainability, and only as a last criterion and additional benefit, the possibility of carbon credit. The options analysis will be fully consulted and will provide the basis for the development of a socially and environmentally sound national strategy to reduce emissions from deforestation and forest degradation (REDD+).

B. Key Results

²⁰ The objectives of which are to carry out a stock-taking of the reform process and, with sector stakeholders, seek a consensus on the medium-term priorities and a roadmap forward for the sector.

²¹ Blending regional and global speakers and participants from Government, Civil Society, Trade & Industry, the NGO Community, and the Academic World, the objective is to bring debates surrounding Forest Governance to Ghana, Liberia, DRC, and Cameroon in order to widen participation, to facilitate more national voices in the conversation, and to situate issues within a local and international context.

- Consultations on land-use options with GoL and stakeholders (4 county level) (participation as defined by SESA national first validation workshop)
- Consultations on REDD+ Strategy (4 county level)(participation as defined by SESA national validation workshop)
- Quantitative analysis of land use in forested and mixed agricultural lands prepared and validated by the National Climate Change Steering Committee (NCCSC) (yes/no)
- Quantified reference scenario prepared and validated by the REDD+ Technical Working Group (RTWG) (yes/no)
- Environmental and Social Management Framework (ESMF) drafted and validated by relevant stakeholders (yes/no)
- National REDD+ strategy to reduce emissions from deforestation and forest degradation (REDD+) is prepared and validated by national stakeholders (yes/no).

III. Project Context

A. Concept

1. Description

36. The FCPF grant will provide funding to support Liberia in carrying out selected key activities outlined in the R-PP for the REDD+. The total funding requested from the FCPF is US\$3,600,000. This amount will fund a portion of the identified R-PP activities, and will help the Country towards achieving REDD+ Readiness.²²

2. Project Components

37. FCPF will finance major components of the R-PP that have been prioritized by the REDD Technical Working Group. This support is limited to technical assistance, analytical studies, capacity building, goods, operating costs, and consultation processes and does not include the implementation of site-specific REDD+ programs (carbon deals) on the ground.

²² The gap between the total amount requested for the R-PP (\$7,730,000) and the FCPF contribution will be financed by additional funds (other donors, new IDA, or additional FCPF funds). One possibility is to request \$5 million more to the FCPF at mid-term review. This is possible if: (i) the Participants Committee sees significant progress; (ii) the country has committed 50 percent or more of existing grant; (iii) the activities proposed are consistent with the R-PP; and (iv) there are sufficient resources in the Readiness Fund.

38. Tangible benefits will result from the REDD+ strategic options established for each sector to be addressed by the project, independent of potential carbon benefits. For example, the strategy would implement sustainable forest management (SFM) activities, which would provide revenues for government and communities. Likewise, agroforestry schemes would result in economic and environmental benefits. Also, better enforcement of environmental regulations and overall, a roadmap for better environmental management, will provide tangible benefits regardless of the future of an REDD+ market. For the mining sector, the REDD+ strategy would provide recommendations towards low environmental impact mining.

39. The following is a table with RPP project sub-components to be financed by the FCPF and the government agencies in charge of their technical oversight. Overall responsibility will remain with the REDD Implementation Unit (RIU) to be housed in the Strategic Planning Unit of FDA.

Table 4. Project components to be financed by the FCPF

| FCPF grant Component | FCPF grant Subcomponents (Lead GoL Agency to provide technical oversight-all contracts managed by RIU) | R-PP Components to be financed by FPCF | US\$ million |
|---|---|---|---------------------|
| 1. Support to the coordination of the REDD+ Readiness Process and consultations (US\$1.61 M) | 1.1. National Readiness Management Arrangements and activities (FDA) | 1(a) National Readiness Management Arrangements | 0.56 |
| | 1.2. Information Sharing and Early Dialogue with Key Stakeholder Groups (FDA) | 1(b) Information Sharing and Early Dialogue with Key Stakeholder Groups | 0.25 |
| | 1.3 Consultations & participation in REDD strategy development (FDA, implementation and MPEA coordination) | 1(c) Consultation and participation process | 0.20 |
| | 1.4. Consultation and Participation Process SESA (EPA) | 1(c) Consultation and Participation Process | 0.40 |
| | 1.5. Strengthening national feedback and grievance redress mechanisms (FDA) | Included in 1(c) Consultation and Participation Process | 0.20 |
| 2 Contribute to the design of the national REDD+ strategy (US\$0.8 M) | 2.1. Social and Environmental Impacts Assessments during Readiness Preparation (SESA) (EPA) | 2(d) Social and Environmental Impacts (SESA) | 0.40 |
| | 2.2 Finalization of the REDD+ Strategy (FDA, implementation and MPEA, coordination) | 2(e) Finalisation of National REDD Strategy document (including partially financing of 2(b) REDD+ Strategy Options) | 0.40 |
| 3. Reference level or Scenario (US\$0.6M) | 3. Development of a Reference Level or Scenario (including Forest Cover Mapping and forest | 3) Development Reference Level or Scenario | 0.60 |

| | | | |
|---|------------------------------------|--|-------------|
| | inventory in priority areas) (FDA) | | |
| 4. Project management (US\$0.59) | 4. Project Management (FDA) | | 0.59 |
| TOTAL | | | 3.60 |

Note: The numbers 1(a), 1(b), 1(c), 2(b), 2(d), 2(e) and 3 correspond to the numbers of the sub-components included in the R-PP.

COMPONENT 1: SUPPORT TO COORDINATION OF THE REDD+ READINESS PROCESS AND CONSULTATIONS (US\$1.61 MILLION)

40. The FPCF will finance technical assistance, goods, workshops, training, services, and operational costs for the five subcomponents. It is expected that all stakeholders will be fully aware of the R-PP and REDD+ processes and consensus about key issues. Government institutions will also receive the necessary support and training to raise capacity and knowledge on REDD+, and be able to lead, coordinate, and advise a successful program.

41. Each of the consultation and participation processes described in these subcomponents is part of a self-sustaining contract that integrates analytical studies (included in component 2) and a corresponding consultation process. This will ensure that the contractors in charge of each consultation will be able to control the processes and products, which they are responsible for delivering. Consultations will need to be informed by analytical work but also the analyses will receive feedback from the stakeholders that participate in the consultation processes. Overall, in the development of the REDD+ strategy, analytical work and consultations take place several times and inform one another through an iterative process.²³ All consultation activities will be centrally coordinated by the REDD Technical Working Group.

42. During the preparation phase of the R-PP, Liberia conducted extensive consultations with relevant stakeholders on the various components of the R-PP by building on an early information and social mobilization campaign and dialogue. A Consultation and Participation plan was designed including extensive participatory methods and tools to be used for carrying out the overall multi-stakeholder consultation and participation process on the various components of the R-PP (Annex IV). Key issues that this plan will consult on include but are not limited to the subcomponents 1.2, 1.3, 1.4 and 1.5 described below.

1.1. National Readiness Management Arrangements and activities (US\$0.56 million)

²³ The ordering of components 1 and 2 (and their subcomponents) therefore do not indicate a linear chain of events.

Context

43. REDD+ management in Liberia will take place at three different levels, each of which has roles and responsibilities towards the Readiness process.

- Policy Formulation and Coordination: The National Climate Change Steering Committee (NCCSC) provides policy formulation and coordination at the National Climate Change Policy Advisory level. It is a high-level policy coordination committee responsible for overall climate change policy in the country. The overall coordination needs inter-sectoral leadership, established through the NCCSC secretariat which is chaired by the Minister of Planning and Economic Affairs (MPEA), while the President is ex-officio. Support is required so that members of the Committee, representing those sectors that would be impacted or whose activities will have implications for REDD+, are able to respond to the challenges in a coordinated and synergistic way. Ensuring this outcome will require that the sectors fully understand their role in addressing climate change and land use planning.
- Consultation and Advisory: REDD+ activities will be managed at the advisory level by the REDD Technical Working Group (RTWG). The RTWG is a platform for all stakeholders, including other sector agencies, civil society, development partners and the private sector. Most importantly, it reaches down through the national and county level forest forums to stakeholder and communities closer to the forest and directly affected by REDD+ issues. The RTWG is chaired by the Forest Development Authority (FDA) and co-chaired by the Environmental Protection Agency (EPA) and the Ministry of Planning and Economic Affairs (MPEA). The RTWG will provide technical advice to inform and guide decisions about program development in Liberia.
- Implementation: The overall responsibility for the implementation of REDD+ enabling activities and governance rests with the FDA. The implementation arrangement/structure headed by the FDA includes the REDD+ Implementation Group (RIG) comprised of the line agencies committed to the REDD+ implementation, and the REDD+ Implementation Unit (RIU), which will also be in charge of implementing the specific components to be financed by the FCPF. Implementation of the components financed by the FCPF will be the responsibility of the FDA and the EPA. In addition, the MPEA will coordinate the components related to the Preparation and Finalization of REDD Strategy to be implemented by the FDA.

The MPEA will be the key link between the Policy and Coordination levels, as this institution co-chairs the RTWG and is also part of NCCS. In general, institutions that are involved in the component's implementation also have representation at the policy and coordination levels.

FCPF grant support

44. The FCPF will contribute to the funding for the National Readiness Management Arrangement Activities. The FCPF will support, with the technical oversight of the FDA, technical assistance, goods, workshops, training, services, and operational costs for the following:

- Operational expenditures to support the functions of the Technical Working group (RTWG), the National Climate Change Committee Secretariat (NCCS) and the implementation groups and task forces (meetings and dissemination of reports)
- Recruitment of an administrative assistant for the National Climate Change Secretariat
- Recruitment of a Coordinator for the REDD+ Technical Working Group (to provide TA under the supervision of the FDA focal point)
- Capacity strengthening activities for the NCCSC and RTWG and other agencies involved in REDD+ coordination
- Equipment support for REDD+ management entities.

1.2. Information Sharing and early dialogue with Key stakeholder groups (US\$0.25 million)

Context

45. The government has conducted a social mobilization campaign that shares information and raises awareness on REDD+ and the R-PP to all the relevant stakeholders. During the formulation phase, an extensive information sharing and awareness campaign on REDD+ and the R-PP process was conducted with the relevant stakeholders. Furthermore, participatory bodies and conflict resolution and management mechanisms were discussed and identified.²⁴ Moreover, a consultation and participation task force (C+P) was established under the national RTWG to be primarily responsible for driving the information-sharing and awareness campaign on REDD+ and the R-PP process. The composition of the task force consists of representatives from civil society, IUCN, FFI, youth organization, the Ministry of Gender and Development, EPA, and FDA.

46. Before the commencement of the information sharing process, the RTWG together with the C+P taskforce, conducted a vigorous stakeholder mapping exercise to identify the key stakeholders contributing to the drivers of deforestation, stakeholders who have an interest or stake in REDD+, and those that are mostly likely to lose from this initiative. An initial plan was put in place to conduct a nation-wide social mobilization and awareness campaign for the REDD+ process. This Plan is included in Annex IV. Section D.3 Consultation, Participation, and Disclosure below, explains in more detail the consultation and participation processes conducted prior to the proposed grant.

47. Continuation of information sharing and dialogue with stakeholders will be integral to the Readiness process. Methods previously used for the early information sharing will be continued:

²⁴ These conflict resolution and management mechanisms will be further addressed in component 1.5., *Strengthening national feedback and grievance redress mechanisms*.

town hall meetings/Palava huts discussions; workshops; focus group meetings with stakeholder groups; self-administered questionnaires; and consultations with experts.

FCPF grant support

48. The FCPF will support the continuance of the stakeholder consultations and participation activities already conducted. The grant support will finance a firm contract that will include:

- Preparation and implementation of Communication Strategy and Information Sharing (design of the strategy, production of media for the strategy, conduct media campaign to promote awareness, preparation and dissemination of reports, develop and manage REDD+ website)
- Consultation meetings at the national level and sector-specific meetings (forestry, agriculture, energy and mining) for stakeholder engagement and dialogue.

1.3. Consultations and participation in REDD strategy development (US\$0.2 million)

Context

49. The R-PP has identified the need to continue a nation-wide consultation and participation process for the REDD+ process, as described in the previous component related to Information Sharing and Early Dialogue. The consultation and participation process aims to establish a channel through which impacted communities can access information and participate in the design and implementation of REDD+ activities. It also intends to improve the quality of decision-making about REDD+ processes by giving voice to and capturing the experiences of civil society organizations, forest-dependent peoples and local communities, and other relevant stakeholders. A key element of such a participation process will focus on the prioritization, validation, and dissemination of the land use options to be incorporated in the REDD+ Strategy, as well as all other components and elements of such Strategy.

FCPF grant support

50. The FCPF will support the following:

- Conduct stakeholder Consultation and Feedback Forums (national, county forums, industry actors, community level forums, and legal review meetings) specifically towards the consultation and validation of the REDD+ strategy and particularly the REDD+ strategy options.
- Capacity Strengthening activities in Participation and Consultation.

51. These activities are part of a contract to be implemented by FDA with the coordination of the MPEA. The contract will include the consultation of the REDD+ Strategy as well as the Finalization of National REDD Strategy document (Component 2.2 described below).

1.4. Consultation and Participation Process—SESA (US\$0.4 million)

Context

52. A Strategic Environmental and Social Assessment (SESA) and Environmental and Social Management Framework (ESMF) will be undertaken in order to integrate environmental and social considerations in the REDD+ strategy options and implementation framework, as well as identify environmental and social alternatives and/or mitigation actions to be included in the REDD+ strategy. Besides the analytical work to be developed, consultations will be conducted with the participation of key stakeholders and interest groups, including forest-dependent peoples. The SESA process will start up with the adoption of a SESA work plan validated by all key stakeholders where issues of representativeness, legitimacy, and rules of engagement will be agreed upon. This SESA work plan will run under the umbrella of the National Plan designed as part of the formulation of the R-PP (Annex IV). The selection of key priority environmental and social issues and the ESMF will be undertaken through a consultative process from the community to the national level.

FCPF grant support

53. The FCPF will support a contract for the implementation of the SESA (component 2.1 below), which will be complemented with consultation and participation activities as follows:

- Stakeholder gap analysis based on the analysis carried out during the formulation of the R-PP
- Define in a consultative manner the consultation and public participation activities of the SESA (considering the Consultation and Participation Master Plan prepared during the development of the R-PP and the SESA ToRs (Annex 3))
- Validation meetings of SESA Work Plan
- Implementation of the plan: conduct one-on-one interviews, meetings and focus groups at national, regional, and local levels to select and validate environmental and social priorities, validate the REDD+ strategy options, and consult the Environmental and Social Management Framework (ESMF).

54. The design of the SESA consultation and participation activities will be in line with the Consultation and Participation Master Plan of the REDD+ readiness process. Therefore, the SESA team will coordinate as needed with other teams assisting the government of Liberia in the implementation of this Master Plan. Also, the design and implementation of the consultation activities will be coordinated with the team in charge of the preparation of the REDD+ strategy options to avoid duplications and ensure consistency of timelines in particular for consultation activities. The RTWG will be in charge of the overall coordination of the consultation activities within the FCPF support.

55. Annex III includes the Terms of Reference for the SESA and the implementation Road Map of the activities, including those regarding consultation and participation.

Steps for SESA's consultation activities under the umbrella of the Consultation and Participation Plan

1. National workshop to validate the SESA work plan. Topics to discuss: representativeness and legitimacy of stakeholders; methods to ensure adequate participation at the local, sub-national and national levels; criteria for incorporating new stakeholders. Enhanced transparency of the REDD+ Readiness and ownership of key stakeholders of the SESA process are expected.
2. Selection of environmental and social priorities. Consultations informed by analytical work will be undertaken at community, institutional, and regional levels. This leads to the selection of environmental and social priorities to help define the forest and land use management problems and challenges.
3. Consultations to assess the REDD+ strategy options vis-à-vis environmental and social priorities. Main expected result: agreement on the strategic REDD+ and land use policy options for Liberia. This process will coordinate with the consultations for the REDD+ Strategy (subcomponent 1.3).
4. Building on common agreement, consultations during the preparation of an environmental and social management framework (ESMF) undertaken at the community, sub-national, and national levels.

Coordination of consultation processes will be ensured by the RTWG and helped by the communication strategy (subcomponent 1.2).

1.5. Strengthening national feedback and grievance redress mechanisms (US\$0.2 million)

Context

56. The complexity of issues and diversity of actors involved in REDD+ Readiness may lead to numerous questions, inquiries, and grievances about the REDD+ Readiness strategy or process. Transparent information sharing and consultations are the foundation of the R-PP's implementation as mentioned in the previous subcomponents. A national feedback and grievance redress mechanism needs to be implemented, and if necessary strengthened, as part of the country's REDD+ institutional arrangements. Such a mechanism needs to be available to REDD+ stakeholders from the earliest stages of R-PP implementation in order to facilitate handling of any request for feedback or complaint by any REDD+ Readiness stakeholders, wherever they

originate, with particular attention to providing access to geographically, culturally or economically isolated or excluded groups.

57. During the formulation of the R-PP, some progress has been made in the identification of existing mechanisms for conflict or dispute resolution in Liberia. These are included in the following table:

| Level | Mechanisms for Conflict or Dispute Resolution |
|-------------------|---|
| Local (community) | Palava hut discussions (Chiefs, Landlords, Zoes and Elders) |
| | Poro and Sande Societies levels (Zoes and Chiefs) |
| | Family to family (Heads of family) |
| | Religious Institutions (Churches and Mosques) |
| | Community Police |
| County | Magisterial courts |
| | Religious Institutions (Churches and Mosques) |
| | Palava hut discussions (County Officials, Chiefs, Landlords, Zoes and Elders) |
| National | Legal (Court) system |
| | Traditional and Religious Mediation |
| | Councils/Groupings |
| | Lands Commission |
| | NCCS |
| | RTWG |

However, there is a need to further explore and assess the existent mechanisms and determine specific processes to resolve grievances related to REDD+ in particular.

FCPF grant support

58. The FCPF will support the following activities:

- Rapid conflict assessment: contentious issues, stakeholders, existing conflict resolution procedures, and institutional capacity (build on results from the SESA).
- Validation of existing national institutional capacity for feedback and grievance redress with the objective of supporting the appropriate mechanisms and developing the operating procedures that can be utilized by REDD+ program stakeholders during implementation.
- Appropriate staffing and resources tasked with receiving feedback and requests in order to support and improve consultation and participation processes during the preparation stage, for the duration of the FCPF Grant, as well as elaborating recommendations for designing an improved system.

- Capacity building on REDD+ Readiness and FCPF for key stakeholders and personnel.

COMPONENT 2: CONTRIBUTE TO THE DESIGN OF THE NATIONAL REDD+ STRATEGY (US\$0.80 MILLION)

59. The design of the National REDD+ Strategy will result from the analytical work regarding strategy options and estimation of potential negative and positive impacts. The overall process will need to be put together into a document and will require strict coordination so as to gather the inputs from all the agencies, institutions and groups involved. The FCPF will finance technical assistance, workshops, training, goods, and operational costs in order to support part of this process.

60. Particularly, the FCPF will finance the following two interrelated subcomponents: Strategic Environmental and Social Assessment (SESA) and finalization of the REDD+ Strategy). The SESA will contribute to the REDD+ Readiness process in Liberia by assessing how REDD+ strategy options address environmental and social priorities associated with current patterns of land use and forest management. Gaps identified through this assessment would lead to adjustments in the REDD+ strategy options to close the gaps. Also, the SESA will provide an Environmental and Social Management Framework (ESMF) that will outline the procedures to be followed for managing potential environmental and social impacts of specific policies, actions and projects during the implementation of the REDD+ strategy that is finally selected.

2.1. Social and Environmental Impact Assessments during Readiness Preparation (SESA) (US\$0.4 million)

Context

61. Activities that reduce emissions from deforestation and forest degradation (REDD) and contribute to conservation, sustainable management of forests, and enhancement of forest carbon stocks (REDD+) have the potential to deliver significant social and environmental co-benefits. Yet many have also highlighted the serious risks, particularly for forest-dependent communities. Strategic environmental and social issues which must be considered at the REDD readiness stage include biodiversity and ecosystem services loss; disruption of micro-climate; reduction in water services and quality; soil degradation; food insecurity, displacement of people and fauna; cultural erosion and social conflict as the result of migration and immigration; loss of land ownership; land tenure insecurity; and loss of access to land and energy supply, among others.

62. As the Government of Liberia defines its REDD+ Strategy, the proposed options will be assessed against their potential social and environmental impacts. Gaps and risks identified through this assessment will inform the review of the strategy options to address drivers of D&FD so they incorporate environmental and social considerations in their formulation (this review will be developed under component 2.2). The definition of the REDD+ strategy and

SESA will go hand in hand as the SESA helps inform the definition REDD+ strategy (as illustrated in Figure 1, page 49).

63. In addition, an Environmental and Social Management Framework (ESMF) will be prepared to address environmental and social risks of the specific actions, projects, and policies selected to implement the refined REDD+ strategy options. This component will be under the technical oversight of the EPA. Spatial analysis and case studies will be included, as needed, to inform the identification of priority environmental and social issues.

64. The Strategic Environmental and Social Assessment (SESA) will be produced and will build on the Strategic Environmental Assessment (SEA) prepared for Liberia in September 2010 (“Mainstreaming Social and Environmental Considerations into the Liberian National Forestry Reform Process – A Strategic Environmental Assessment for Implementation of the 3Cs of the Forest Reform Law 2006”), on the Rapid Social Assessment (RSA) updated in 2011, and on the Poverty and Social Impact Assessment (PSIA) to be finalized in March 2012.

FCPF grant support

65. Within the contract for the SESA (analysis and consultations), the FCPF will support the following activities for this subcomponent:

- Identification of key environmental and social issues in forest areas based on analytical work using spatial analysis,²⁵ case studies, and participatory rural appraisal methods.
- Elaboration of a scoping report of key environmental and social issues. This will inform the public consultations to be undertaken (component 1.4)
- Environmental and social assessment of candidate REDD+ strategy options (resulting from an activity in component 2.2 below)
- Preparation of a draft Environmental and Social Management Framework (ESMF)
- Recruitment of a consultant who will be the SESA National Coordinator.

Annex III includes the Terms of Reference for the SESA and the implementation Road Map, including the activities, the institution or organization responsible of undertaking the activities, the duration of the activities, the result indicators, budget, and key intersection points for the implementation of the ToRs.

2.2. Finalization of the REDD+ Strategy (US\$0.4 million)

Context

²⁵ Primary data on forest cover for the Liberia reference scenario (component 3 described below) will be used in SESA forest mapping. Spatial analysis under the SESA will piggy-back on the spatial mapping conducted under Component 3, but will further assess additional parameters (biodiversity hotspots, communities, infrastructure, forest communities, etc.). The objective of the exercise will be to identify priority areas for scoping social and environmental issues.

66. The FCPF will support the finalization of the REDD+ Strategy. This will require the compilation and final analysis of the results from the analytical studies, the environmental and social assessments, and a multi-stakeholder consultative process (included in subcomponent 1.3). The Strategy will thus consolidate the results from the quantitative and fully consulted options analysis of land use in forested and mixed agricultural lands.

67. FDA will be responsible for the implementation of this subcomponent. In addition, and considering that forest degradation in Liberia is a result of activities in different sectors, the MPEA will be the most suitable agency to coordinate this multi-sectorial strategy to implement the REDD+ agenda.

68. Legal and institutional analyses associated with the implementation of REDD+ will also be required to finalize the strategy. The document REDD+ Strategy to be produced will be disseminated to all key stakeholders as part of the consultation and participation process.

FCPF grant support

69. The FCPF will finance technical assistance, workshops, training, services, and operational costs for the following:

- Recruitment of the consultant National REDD+ Policy Coordinator
- Technical assistance Consultancy for in-depth analysis of the contributions of each sector to the strategy (Three short-term consultants: Ministry of Agriculture (1); Ministry of Land, Mines and Energy (1), Land Commission (1)
- Operational costs for meetings to negotiate tradeoffs among sectors
- Consultancy services for: legal and institutional analyses in the context of the implementation of REDD+; identification of financial instruments to create a REDD+ fund; finalization of the strategy document; and dissemination of the final REDD+ strategy.

COMPONENT 3: DEVELOP A REFERENCE LEVEL OR SCENARIO (INCLUDING FOREST COVER MAPPING AND FOREST INVENTORY IN PRIORITY AREAS) (US\$0.60 MILLION)

Context

70. Establishing a reference scenario for emissions from deforestation and/or forest degradation is one of the key pillars for a national REDD regime. A REDD reference scenario is defined in the R-PP as a combination of recent historical data on emissions from deforestation and/or forest degradation and other relevant land uses, and estimations of future emissions and removals, to produce a national scenario over time of GHG emissions, without additional REDD+ incentives. The reference scenario will be developed by combining emission factors with activity data in

order to model quantity/location of forest change as well as future emissions/removals over different time periods and under various socio-economic scenarios.²⁶

FCPF grant support

71. The FCPF will finance consultant services as well as capacity building, workshops and operational costs to support the development of a reference scenario including national forest cover mapping and inventory in priority areas. This will be composed of the following activities:

- Forest cover mapping: To produce a vegetation cover map for all of Liberia. This represents continuation of the work developed in collaboration with European Space Agency, which already produced vegetation cover maps for three concessions in the country. This work will be complemented by inventory of priority areas.
- Deforestation and degradation: definition of deforestation and degradation; assessment of current activity data on deforestation and degradation;
- Biomass: compile existing inventory data; Evaluate and develop methodology to stratify and estimate carbon stocks; select IPCC Reporting Tier; identify key carbon pools to include in the historic estimate of emissions/removals.
- Predictive Spatial Modeling: collect additional spatial data to incorporate into scenario modeling; determining relevant driver variables; developing reference scenarios and estimating emissions using spatial analysis software; consider linkages with site-level initiatives.

COMPONENT 4: PROJECT MANAGEMENT (US\$0.59 MILLION)

Context

72. Project coordination of the FCPF grant will be ensured by the REDD Implementation Unit (RIU) to be hosted in the Strategic Planning Unit of the FDA. Besides overall grant coordination, the RIU will be in charge of the components and subcomponents related to: National Readiness Management Arrangements (1.1), Information Sharing and Early Dialogue (1.2), Consultation and Participation of the REDD+ Strategy (1.3), Strengthening national feedback and grievance redress mechanisms (1.5), Finalization of National REDD+ Strategy (2.2), Development of Reference Scenario (3), and Project management, M&E and Capacity building (4).

FCPF grant support

²⁶ The Reference Scenario will become a key element for the monitoring, reporting, and verification (MRV) system that will monitor changes in forest area and carbon stocks. The MRV, included as a component in the R-PP, will provide an operational and transparent approach to the monitoring, estimating, and accounting of emissions and removals of carbon in comparison to the projected reference scenario. The MRV will be financed by additional funds (other donors, IDA or additional FCPF funds).

73. The grant will finance the following:

- Consultants to support project management (besides others in charge of components described above):
 - Coordinator for REDD implementation Unit (the coordinator will work, under the supervision of the FDA's focal point, to provide technical assistance and manage daily grant activities)
 - RIU team assistant
 - Procurement Specialist
 - M & E Specialist.
- Operational costs related to project management
- Equipment and set-up costs for RIU
- Preparation and dissemination of reports by the RIU
- Capacity strengthening for the RIU members including financial management and procurement
- Consultant costs of the external audit for the grant.

2. Key Risks and Issues

74. Please refer to the ORAF annex (Annex I) below for a more detailed presentation of risks and mitigation activities. The R-PP has identified several risks during the REDD preparation process. These are linked to:

a. **Expectations of forest-dependent communities.** The need for adequate care in handling the expectations of forest-dependent people cannot be overemphasized. As a post conflict country, Liberia faces serious challenges and potential hindrances to the REDD+ process. These include: limited confidence of forest-dependent people in government and concessionaires; uneven bargaining power between different interest groups; differing perceptions of participation process; and misunderstanding and exaggerated expectations of REDD+.

Mitigation measures: the grant will continue the participatory and consultative process that has been conducted earlier, so forest-dependent people will be involved, well informed about the activities developed and the results being achieved, as well as being participants in its relevant stages. Some of these issues may not be avoidable, but the FCPF grant will make sure, through the participation and consultation processes, that all the stakeholders have the same level of understanding of the issues.

b. **Conflicting sectoral policies and incentives.** Policies and incentives relating to the extractive industries (including mining and non-sustainable forestry) could conflict with public or private efforts to conserve mature carbon rich forests and thus secure land for sustainable REDD payments.

Mitigation measures: the grant will facilitate a coordinated and transparent dialogue with partners and sectors leading to better understanding of the trade-offs that exist and enabling

the Government of Liberia to make more informed decisions. The NCCSC and RTWG will facilitate dialogue and policy coordination among different sectors.

c. **Weak capacities and governance.** Despite the positive environment for good forest governance that has been created through the reform process in Liberia, FDA's implementation capacity and ability to maintain regulatory oversight has attracted both domestic and international criticism. For example, FDA might face difficulties in introducing a regulatory system for chainsaw logging where none has previously existed and given its scattered and dispersed nature. This could lead to operators unable or unwilling to adjust to a legalized production system, with no benefit to emissions reduction.

Mitigation measures: REDD+ will only succeed in a context of good governance; thus, the need to strengthen the FDA as well as other agencies involved in implementation as it deems appropriate. In order that the negative forest governance experiences do not undermine REDD+ in Liberia, and that existing governance arrangements can still be adapted to REDD+, the FCPF TA will work in close coordination with other existing instruments established by the GoL such as FLEGT, VPA, and CoC, whose implementation will support forest governance. This will be the grant's contribution as the FCPF TA cannot address the broad forest governance issues and ultimately this needs to be addressed by the GoL.

d. **Landlessness and Unclear Allocation Rights.** The salient fact about tenure in post-conflict Liberia is that ongoing conflicts and confusion concerning land claims based on customary law have not been systematically reconciled with land and resources ownership and remain a "work-in-progress" under the auspices of the new Land Commission, set up in 2009. In October 2009, the Community Rights Law (CRL) was enacted, but its regulatory structure has not yet been approved. The uncertainty attached to tenure and land use rights potentially generates several "unknowns" relating to the allocation of potential benefits from REDD+, and in regard to land management responsibilities. Competing allocations or unclear boundaries result in conflict and this has led to forest loss and a potential failure to receive eventual REDD+ funds/credits.

Mitigation measures: Different land uses need to be identified, zoned and demarked, using a participatory process and resulting in clear boundaries, rules, and beneficiaries. The Land Commission's work (represented in the RTWG) will be critical in clarifying forest ownership and providing an equitable basis for benefits from carbon revenues. A short-term consultant will be recruited to work for the project within the Commission.

In addition, the project will work together with a land administration project. Issues related to land tenure will be analyzed in the SESA; however, the grant will not be able to resolve any land tenure issues and will only point out the existing problems that will arise from unsolved land tenure.

e. **Complex implementation arrangements and sustainability.** The 3-level management structure for REDD+ in Liberia would become ineffective and unsustainable if it presents

excessive and unnecessary bureaucracy, lack of adequate coordination, and weak capacity to sustain the progress achieved.

Mitigation measures: The technical assistance provided by the grant will support capacity strengthening for the agencies, working groups, and secretariats in charge of coordinating, advising, and implementing the project.

f. **Compliance with social and environmental safeguards.** In Liberia, weak capacity can risk the ability to implement the SESA and ensure that social and environmental risks identified are effectively mitigated.

Mitigation measures: Capacity building and training will be included to undertake the SESA and the associated ESMF.

g. **Sustainability of data collection.** Data collection and dissemination could not be sustained after the completion of the grant's activities.

Mitigation measures: The grant will help ensure that the information generated and collected, as part of the REDD+ readiness process, can be made available and become a basis for long-term systematic data collection and dissemination in the sector. The team will work towards establishing links with existing larger investments in the sector, such as the VPA and Chain of Custody, to achieve sustainability of data collection. The data generated by the FCPF will feed into the larger initiatives. Beyond this, additional funds (other donors, new IDA, or additional FCPF funds) will be necessary to ensure sustainability.

B. Implementing Agency Assessment

75. The project will follow the three-level structure established in the R-PP for REDD+ management.

76. At the Policy Formulation and Coordination Level, the National Climate Change Steering Committee (NCCSC) will provide the necessary policy support at the highest level of Government in matters related to the overall country climate change policy. In addition, the National Climate Change Secretariat (NCCS) has been established within the Office of the President to provide coordination, monitoring of programs, and ensuring the implementation of policies, as well as carrying out the administrative supervision functions on relevant climate change matters, as the operational arm of the NCCSC.

77. At the Consultation and Advisory Level, the REDD Technical Working Group (RTWG) will follow the mandates of advising the Forest Development Authority (FDA), the Environmental Protection Agency (EPA) and the Ministry of Planning and Economic Affairs (MPEA), building

the capacity of the agencies and serving as a platform for multi-stakeholders to meet on REDD+ issues.

78. The Implementation Level will be the responsibility of the **Forest Development Authority (FDA)**. The FDA was created in 1976, to manage all forests and forest resources in Liberia. Its mandate allows the FDA to negotiate issues related to forest management, wildlife conservation, and biodiversity protection. The FDA was assigned as the agency responsible to lead the development of the REDD+ readiness activities in Liberia.

79. The project implementation unit will be the **REDD+ Implementation Unit (RIU)** and will consist of both administrative and technical specialists headed by a National Coordinator. It will be housed in the Strategic Planning Unit of the FDA to provide leadership, managerial, and administrative support to the implementation agencies and ministries. The RIU will be in charge of implementing the components and subcomponents related to: National Readiness Management Arrangements (1.1), Information Sharing and Early Dialogue (1.2), Consultation and Participation REDD Strategy (1.3), Strengthening national feedback and grievance redress mechanisms (1.5), Finalization of National REDD+ Strategy (2.2), Development of Reference Scenarios (3) and Project management, M&E and Capacity building (4).

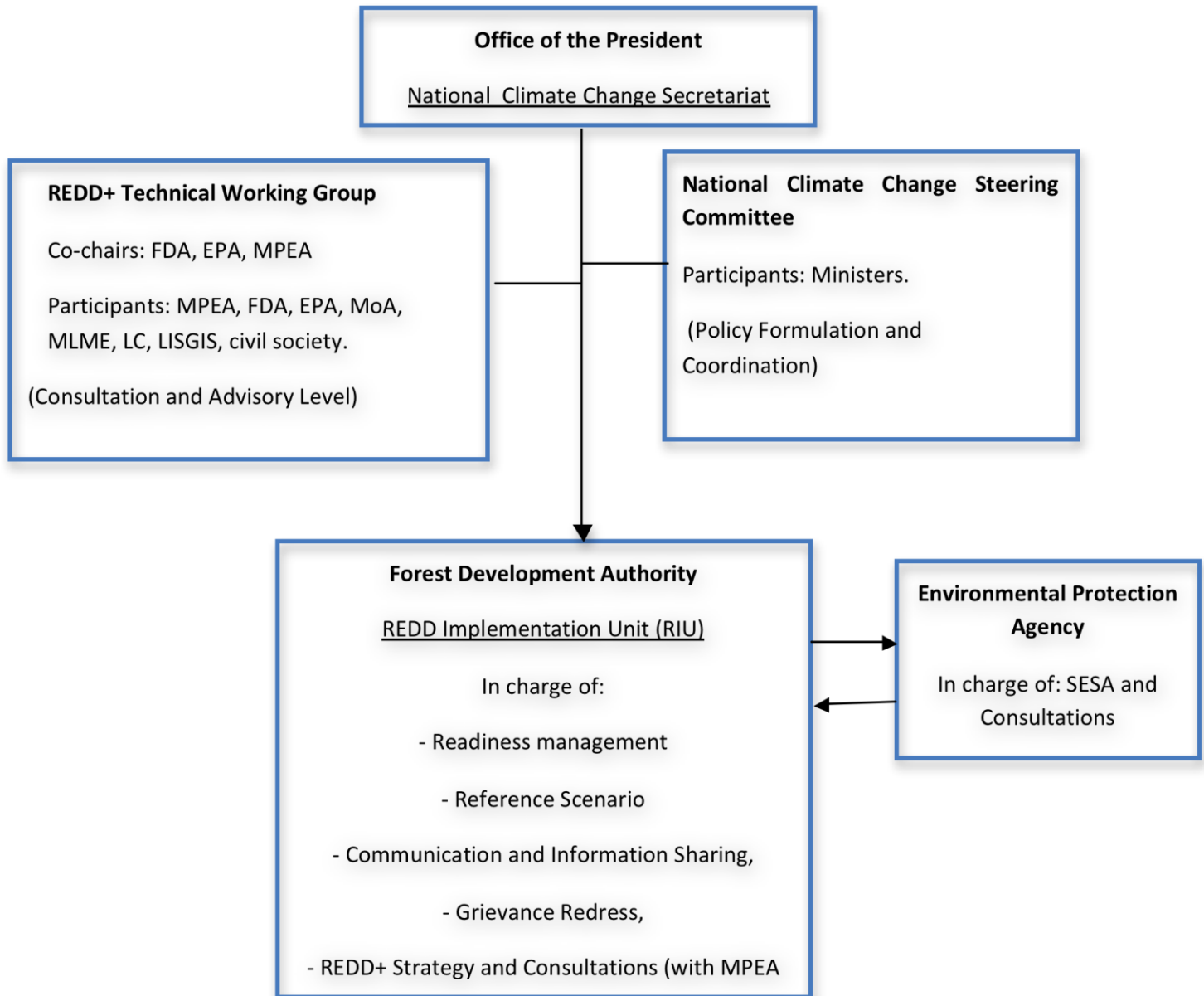
80. Other line agencies will participate in the implementation of some of the grant's components, namely the **Environmental Protection Agency (EPA)** and the **Ministry of Planning and Economic Affairs (MPEA)**. FDA, MPEA and EPA will be in charge of the technical oversight of the grant's components, with the overall assistance of the RTWG.

81. The EPA is the Designated National Authority (DNA) for the CDM of the UNFCCC/Kyoto Protocol and the environment. The National Environmental Policy Council oversees policy formulation at the EPA and sets priorities for national goals and objectives for the protection of the environment. The EPA has now completed the National Adaptation Plan of Action (NAPA) of Liberia. The EPA co-chairs the RTWG and coordinates with the FDA to manage the process of the REDD+ preparatory activities. The grant's SESA Component (subcomponents 1.4 and 2.1) will be led by the EPA.

82. The MPEA, in charge of planning and economic affairs to foster, promote, and develop the Liberian economy, will coordinate the preparation and finalization of the REDD+ Strategy Component, since most of the drivers of deforestation come from outside the Forest Sector (particularly Agriculture, Mining and Energy). The MPEA will be the key link between the Policy and Advisory level, as this institution co-chairs the RTWG and is also part of NCCS.

83. The overall responsibility for all key components rests with civil servants of the FDA, EPA and MPEA and other agencies involved. Technical specialists (consultants) to be recruited with the grant will support day-to-day activities in each of the components and report to the civil servants in the lead.

Project Implementation Diagram



84. At this preparation/readiness phase financed by the FCPF, capacity building will focus mainly on key personnel in the implementing agencies and Liberian consultants and advisors who would join the consulting consortiums that will implement this grant.

C. Project Stakeholder Assessment

85. REDD+ is a multi-stakeholder process, some of the key existing institutions that will contribute and/or benefit from REDD+ are the following:

1. REDD+ Structure: Three tiered approach to REDD Structure
 - 1.1. National Climate Change Steering Committee: multi-sectoral committee responsible for formulating and aligning climate change policies with national development programs
 - 1.2. National Climate Change Secretariat: operational arm of the Steering committee providing coordination, monitoring, and evaluation
 - 1.3. Working groups:
 - 1.3.1. RTWG: multiple stakeholders providing technical guidance on the development and implementation of a national REDD Strategy.
 - 1.3.2. Consultation and Participation/SESA Working group: providing guidance on the development of consultation and participation plans.
2. Community Forestry Development Committee: Community initiatives established in NFRL (2006) to assist in administering control and effectiveness in forest resources management.
3. Liberia Extractive Industry Transparency Initiative (LEITI): LEITI monitors the agriculture, timber and extractive industries to ensure they follow laws and pay taxes etc., via the “publish what you pay” principle in Liberia.
4. Land and Governance Commissions: Commissions working to resolve land rights and governance issues across Liberia. The Land Commission will lead the work towards the recognition and formalization of private and community/communal rights to land and forest resources.
5. Liberia Forestry Initiative (LFI): Collaboration of donors and implementing partners addressing forestry issues in Liberia;
6. National Traditional and Religious Councils: Networks of traditional and religious leaders.

86. The RTWG together with the Consultation and Participation task force, conducted a vigorous stakeholder mapping exercise. This process identified the key stakeholders contributing to the drivers of deforestation and stakeholders who have an interest or stake in REDD. The following were mapped in the various categories as seen below:

| Category | Stakeholders |
|--------------------------------|--|
| National Government | Ministry of Health and Social Welfare Ministry of Education Ministry of Lands, Mines & Energy Ministry of Internal Affairs Ministry of Agriculture Ministry of Gender and Development Ministry of Planning and Economic Affairs Ministry of Justice Ministry Labor Ministry of Culture, Information and Tourism Ministry of Finance Ministry of Foreign Affairs Ministry of Youth and Sports Ministry of Industry and Commerce Forestry Development Authority Environmental Protection Agency Standing Committees on Forestry & Agriculture; FDA (FMAC & FDA Board) National Investment Commission Land Commission |
| Forest Dependent People | Town Chief/Elders Hunters Group Community Forestry Development Committees (CFDCs) District Forest Forum County Forest Forum National Forest forum |
| Civil Society Groups | Press Union of Liberia Liberia Media Initiatives Federation of Liberian Youth (FLY) National Paramount Chiefs & Traditional Rulers (Council) National Religious Councils National Rural Women Structure National Non-Governmental Organizations (NGOs) International NGOs Community-Based Organizations (CBOs) |
| Research and Academia | University of Liberia Cuttington University Forestry Training Institute Center for Agriculture and Research Institute (CARI) |
| Trade Associations | National Transport Union Liberia Marketing Association National Teachers association National Charcoal and Fuel Wood Producers Association Cooperative Development Agency |
| Private Sector | Pit Sawyers Association Traders in pit-sawn lumber Small Scale Carpenters Liberia Timber Association Liberia Loggers Association Forest Concessionaires & Oil palm Producers Cottage Industries Mining Companies (both large and artisanal) |

| Category | Stakeholders |
|---------------------------------------|--|
| Other potential groups include | Women & Female heads of household Extreme poor Youth |

IV. Overall Risk Ratings

87. The overall risk rating for the project is high. The risks associated with the institutional changes and conducive governance environment required for a successful REDD+ Readiness process are high.

The FCPF grant will have some mitigation measures in place such as: a broad and consultative process to increase transparency; capacity building activities for relevant institutions; coordination with existing governance mechanisms such as FLEGT, VPA, CoC, LEITI; and a multi-institution approach. However, the risk will still remain high.

V. Proposed Team Composition and Resources, including Technical Assistance Provided by Bank Staff to Date

88. The World Bank has mobilized specific technical expertise to respond to Liberia's needs. Specialists in different areas have provided feedback to the R-PP consultations planned as well as during the formulation process of the FCPF grant.

Team Composition

| Name | Title | Unit |
|----------------------|--|-------|
| Paola Agostini | Senior Environmental and Natural Resources Economist; TerrAfrica Program and GEF Regional Coordinator. Task Team Leader. | AFTEN |
| Oliver Braedt | Senior Natural Resource Management Specialist | AFTAR |
| Flavio Chaves | Senior Natural Resource Management Specialist | AFTEN |
| Neeta Hooda | Senior Carbon Finance Specialist | ENVCF |
| Diji Chandrasekharan | Natural Resource Economist | ARD |
| Lucienne M. M'Baipor | Senior Social Development Specialist | AFTCS |
| Haddy J. Sey | Senior Social Development Specialist | ENVCF |
| Kennan Rapp | Senior Social Development Specialist | ENVCF |
| Moses Yao Duphey | Environmental Specialist | AFTEN |
| Nina Doetinchem | Natural Resources Management Specialist | AFTEN |
| Fernando Loayza | Senior Environmental Specialist | ENV |
| Charles Taylor | Procurement Specialist | AFTPC |
| Winter Chinamale | Procurement Specialist | AFTPC |
| Maxwell Bruku Dapaah | Financial Management Specialist | AFTFM |

| | | |
|--------------------|--------------------------------------|-------|
| Samuel Nketiah | Social Development Specialist | AFTEN |
| Ana Maria Gonzalez | Environmental Economist - consultant | AFTEN |
| Jayne Kwengwere | Program Assistant | AFTEN |

89. Peer reviewers for the Assessment Note are: Maria Chona Cruz, Lead Social Development Specialist (AFTCS), Tuukka Castren, Sr. Forestry Specialist (ARD), and Nyaneba Nkrumath, Sr. NRM Specialist (LCSEN).

90. In addition, the WB will finance the recruitment of a Short Term Consultant to provide overall technical assistance and follow the day-to-day activities for implementation support. The STC will be hired for 150 days.

VI. Assessment Summary

A. Technical

91. The activities to be financed by the FCPF have been selected after technical discussions with multiple stakeholders. The drafting process of the Readiness Preparation Proposal (R-PP) was led by the RTWG, a platform for multiple stakeholders including inter-ministerial representatives and various governmental and non-governmental research institutions providing technical assistance and support. Activities selected followed the guidelines, standards, and technical criteria established by the FCPF and also responded to the recommendations that emerged from numerous consultations and assessments. The selection of activities also considered the technical and financial needs of the country, the results achieved so far in the REDD+ Readiness process, and the support already provided by other partners and national agencies. Technical oversight and input from key stakeholders, including the FMU and the NCCSC's members, will continue during the development and implementation phases of the Readiness process.

B. Financial Management

92. *Introduction:* In accordance with the Financial Management Practices Manual issued by the Financial Management Sector Board on March, 2010, a financial management assessment was carried out to assess the adequacy or otherwise of the financial management arrangements of the Forestry Development Authority (FDA) for managing the REDD+ Readiness Preparation Support project.

93. The objective of the assessment was to determine whether FDA has acceptable financial management arrangements, which will ensure: (1) the funds are used only for the intended purposes in an efficient and economical way; (2) the preparation of accurate, reliable and timely

periodic financial reports; (3) safeguard of the entity's assets; and (4) adequate fiduciary assurances are provided through an independent audit of the project. The LEC Finance Department will undertake the financial management functions of the project. The overall FM risk for the project has been assessed as *Substantial* in respect of FDA. In view of the lack of satisfactory financial management arrangements at the FDA, the PFMU situated in the Ministry of Finance (MoF) will undertake the financial management functions of the project. With articulated risk mitigation measures through the use of PFMU during implementation, this FM risk will residually fall to *Moderate*. However, as part of the capacity building initiatives factored in the design of the project, the FDA will be supported by additional professional staff whose responsibilities will include the strengthening of its capacity, overtime, to render timely, reliable, and comprehensive financial reports in accordance with the Bank's financial management and GoL requirements.

94. **Country and Sector Issues:** A PEMFAR was conducted in 2007 that included an analysis of Liberia's Public Financial Management (PFM) strengths and weaknesses. The findings from the PEMFAR showed that the government has taken considerable action to improve public financial management since 2006.

95. In partnership with multilateral and bilateral development partners, the government has implemented a wide range of public financial management reforms covering aspects of policy, legislation, and institutional arrangements and systems. These reforms have sought to restore working conditions of the PFM systems and to modernize them to enable government to respond better to implementing its poverty reduction and development strategies. The most critical of these reforms has been the passing of the PFM Act in August 2009 which has also provided the foundation of other PFM reforms. Several institutional reforms have also been implemented; a macro fiscal analysis unit has been created; the former Bureau of the Budget has been merged into the Ministry of Finance (MoF), as a department; a Debt Management unit has been strengthened and the accounting function has been unified by merging two departments and bringing them under the control of the Comptroller General. Moreover, the Cabinet approved the Internal Audit strategy in June 2008 that will see the establishment of an internal audit cadre and a charter clarifying the roles and responsibilities for internal controls. The government has also adopted Cash Basis IPSAS as the standard for government accounting. The implementation of the IFMIS has automated government accounting and preparation of budget and fiscal outturn reports in the MoF. Government revenues have increased several folds since 2002/03, and expenditure controls have been strengthened through the establishment of the cash management committee and the interim commitment control system. The government's developmental and poverty reduction priorities are anchored in the PRSP, which is generally aligned with the budget, although there is no formal poverty reducing expenditure tracking systems. The budget cycle is coordinated by an inter-ministerial Budget Committee and spending ministries are consulted early in the budgeting process. All revenues are by law deposited into a revenue bank account at the Central Bank and expenditure from this account is strictly in accordance with annual cash plans and allotments. Notwithstanding these improvements, many challenges remain. There is the critical need to expand and deepen the implementation of the PFM law and to have its full effect on all aspects of government PFM systems. Improving budget credibility will be key, particularly as government implements its second generation PRS over 2012/13-15/16; it will be critical to strengthen alignment of the budget during its formulation and

execution with its policy commitments, and extend its coverage to more aspects of aid resources and other areas that have hitherto not been well captured. In the same vein, improving accounting and reporting and the oversight functions of the General Audit Commission and the Legislature will need to be addressed. Importantly, attention will need to be paid to strengthen the roles of key PFM units (Ministry of Finance, Ministry of Planning and Economic Affairs, and M&As) to provide requisite leadership in the implementation of the reforms. Moreover, a majority of donor expenditure is project-based and not executed through the government budget. This is critical and needs to be addressed in accordance with the aspirations of the Paris Declaration and Accra Agenda for Action on aid effectiveness and use of country systems. Furthermore, the country lacks a sufficient number of qualified accountants to serve the public and private sector. A Project Financial Management Unit (PFMU) hosted in the MoF provides centralized project financial management for donor projects as a capacity augmentation arrangement in the short to medium term. The lack of qualified PFM personnel is a major constraint to the implementation of PFM reforms to address the weaknesses identified in the PEMFAR. At the moment key agencies such as the MoF are staffed with foreign experts through technical assistance financed by development partners. In the area of procurement, the Public Procurement and Concessions (PPC) Act came into effect in January 2006, as Liberia's first significant step towards subjecting public sector contracts to transparency and meaningful competition. These measures in financial management and procurement will put in place appropriate entities and processes to promote transparency and accountability and mitigate the fiduciary risk in utilizing public funds both at the country and project level.

96. *Institutional Arrangements:* Due to the weak FM capacity at FDA and the need to ensure an effective and efficient management of resources, it is proposed that a Project Financial Management Unit (PFMU) will be responsible for the financial management functions of the project. Created in 2006 with the assistance of the Bank, the PFMU is hosted in the Ministry of Finance and is staffed with competent accounting professionals. It has been the centralized unit responsible for the financial management functions of donor funded projects in Liberia since 2006. It has a unit head and also has an internal audit unit that reviews supporting documents of payment requisitions and conducts periodic internal controls tests to ensure that internal control procedures are followed. PFMU has strong budgetary, accounting, financial reporting, and internal control arrangements that are satisfactory to the World Bank. Through the capacity building component of the project however, the FDA is expected to build financial management capacity within two years of effectiveness to take over project financial management responsibilities from the PFMU. A Bank financial management assessment will be conducted to determine the adequacy of financial management arrangements at FDA prior to the transfer of FM responsibilities.

97. *Staffing:* Although the current capacity of the PFMU is adequate to manage the FM arrangements of existing projects in their portfolio, there would be a need for one incremental FM staffing to boost the Unit's capacity to add on this project to the list of projects it manages from the fiduciary angle. A current Financial Management Specialist working with the FDA will be seconded to the PFMU to be trained for 1-2 years, and subsequently transferred to FDA. The Financial Management Specialist from FDA will be proposed for secondment to PFMU by April 15, after an internal selection process (at least 3 CVs). The proposed person (and the other CVs considered) will need to be vetted by the WB's Financial Management specialist. This specialist

will be seconded to the PFMU before disbursement of funds for project implementation, to ensure that there is ample readiness to commence the project's implementation as soon as it becomes effective. The related operational costs of maintaining the staff during the life of the project, including computer hardware, stationery, mailing withdrawal applications, and printing project FM reports, should form part of the costs that the project will bear.

98. *Budgeting*: The PFMU and FDA will work together to prepare an annual budget for the project based upon the agreed upon program to be financed. Most of the activities of the key components are already known and these will be included in the project annual budgets. The annual project budget will be reviewed and agreed upon with the World Bank, and "No objections" will be issued by the World Bank task lead for activities agreed upon in the budget. The budget will be incorporated into the quarterly interim unaudited financial reports of the project for monitoring against actual expenditures of the various project categories and activities under the categories.

99. *Internal Control & Internal Auditing*: PFMU has laid down internal control procedures and processes that ensure that transactions are approved by appropriate personnel and ensure segregation of duties between approval, execution, accounting, and reporting functions. These procedures and processes that are documented in a Financial Management Manual (FM Manual) were assessed as adequate and meet IDA requirements. The Internal Audit unit of PFMU is manned by two qualified staff who perform periodic reviews and report on their findings. The presence of these internal audit functions in PFMU has strengthened its internal managements. Currently, the focus of the internal audit functions is split between pre-audit and systemic audits. This greater focus on systemic checks and controls has added greater value to their control functions and engendered greater impact on project implementation.

100. *Accounting and Maintenance of Records*: PFMU accounting for the use of the project funds, using a cash basis of accounting, will be carried out by the PFMU using a robust accounting system (SUN Accounting system) that provides for adequate segregation of function and accurate recording of all accounting transactions of the project. The system is also capable of producing accurate periodic financial reports including interim unaudited financial reports (IFR) and annual project financial statements considered acceptable to the Bank. A project Fixed Assets register will be maintained at all times to correctly reflect assets acquired or created under the project. Moreover, PFMU has a comprehensive Financial Procedures Manual that will guide the processing of accounting transactions for grant. The manual will be periodically reviewed by the Bank to ascertain its continuing adequacy as a guide for the financial management of the project. Supporting documents for all accounting transactions will be maintained for the Bank's review during implementation support missions.

101. *Financial Reporting Arrangements*: PFMU will prepare quarterly Interim (unaudited) Financial Statements or Reports (IFR) to be submitted to the World Bank within 45 days after the end of each calendar quarter. The IFR will comprise the following statements: Sources and uses of Funds (will provide quarterly information and cumulative to date); Uses of Funds by Expenditure Category/Component (comparing actual expenditures with budget); Funds Disbursement Status, Designated Account Reconciliation; Schedule of Fixed Assets (acquired

under the Credit); and Bank Statements and Bank Reconciliation Statements. The IFR will be reviewed and a quarterly review report shared with the Recipient and filed in the World Bank's system. These reviews form part of the FM supervision activity and will be part of the overall assessment of FM performance under the grant.

102. External Auditing Arrangements: An independent and qualified auditor will be selected by the PFMU and the FDA with the consent of the Bank to carry out an annual financial audit of the project in accordance with World Bank's procedures for the selection of consultants. The arrangements for the audit of the project must be finalized (recruitment completed) within four months of the project being declared effective. The CF's annual financial statements including movements in the designated accounts will be audited in accordance with International Standards of Auditing (ISA) and a single opinion will be issued to cover the project financial statements, SOEs, and the designated account, in accordance with the Bank's audit policy. The auditors' report and opinion in respect of the financial statements including the management letter will be furnished to the World Bank within six months of the close of each fiscal year.

103. Funds Flow and Disbursement Arrangements: Funds will be disbursed directly into a designated account set up and managed by PFMU. This account will be established in US dollars at a commercial Bank acceptable to the IDA. PFMU will submit withdrawal applications for the initial deposit and subsequent replenishment as per the Disbursement Letter. Banking and payment processing will be managed centrally by the PFMU in order to ensure adequate control and financial monitoring. All expenditure approvals and initiation of processing of payments will be done at FDA and supporting documents transferred to the PFMU for payment processing to third parties. The report-based disbursement method (Interim Financial Reports) will be used as a basis for the withdrawal of credit proceeds. The project provides for the use of advances, reimbursements, special commitments, and direct payments as applicable disbursement methods, and these will be specified in the disbursement letter. An initial advance will be provided for the implementing entity, based on a six months forecast of eligible expenditures against each component, linked to the appropriate disbursement category. These forecasts will be premised on the annual work plans that will be provided to IDA and cleared by the task team leader. Replenishments into the designated accounts, through fresh withdrawal applications to the Bank, will be made subsequently, at quarterly intervals, but such withdrawals will also be based on the net cash requirements that are linked to approved work plans. The World Bank will receive withdrawal applications with supporting documentation (including summary sheets, bank statement and reconciliation statement, transaction documents including contracts), where appropriate. The World Bank will disburse the amount requested out of the credit if documentation is acceptable and transactions are eligible. Supporting documentation will be retained by the implementing agencies for review by the IDA missions and external auditors.

104. For a period of four (4) months after the closing date of the grant, disbursements for expenditures incurred prior to the closing date will be allowed. Supporting documentation for SOEs shall be retained by the implementing agency for review by World Bank missions and external auditors.

105. Disbursement Summary: The disbursement summary by category is shown in the table below:

| Category (Project components) | Amount of the credit allocated (expressed in USD) | Percentage of expenditures to be financed (inclusive of taxes) |
|--|--|---|
| (1) Support to the coordination of the REDD+ Readiness Process and consultations | 1,610,000 | 100% |
| (2) Contribute to the design of the national REDD+ strategy | 800,000 | |
| (3) Develop reference level or scenario | 600,000 | 100% |
| (4) Project Management | 590,000 | 100% |
| TOTAL | 3,600,000 | 100% |

Allocation of Grants Proceeds

Category

| | | |
|--|---------------|------|
| Consultants, Training and workshop, goods and operating costs. | US\$3,600,000 | 100% |
|--|---------------|------|

106. *FM Supervision plan:* Consistent with the risk rating, an annual FM implementation support mission will be carried out at the PFMU and FDA. The FM supervision missions' objectives will include ensuring that strong financial management systems are maintained for the project at the LEC and providing adequate FM implementation guidance provided to LEC throughout the project's life. The supervision will include desk reviews of IFRs, testing of expenditures, review of audit reports, and evaluation of the efficiency of the payment processing, internal control processes, and funds flow arrangements. A major focus of supervision will be to review the implementation progress in the setting up and strengthening of the financial management of FDA as a key project component.

107. The project will cover the PFMU operating costs for managing the FCPF grant, and a fee of 1% of the total grant amount was agreed upon (paid out of the US\$3.6 million as part of the operating costs).

C. Procurement

A. **General**

108. Procurement for the proposed FCPF is to be carried out in accordance with the World Bank's *"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, and the provisions stipulated in the Legal Agreement. The various items under various expenditure categories are described in general below. For each contract to be financed by the grant, the various procurement methods or consultant selection methods, estimated costs, prior review requirements, and time frame are agreed upon 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.

109. **Procurement of Works:** There will be no works procurement.

110. **Procurement of Goods:** A total of about US\$.066 million of goods will be procured under this project. These will include vehicles, laptop and desktop computers, office furniture, and field and office equipment. The procurement will be done using the Bank's SBD for all ICB/LIB and national SBD agreed to with or satisfactory to the Bank. Contracts below US\$500,000 but above US\$50,000 equivalent per contract may be procured under NCB. Irrespective of this, NCB contracts deemed complex or subject to risks will be identified in the procurement plans and be prior-reviewed. Again, under NCB, it shall be ensured that (a) foreign bidders shall be allowed to participate in National Competitive Bidding procedures; (b) bidders shall be given at least one month to submit bids from the date of the invitation to bid or the date of availability of bidding documents, whichever is later; (c) no domestic preference shall be given for domestic bidders or for domestically manufactured goods; and (d) in accordance with Paragraph 1.16 (e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the financing shall provide that: (i) the bidders, suppliers, contractors, and subcontractors shall permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the Association; and (ii) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to an obstructive practice as defined in Paragraph 1.16(a)(v) of the Procurement Guidelines. Contracts estimated to cost less than US\$50,000 equivalent per contract are to be procured using shopping procedures based on a model request for quotations satisfactory to the Bank. Direct contracting may be used where necessary, subject to the Bank's No-Objection.

111. **Procurement of non-consulting services:** There will be no non-consulting services.

112. **Selection of Consultants:** Consultancy services valued at about US\$3.064 million. The key components of the FCPF grant will be financed by five main consultancy contracts under the oversight of lead agencies, as follows:

- Strategic Environmental and Social Assessment (EPA, Sub-Components 1.4 + 2.1)
- Preparation of national REDD+ strategy (FDA for implementation and MPEA for coordination, Sub-Components 1.3 + 2.2)
- Gap analysis and framework for grievance redress mechanisms (FDA, Sub-Component 1.5)

- Preparation and implementation of Communication Strategy and Information Sharing (FDA, Sub-Component 1.2)
- Development of Reference Scenario for REDD+ including national forest cover mapping and forest inventory in priority areas (FDA, Component 3).

In addition, the following technical consultants (TA) will be hired to support each of the implementing agencies and the RIU (Sub-Component 1.1 and Component 4):

1. National REDD+ Policy Coordinator (MPEA)
2. National Coordinator for SESA (EPA)
3. Coordinator for REDD Technical Working Group
4. Coordinator for REDD Implementation Unit (FDA)
5. Two team assistants (RIU (1); National Climate Change Secretariat (1))
6. Procurement Specialist (FDA)
7. Three short-term consultants (Ministry of Agriculture (1); Ministry of Land, Mines and Energy (1), Land Commission (1).

113. Contracts for consulting services, each estimated to cost US\$200,000 equivalent or more, will be awarded following the procedure of Quality and Cost Based Selection (QCBS). Consulting services estimated to cost US\$100,000 but less than US\$200,000 per contract under this project are to be procured following the procedures of Selection Based on Consultants' Qualifications (CQS), Fixed Budget Selection (FBS), Quality Based Selection (QBS), and Least Cost Selection (LCS), as will apply to the circumstances as respectively described under Paragraphs 3.7, 3.5 and 3.6, respectively, of the Consultant's Guidelines. For all contracts to be awarded following QCBS, FBS and LCS, the Bank's Standard Request for Proposals will be used. Procedures of Selection of Individual Consultants (IC) is to be followed for assignments which meet the requirements of Paragraph 5.1, 5.2 and 5.3 of the Consultant Guidelines. LCS would be used for assignments for selecting the auditors. The procedure of Single-Source Selection (SSS) is to be followed for assignments which meet the requirements of Paragraphs 3.10-3.12 of the Consultant Guidelines and will always require the World Bank's prior review regardless of the amount.

114. If in-country capacity exists, short lists of consultants for services estimated to cost less than US\$200,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of Paragraph 2.7 of the Consultant Guidelines. Consultancy services estimated to cost above US\$100,000 per contract for firms, and contracts for individuals for assignments estimated to cost above US\$50,000, and single-source selection of consultants (firms and individuals), will be subject to prior review by the Bank. The single source contract for the forest cover, as a continuance of previous work developed in collaboration with the European Space Agency, will be financed by the project (approximately US\$200,000).

The budget for key categories

| Items | Amount (US\$) |
|--|----------------------|
| Consultants (including contracts with firms) | 3,064,400 |

| | |
|-----------------------|------------------|
| Training and Workshop | 210,000 |
| Goods | 66, 000 |
| Operational | 259 600 |
| Total | 3,600,000 |

B. Assessment of the agency's capacity to implement procurement

115. The FDA procurement rules respond to the Public Procurement and Concessions Act (PPCA) of Liberia, which was enacted in 2005 and amended in 2010, and provides a good legal framework for the conduct of transparent and comprehensive procurement. The Act has provisions against bribery and corruption; however, because the penal law makes both parties liable for bribery, it is difficult for bribery to be reported. The Act also provides for the compilation and publication of code of conduct for procuring entities, public officials, and their representatives and, further, provides for administrative and judicial reviews. In response to the PPCA, the FDA as a procurement entity has the required structures, i.e., a procurement unit and a procurement committee. Further, whenever there is a process that involves competition, ad hoc evaluation panels are set up to evaluate bids and make recommendations to the Procurement Committee, as required by law. The procurement and supply management functions are clearly distinguished, and FDA has auditing arrangements in-house. In addition, it has clear technical and administrative controls for reviews, approvals, and decision making.

116. Currently, the FDA Procurement Unit is made up of four staff. It is headed by a General Service Manager who has a Bachelor's degree in Business Administration. He is ably supported by a procurement advisor who has a master's degree in project management and with experience in donor procurement procedures. There are two other procurement staff who are degree holders and have attended the World Bank procurement procedures course in Goods and Consultancy at GIMPA. The FCPF grant will finance the recruitment of a procurement specialist as indicated above.

117. The designations, qualifications, and procurement training of FDA staff are as shown in the table below.

| # | Designation | Qualifications | Procurement Training |
|----|--------------------------|--|--|
| 1. | General Services Manager | Bachelor of Business Administration in Accounting, minor in Economics | World Bank procurement procedure course in Selection of Consultants, GIMPA |
| 2. | Procurement Advisor | MBA in Project Management. Advanced Diploma in International Business Administration. | Certificate in Public and Private Sector Procurement and Contract Management, Basra, Iraq |
| 3. | Procurement Officer | BSc in Sociology | Certificate in purchasing & Supply, Modern Management Institute, Nairobi, Kenya. World Bank procurement course in Goods and Equipment/Selection of consultants at GIMPA |
| | | Bachelor of Arts in Criminal Justice, Public | World Bank procurement course in Goods and Equipment/Selection of consultants at |

| | | | |
|----|-----------------------|----------------------|-------|
| 4. | Procurement Assistant | Administration minor | GIMPA |
|----|-----------------------|----------------------|-------|

118. To date, FDA has gained some experience in donor-funded projects by their management of the COPAN project, where they used shopping and NCB procedures in the procurement of goods and consultants. FDA also follows the directions of a PPCA-based internally prepared “*Manual of Internal Controls: Procedures to Ensure the Accuracy and Integrity of Financial Transaction*,” which provides some guidance on procurement. Record keeping is quite good for the procurement activities undertaken; this includes records on contracts and shopping. Further, because of the legal requirement to implement the law on Public Procurement and Concessions in both civil and public services, there appears to be good awareness of the law.

119. Procurement unit staff are held in high esteem and are, by law, given space to work under the Act. Though salary levels in post-conflict Liberia are extremely low, the FDA levels are relatively better than average and should therefore not create overwhelming inclination towards corruption, to the extent of posing a risk to the conduct of procurement. At the level of their operations, the management of the FDA does enforce the stipulations of the procurement law, knowing fully well that they will be held accountable for all omissions.

120. We conclude from the assessment that FDA is in compliance with the Liberian Public Procurement and Concessions Act, that it has a procurement unit staffed with officers with very good academic backgrounds, and has adequate internal technical and administrative controls and anti-corruption measures and appeal mechanisms for bidders.

121. The overall procurement risk is moderate.

122. During implementation, World Bank supervision will be required in order to ensure that procurement is conducted in accordance with the Bank’s procurement procedures. In addition to prior reviewing documents, post procurement review will be conducted at the end of the first year and annually thereafter on all contracts below the prior review threshold. Bank supervision should be done every six months.

123. **Fraud and Corruption:** All persons involved in procurement as well as bidders and service providers, i.e., suppliers, contractors, and consultants, shall observe the highest standard of ethics during the procurement and execution of contracts financed under the project in accordance with Paragraphs 1.16 of the Procurement Guidelines and Paragraphs 1.23 of the Consultants Guidelines dated January 2011.

D. Social and Environmental (including Consultation, Participation, Disclosure and Safeguards)

124. The FCPF Readiness Preparation grant must comply with World Bank safeguard policies regarding the management of environmental and social impacts. This grant will, in part, support the country's activities to identify the potential risks associated with REDD+ and mitigation options. In order to do this, the FCPF is using a Strategic Environmental and Social Assessment (SESA) to integrate key environmental and social considerations into REDD+ Readiness by combining analytical and participatory approaches. Figure 1 below illustrates the steps involved in the SESA and their integration with the development of the national REDD+ strategy. The SESA allows: (i) social and environmental considerations to be integrated into the REDD+ Readiness process, in particular the REDD+ strategy; (ii) stakeholder participation in identifying and prioritizing key issues, assessment of policy, institutional and capacity gaps to manage these priorities and recommendations, and disclosure of findings in the REDD Country's progress reports on Readiness preparation; and (iii) an Environmental and Social Management Framework (ESMF) to be put in place to manage environmental and social risks and to mitigate potential adverse impacts related to future investments and carbon finance transactions in the context of the future implementation of REDD+. The SESA has been identified as the most appropriate instrument to ensure a proper consideration of social dimensions in the REDD+ process, in line with the international best practices (including the WB policies) and was approved by the World Bank Board in March 2011.

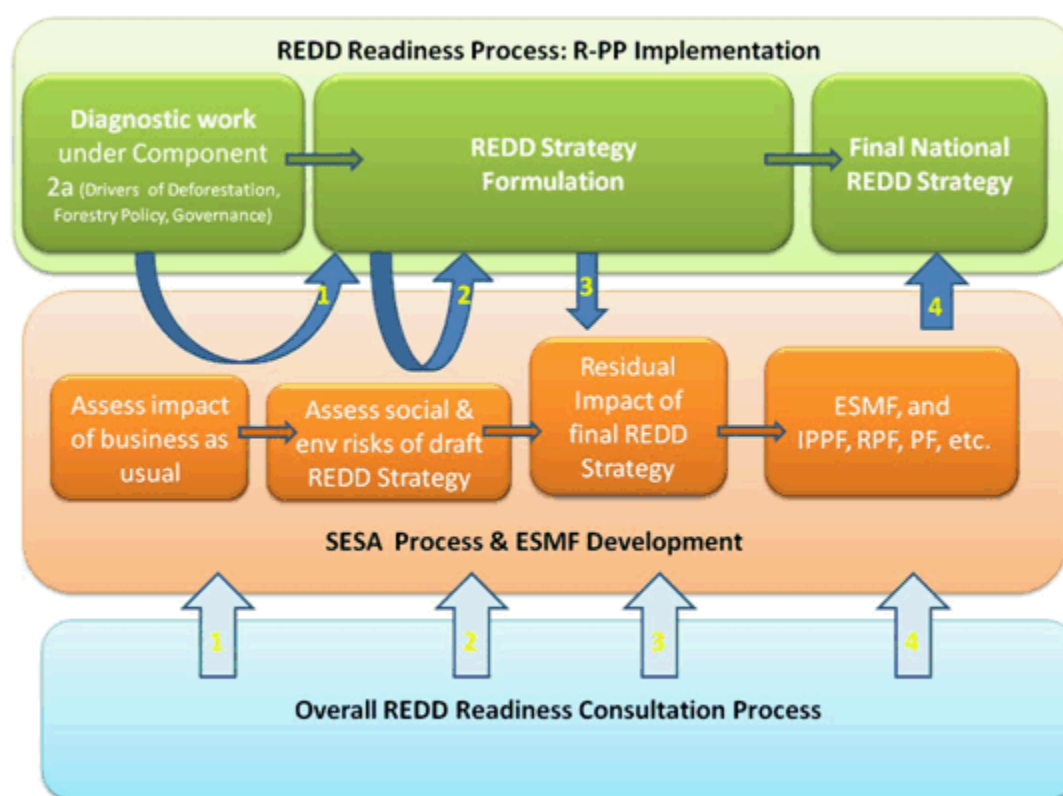


Figure 1. SESA process and its relation to the national REDD+ strategy development

125. The SESA includes the preparation of an Environmental and Social Management Framework (ESMF). The ESMF may evolve and be updated over time when new REDD+ strategy options, projects or activities (including investments) and/or policies or regulations are identified during the implementation of REDD+. The SESA addresses the key environmental

and social issues associated with the analysis and preparation of REDD+ strategy options as well as REDD+ projects, activities (including investments), policies, and regulations. In this manner, the SESA can ensure compliance with World Bank's environmental and social safeguards.

126. The SESA process requires that the selection of REDD+ strategy options take into account the country's institutional and capacity constraints for managing environmental and social risks, as well as the potential environmental and social impacts associated with these strategy options. Any identified gaps in managing these risks and potential impacts in relation to relevant World Bank safeguard policies should be identified along with the strategy options to feed into the preparation of the ESMF. The ESMF should provide a framework to manage and mitigate the potential environmental and social impacts related to specific projects and activities (including investments and carbon finance transactions, in the context of the future implementation of REDD+).

127. The ESMF will be structured to contain subject-specific frameworks addressing the relevant requirements of the applicable environmental and social safeguard policies, including, but not necessarily limited to, a Resettlement Policy Framework (RPF); and Process Framework (PF).

D.1. Social (including safeguards)

128. There is growing awareness at both international and national levels of the need for effective social and environmental safeguards. Apart from the Bank's Safeguard Policies that are designed to avoid, limit, and/or mitigate harm to people and the environment, and strive to achieve benefits instead, Liberia has the legal framework that provides directives for conducting EIA/SESA to various projects and programs. The legal frameworks are provided under the Environmental Protection Act of 2002 and the National Forest Reform Law of 2006. Both of these instruments specify projects and programs that are mandatory for Environment Impacts Assessment that also covers social aspects.

129. Conducting a SEA and the SESA is expected to build support for a more effective, equitable, and sustainable approach to REDD+. The SESA would address issues of injustice in benefit sharing, exclusion of forest-dependent people, and various conflicts arising from resource allocation. The SESA will use participatory processes and diagnostic tools to identify potential social and environmental impacts associated with reducing deforestation and degradation, and provide feedback to help to strengthen the design of REDD+ activities. In addition, the SESA will guide the identification of indicators for ongoing monitoring. The ESMF elements of the SESA will provide the basis for defining and monitoring an action plan to mitigate risks related specifically to WB safeguard policies.

130. The SESA will build on the Strategic Environmental Assessment prepared for Liberia in September 2010 ("Mainstreaming Social and Environmental Considerations into the Liberian National Forestry Reform Process – A Strategic Environmental Assessment for Implementation of the 3Cs of the Forest Reform Law 2006"), on the Rapid Social Assessment (RSA) updated in

June 2011, and on the Poverty and Social Impact Assessment (PSIA) to be finalized in March 2012.²⁷

131. Liberia has also indicated an interest in developing and applying the REDD+ Social & Environmental Standards (REDD+ SES) that have been developed with facilitation by CARE and the Climate, Community and Biodiversity Alliance (CCBA). The REDD+ SES involves the definition of country-specific indicators through a participatory multi-stakeholder process and development of an assessment process including information collection, review by stakeholders and transparent reporting.

132. There exist very limited national capacities and tools for conducting SESA at the moment. The EPA, which is responsible for enforcement of environmental policies and regulations, will coordinate SESA activities at national and sub-national levels, and will help in capacity building for conducting the SESA. Annex III includes the terms of reference and road map to guide the SESA process for the proposed Liberia REDD+ policy.

D.2. Environmental (including safeguards)

133. The preparation of a SESA in Liberia will ensure that the design and implementation of the REDD+ program adhere to the requirements of the WB environmental safeguard policies. The SESA and ESMF will include an analysis of the current environment policies and regulations, World Bank Safeguards, and any foreseen environmental impacts as a result of REDD+ implementation. Liberia will receive adequate guidance from the Bank's safeguards specialist project team in order to implement the social and environmental mitigation measures.

D.3. Consultation, Participation and Disclosure

i. Experience to Date

134. A Consultation & Participation Taskforce was established under the national REDD+ technical working group to be primarily responsible for driving the information-sharing awareness campaign on REDD+ and the R-PP process. The Consultation and Participation taskforce in collaboration with UN-REDD, implemented a series of regional, national, and civil society workshops with the aim of informing relevant stakeholders about REDD+ and the R-PP process, allowing for meaningful discussions and presentation of ideas, hopes and concerns about REDD+. Town hall meetings/Palava huts discussions, workshops, interviews, focus groups, self-administered questionnaires and expert consultations were part of the methods utilized during the early information sharing and dialogue.

²⁷ To update the SEA, a Rapid Social Assessment (RSA) was undertaken in communities around four Forest Management Concessions (FMCs) in January and February 2011. The RSA update focused on community livelihoods in commercial forestry sector reforms. It compared the RSA findings from the baseline established by the SEA in 2005 and discussed possible constraints to, and opportunities for, effective implementation of commercial reform. The report concludes with a number of recommendations. The findings from the field visits are preliminary and will be integrated into a more detailed review using a Poverty and Social Impact Analysis (PSIA) of forest sector reforms on community livelihoods.

135. In addition, with support from IUCN and FFI, a nationwide awareness-raising radio campaign was conducted. The campaign included the dissemination of REDD+ and R-PP (FCPF) information in Liberian English and translations into 16 local languages, in addition to the broadcast via 54 local radio stations in the 15 counties of Liberia. Print media (flyers and also newspaper articles issued by SADS and AACC) were also used to increase understanding of REDD+ and allow for active engagement at all political and social levels. A REDD+ Liberia website has also been designed.

136. Meetings were also held with the different stakeholders that are part of the RTWG in order to collectively prepare the R-PP proposal and capture concerns and views from diverse stakeholders. The National Civil Society Dialogue conducted among the other workshops, allowed for the nomination of representatives for the civil society organizations to be present at and engage with the NCCS and RTWG. The Skills and Agricultural Development Services (SADS) was nominated by the NGO Coalition for Liberia to act as the civil society representative in the RTWG and the National Climate Change Steering Committee (NCCSC).²⁸ In addition, to the participation of SADS in the R-PP process, the participation of Federation of Liberian Youth (FLY), Action Against Climate Change (AACC), Sustainable Development Institute (SDI), and Green Advocates (GA) gave CSOs an added representation in the entire process. Overall, despite existing challenges (logistical, timing, among others) the R-PP drafting team did include community CSOs, NGOs and government representatives.

137. The experience to date has provided lessons learned (included in the R-PP) that will be incorporated into further stages of the process.

ii. Proposal Going Forward

138. The R-PP includes a preliminary Master Consultation and Participation Plan that aims to promote better understanding and collective ownership of the REDD+ process by all stakeholder groups. The preliminary plan (included in Annex IV) has drawn up a list of key stakeholders, key issues to address in the Consultation and Participation process, as well as the main steps to be developed. It also highlights the support required by the different key stakeholders in order to participate in the consultation processes.

²⁸ The NGO coalition is a network of environmental NGOs jointly working on human rights advocacy, transparency, and accountability in natural resources management and governance in Liberia, including environmental protection. The members of the coalition are: Foundation for Community Initiatives, Action Against Climate Change, Lamp Foundation, Environmental Relief and Development Research Organization, HUCON, Inc., Liberia Center for Environmental Research, Save my Future Foundation, VOSIEDA, Green Advocates, Society for Environmental Conversation, Sustainable Development Institute, Youth Focus Center, Skills and Agricultural Development Services, Human Care Initiatives, Forest Cry Liberia, Children Development Programme, Dekontee Sanitation, Farmers Associated to Conserve the Environment, Liberia Democratic Institute, and Society for Conservation of Nature.

139. Based on inputs received during the information sharing and dialogue meetings, the Consultation and Participation process aims at using existing structures and processes, in particular:

- **Community level.** e.g., Community Assembly as provided for by the Community Rights Law, Coalition of CBOs, Community Youth and Sport clubs, Community Based Forest Forums, Rural Women Organizations.
- **County level.** County organizations such as County Forestry Development Committees (CFDCs), County Law Makers Caucus, County Development Officers (CDOs), County Forestry Forums, Local NGOs.
- **National levels.** Entities such as National Forestry Forum, Benefit Sharing Trust Committee, NGO Coalition, Liberia Media Initiative, Traditional Councils and Councils of Religious Bodies, INGOs, National Parliament, Association of Female Lawyers of Liberia (AFELL), Liberian BAR Association, Association of Liberian Journalists, VPA Platforms. Also, the “Sanctions Lifting +6” sector-wide dialogue is also expected to provide significant inputs for the implementation of the proposed grant. This dialogue would strengthen forest sector governance and develop a broader consensus on the priorities for reforms and development of the sector.

140. Under the general umbrella of the Consultation and Participation Plan and with the overall coordination of the RTWG, the FCPF grant will conduct several interlinked consultation and participation processes included in component 1. The grant will support the design and implementation of a communication and information sharing strategy (subcomponent 1.2) that will continue the early dialogue and consultations developed during the preparation of the R-PP. It will also support the consultation process for the strategic environmental and social assessment (SESA) that will identify environmental and social priorities and risks (subcomponent 1.4). Gaps and risks identified in this SESA will inform the review and further consultation process of the REDD+ strategy options (subcomponent 1.3). Together, the consultation processes will facilitate that the country agrees on a REDD+ Strategy that establishes land use options in forest and mixed agricultural lands. Finally, the Consultation and Participation Plan also provides for a grievance and complaints handling mechanism as well as mechanisms for conflict or dispute resolution. In relation to the last mentioned, these mechanisms include already established ones for resolving disputes in Liberia, but also consider the need to explore ideas to specifically deal with grievances related to REDD+ (component 1.5).

D.4. Safeguards Policies Triggered

| Safeguard Policies Triggered (<i>please explain why</i>) | Yes | No | TBD |
|--|------------|-----------|------------|
| Environmental Assessment (OP/BP 4.01) | X | | |
| In line with the nature of the REDD+ Readiness preparation activities, the Government of Liberia will use a Strategic Environmental and Social Assessment (SESA) as the applicable safeguards approach. The strength of the SESA for REDD+ is that it will combine analytical work and consultation in an iterative fashion to inform the preparation of the REDD+ strategy. The SESA will help ensure compliance with the | | | |

| Safeguard Policies Triggered (<i>please explain why</i>) | Yes | No | TBD |
|---|------------|-----------|------------|
| Bank's safeguard policies by integrating key environmental and social considerations relevant to REDD+ including all those covered by the safeguard policies. The SESA will help the Government of Liberia formulate their REDD+ strategy in a way that reflects inputs from key stakeholder groups and addresses the main environmental and social issues identified. The SESA includes an Environmental and Social Management Framework (ESMF) as a distinct output, which provides a framework for managing and mitigating the environmental and social risk related to investments and carbon finance transactions in the context of the future implementation of REDD+. The future investments and carbon finance transactions will still require specific environmental and social assessments, but these will benefit from the strategy context created by the SESA and ESMF. The ESMF will include standing methods and procedures, along with appropriate institutional arrangements for screening, reviewing, implementing, and monitoring specific ESMPs to prevent adverse impacts as well as cumulative impacts. | | | |
| Natural Habitats (OP/BP 4.04) | X | | |
| This policy seeks to ensure that all options proposed in the National REDD+ Strategy take into account the conservation of biodiversity, as well as the numerous environmental services and products that natural habitats provide to human society. Overall, REDD+ activities are expected to have significant positive impacts on natural habitats, as the country puts in place an effective strategy to reduce loss of natural forests. The SESA will address issues related to natural habitats and potential impacts of the National REDD+ Strategy, which will later be included in the ESMF. | | | |
| Forests (OP/BP 4.36) | X | | |
| Overall, REDD+ activities are expected to have significant positive impacts on forests, in that the main goal of the program is to reduce deforestation and forest degradation, while contributing to the well-being of forest-dependent communities. Potential impact of the National REDD+ Strategy on natural forests will be assessed through the SESA and included in the ESMF. The SESA and associated ESMF will reflect the requirements of the Bank's Operational Policy regarding forest management. | | | |
| Pest Management (OP 4.09) | | | X |
| This policy could be triggered depending on the final scope of the National REDD+ Strategy. Agricultural intensification and reforestation activities, for instance, could trigger this policy, depending on the methods employed by concrete activities on the ground to manage pests. The SESA will address critical issues related to pest management, as necessary. | | | |
| Physical Cultural Resources (OP/BP 4.11) | | | X |
| Some of the future project activities may affect physical cultural resources. Further investigation is being undertaken to determine if this policy would be triggered or not. | | | |
| Indigenous Peoples (OP/BP 4.10) | | X | |
| This policy does not apply as there are no Indigenous Peoples in Liberia | | | |
| Involuntary Resettlement (OP/BP 4.12) | X | | |
| REDD+ activities might trigger Involuntary Resettlement in situations involving involuntary restrictions of access to legally designated parks, protected areas, or forest management/reforestation areas. The policy aims to avoid involuntary resettlement to the extent feasible, or to minimize and mitigate its adverse social and economic impacts in cases where resettlement or other involuntary restrictions cannot be avoided. Through the SESA process, any issues related to land acquisition or involuntary resettlement will be identified, and a Resettlement Policy Framework and/or Process Framework will be prepared in addition to the ESMF. | | | |

| Safeguard Policies Triggered (<i>please explain why</i>) | Yes | No | TBD |
|--|------------|-----------|------------|
| | | | |
| Safety of Dams (OP/BP 4.37) | | X | |
| The REDD+ activities do not involve the construction of new or use of existing dams. | | | |
| Projects on International Waterways (OP/BP 7.50) | | X | |
| The REDD+ activities do not involve international waterways. | | | |
| Projects in Disputed Areas (OP/BP 7.60) | | X | |
| N/A | | | |
| Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank-Supported Projects (OP/BP 4.00) | | X | |
| N/A | | | |

Annex I
Operational Risk Assessment Framework (ORAF)
LIBERIA: REDD+ Readiness Preparation Support
Stage: PCN (Full Version)

| 1. Project Stakeholder Risks | Rating | Substantial | | |
|---|---|-------------------------|-------------------|----------------------------|
| <p>Description : <i>Some stakeholders might resist some of the policy changes that REDD entails. REDD+ has attracted a lot of international attention which leads to increased expectations on the part of the governments, civil society and other key actors like the private sector.</i></p> <p><i>The need for adequate care in handling the expectations of forest-dependent people cannot be overemphasized. As a post conflict country, Liberia faces serious challenges and potential hindrances to the REDD+ process. These include: limited confidence reposed by forest dependent people in government and concessionaires; uneven bargaining power between different interest groups; differing perceptions of participation process; and, misunderstanding and exaggerated expectations of REDD+.</i></p> | Risk Management : The SESA will identify potential social risks from the national REDD+ Strategy. | | | |
| | Resp: Client | Stage: Prep/Impl | Due Date : | Status: |
| | Risk Management : To mitigate and handle expectations appropriately the participatory and consultative approach that has been applied to the REDD+ process needs to continue so forest-dependent people and other key stakeholders will be involved, well informed of the activities developed and the results achieved as well as being participants in its relevant stages. Some of these issues will not be avoidable, but the FCPF grant will make sure, through the participation and consultation processes, that all the stakeholders have the same level of understanding of the issues. | | | |
| | Resp: Client | Stage: Prep/Impl | Due Date : | Status: |
| | Risk Management : | | | |
| | Resp: | Stage: | Due Date : | Status: |
| 2. Operating Environment Risks (Note for information: this section is not disclosed at negotiation and Board presentation stages) | | | | |
| 2.1. Country (Note for information: this section is not disclosed at negotiation and Board presentation stages) | Rating: | High | | |
| <p>Description : <i>Security in the country and transition of power can significantly risk project results. The security situation in Liberia remains fragile owing to the large number of (mostly) unemployed ex-combatants (a situation that was exacerbated by the</i></p> | Risk Management : The continued commitment of the UN security forces and continued donor support for training of the local police force. Importantly too, the UN through the Peace Building Fund is focusing on decentralizing efforts on, rule of law, security sector reform and national reconciliation. | | | |
| | Resp: Client | Stage: Prep/Impl | Due Date : | Status: In progress |

| | | | | |
|---|---|-------------------------|-------------------|----------------|
| effects of the recent global crisis), and the fragile political situation in some of Liberia’s neighboring countries. As the 2011 elections approach, it may become increasingly difficult to reach agreement on critical reform issues that may need timely legislative action. | Risk Management : Through communication outreach, the government will continue to explain its policy position to build support from civil society for the proposed reforms. With the key reforms already entrenched, based on commitments at the highest political level, the potential for roll-back, even with a change of government, may be negligible. | | | |
| | Resp: | Stage: Prep/Impl | Due Date : | Status: |
| | Risk Management : Different land uses need to be identified, zoned and demarked, using participatory process and resulting in clear boundaries, rules and beneficiaries. The Land Commission’s (who is also part of the RTWG) work will be critical in clarifying forest ownership and providing an equitable basis for benefits from carbon revenues. In addition, the project will work together with land administration projects. Issues related to land tenure will be analyzed in the SESA, however the grant will not be able to resolve any land tenure issues and will only point out to the existing problems that will arise from unsolved land tenure. | | | |
| <i>Landlessness & Unclear Allocation Rights potentially generates several “unknowns” relating to the allocation of potential benefits from REDD, and in regard to land management responsibilities.</i> Competing allocations or unclear boundaries result in conflict and this has led to forest loss and a potential failure to receive eventual REDD funds / credits. Conflicts could exacerbate once it becomes clear that certain forests will eligible for (potentially high levels of) REDD revenue. | Resp: Client | Stage: Prep/Impl | Due Date : | Status: |
| | | | | |
| 2.2. Sector/multi-sector (Note for information: this section is not disclosed at negotiation and Board presentation stages) | Rating: | High | | |
| Description: <i>Commitment to a shared strategy – conflicting sectoral policies can undermine efforts towards the REDD+ Strategy.</i> Policies and incentives relating to the extractive industries (including mining and unsustainable forestry) could conflict with public or private efforts to conserve mature carbon rich forests and thus secure land for sustainable REDD payments. For example, the emergence of palm oil as a bio-fuel has contributed to a raise in global prices for the commodity and so driven further expansion of the plantations. If such expansion reaches new forests for conservation, this could drive further D&FD in Liberia – resulting in a potential and significant risk for REDD. | Risk Management : The grant will facilitate a coordinated and transparent dialogue with partners and sectors leading to better understanding of the trade-offs that exist and enabling the Government of Liberia to take more informed decisions. The NCCSC and RTWG will bring together all relevant Ministries and facilitate dialogue and policy coordination among different sectors. | | | |
| | Resp: Client | Stage: Prep/Impl | Due Date : | Status: |
| | Risk Management : | | | |
| | Resp: | Stage: | Due Date : | Status: |
| | Risk Management : | | | |
| | Resp: | Stage: | Due Date : | Status: |
| 3. Implementing Agency Risks (including fiduciary) | | | | |
| 3.1. Capacity | Rating: | High | | |
| Description : <i>Liberia’s limited capacity could delay access to the mechanism and limit the project’s</i> | Risk Management : The FCPF REDD Readiness support is exactly aimed at supporting institutional and technical capacity at all levels. The project will support the | | | |

| | | | | |
|---|--|-------------|-----------------------|-----------------------|
| success. REDD is a complex and innovative mechanism that requires strong capacity in various areas (such as planning, monitoring, financial management, communication and stakeholder engagement, etc.) | strengthening of the FDA and other agencies. | | | |
| | Resp: | Client | Stage: Prep/Impl | Due Date : Status: |
| | Risk Management : | | | |
| | Resp: | Stage: | Due Date : | Status: |
| 3.2. Governance | Rating: | High | | |
| <p>Description : REDD+ will only succeed in a context of good governance and strong levels of commitment, where rules for carbon transactions are transparent, revenue sharing schemes are fair and known to stakeholders and respected, funds are managed properly.</p> <p>FDA’s implementation capacity and ability to maintain regulatory oversight has attracted both domestic and international criticism. For example, FDA might face difficulties in introducing a regulatory system for chainsaw logging where none has previously existed and given its scattered and dispersed nature.</p> | Risk Management: In order that the negative forest governance experiences do not undermine REDD+ in Liberia, and that existing governance arrangements can still be adapted to REDD+, the FCPF TA will work in close coordination with other existing instruments established by the GoL such as FLEGT, VPA, and CoC whose implementation will support forest governance. . This will be the grant’s contribution as the FCPF TA cannot address the broad forest governance issues and ultimately this needs to be addressed by the GoL | | | |
| | Resp: | Client | Stage: Prep/Impl | Due Date : Status: |
| | Risk Management : | | | |
| | Resp: | Stage: | Due Date : | Status: |
| | Risk Management : | | | |
| | Resp: | Stage: | Due Date : | Status: |
| Fraud & Corruption (sub-category of Governance risk) (Note for information: this section is not disclosed at negotiation and Board presentation stages, except the risk Management measures which will be merged with those on 3.2 Governance) | Rating: | High | | |
| Description: Existent levels of corruption across sectors that can lead to mismanagement of REDD+ funds are an important risk to consider; i.e. Carbon scandal. | Risk Management: The project will support the establishment of internal controls and a transparent fund management structure. | | | |
| | Resp: | Client | Stage: Implementation | Due Date: Status: |
| | Risk Management: | | | |
| | Resp: | Stage: | Due Date : | Status: |
| 4. Project Risks | | | | |
| 4.1. Design | Rating: | Substantial | | |

| | | | | |
|--|---|------------------------------|-------------------|----------------|
| Description: The project design with multiple consultation processes could lead to duplication of activities and consultation fatigue. | Risk Management: The RTWG will coordinate the project’s consultation activities to avoid duplications. | | | |
| | Resp: Client | Stage: Implementation | Due Date : | Status: |
| 4.2. Social & Environmental | Rating: | High | | |
| Description : REDD+ entails some social risks (for example elite capture of benefits, conflicts over land and REDD+ benefits), and some environmental risks (such as conversion of natural forests for monoculture plantations) In Liberia, weak capacity can risk the ability to implement the SESA and ensure that social and environmental risks identified are effectively mitigated. | Risk Management : Capacity building and training will be included to undertake the SESA. There will be close supervision of the preparation of the SESA. | | | |
| | Resp: Client | Stage: Implementation | Due Date : | Status: |
| | Risk Management : An ESMF will be prepared in order to manage and mitigate the environmental and social impacts from the implementation of the National REDD+ Strategy. | | | |
| | Resp: Client | Stage: Implementation | Due Date : | Status: |
| | Risk Management : A Resettlement Policy Framework and/or Process Framework will be prepared as necessary if REDD+ activities result in land acquisition/involuntary resettlement. | | | |
| | Resp: Client | Stage: Implementation | Due Date : | Status: |
| 4.3. Program & Donor | Rating: | High | | |
| Description: There is interdependence across activities financed by the FCPF and other donors. The success of the overall REDD+ readiness process depends on the financing from other donors. Delays in their financing could hinder progress, and restrict some FCPF-financed activities. The implementation/Institutional Arrangement presents a significant level of complexity that requires effective coordination mechanisms. The 3-level management structure for REDD+ in Liberia, would become ineffective if it presents excessive and unnecessary bureaucracy and lack of adequate coordination. | Risk Management: Ensure close contact with other donors. The Sanctions +6 process will help ensure that activities developed in the forest sector are mutually supportive. | | | |
| | Resp: Client | Stage: Prep/Impl | Due Date : | Status: |
| | Risk Management : Support the Government (particularly the RTWG and the NCCSC) in coordinating with other donors. | | | |
| | Resp: Client | Stage: Prep/Impl | Due Date : | Status: |
| | Risk Management: The project will support capacity strengthening for the agencies, working groups and secretariats in charge of coordinating, advising and implementing the project. The MPEA will support coordination at the different levels. | | | |
| | Resp: Client | Stage: Implementation | Due Date : | Status: |

| | | | | |
|--|--|--|-------------------|----------------|
| 4.4. Delivery Monitoring & Sustainability | Rating: | Substantial | | |
| Description: Financing for the overall REDD+ Readiness process has not been secured yet. <u>Risk of unsustainability of data collection:</u> Data collection and dissemination could not be sustained after the completion of the grant's activities. | Risk Management : Efforts are being made to secure cofinancing resources. | | | |
| | Resp: Client | Stage: Prep/Impl | Due Date : | Status: |
| | Risk Management : The grant will help ensure that the information generated and collected as part of the REDD+ readiness process can be made available and become a basis for long-term systematic data collection and dissemination in the sector. The team will work towards establishing links with existing larger investments in the sector, such as the VPA and Chain of Custody, to achieve sustainability of data collection. The data generated by the FCPF will feed into the larger initiatives. | | | |
| | Resp: Client | Stage: Prep/Impl | Due Date : | Status: |
| 4.5. Institutional Framework | Rating: | High | | |
| Description: A successful REDD+ mechanism involves important changes to the existing institutional framework and touches sensitive issues, such as land tenure rights. These reforms are likely to face opposition. Nevertheless, not all of these reforms have to be achieved before the country is 'ready' to participate in a REDD+ mechanism. | Risk Management : Support the inclusion of institutional reforms related to REDD+ in ongoing policy reforms. | | | |
| | Resp: Client | Stage: Prep/Impl | Due Date : | Status: |
| | Risk Management : Communicate to all stakeholders the 'progressive' nature of REDD+ Readiness, which is not a static point in time but a process of gradual capacity strengthening towards sustainable forest management. | | | |
| | Resp: Client | Stage: Prep/Impl | Due Date : | Status: |
| 4.6. Other | Rating: | | | |
| Description: | Risk Management: | | | |
| | Resp: | Stage: | Due Date : | Status: |
| Non-disclosable Information for Management Attention (Optional) (Note for information: this section is not disclosed at negotiation and Board presentation stages) | | | | |
| Comments: | | | | |
| 5. Project Team Proposed Rating Before Review | | | | |
| 5.1. Preparation Risk Rating: High | | 5.2 Implementation Risk Rating: High | | |
| Comments: (Note for information: this section is not disclosed at negotiation and Board presentation stages) | | Comments: (Note for information: this section is not disclosed at negotiation and Board presentation stages) | | |
| 6. Risk Team | | | | |
| 6.1. Preparation Risk Rating: High | | 6.2 Implementation Risk Rating: High (Note for information: this section is not disclosed at negotiation and Board presentation stages) | | |
| Comments: (Note for information: this section is not disclosed at negotiation and Board presentation stages) | | Comments: (Note for information: this section is not disclosed at negotiation and Board presentation stages) | | |
| 7. Overall Risk Following Review | | | | |

| | |
|--|---|
| 7.1. Preparation Risk Rating: High (Note for information: this section is not disclosed at negotiation and Board presentation stages) | 7.2 Implementation Risk Rating: High |
| Comments: (Note for information: this section is not disclosed at negotiation and Board presentation stages) | Comments: |

Annex II
Preparation Schedule and Resource Estimate

| Preparation Schedule | | | | |
|--|--|--|-------------|-------------|
| | Dates | | | |
| Milestone | Basic | Forecast | | Actual |
| AIS Release | From system | From system | | From system |
| Concept Review | From system | From system | | From system |
| Readiness Preparation GFR approved | From system | From system | | From system |
| Readiness Preparation Grant signed | From system | From system | | From system |
| | | | | |
| Sector Unit Estimate of Resources Required from Preparation through Approval | | | | |
| Source of Funds | Identification and Preparation Expenses to Date (US\$) | Estimate of Resource Requirements (US\$) | | |
| | | Fixed | Variable | |
| Bank Budget | From system | | | |
| Trust Funds | From system | | | |
| Team Composition | | | | |
| Name | Title | **Role | Unit | UPI |
| From system | From system | | From system | From system |
| From system | From system | | From system | From system |
| From system | From system | | From system | From system |
| From system | From system | | From system | From system |

(Template Version November 22, 2010)

Annex III

Terms of Reference for the Strategic Environmental and Social Assessment (SESA) for the REDD+ Readiness Preparation process in Liberia

Introduction

1. Liberia is facing challenges related to deforestation and loss of forest resources from various drivers of deforestation and forest degradation. Forest resources are endangered due to shifting cultivation from traditional agricultural practices and plantation areas that are already stressed due to various factors including inadequate management regimes. The Government intends to establish REDD+ policies to address this situation in collaboration with other stakeholders. It is within this context that Strategic Environmental and Social Assessment (SESA) is seen as an important component in the preparation of the national REDD+ policy. SESA is a tool that seeks to integrate social and environmental considerations into the policy-making process, leading to sustainable policies and programs. Liberia has a detailed Environmental Protection Act and associated regulations, which guide the conduct of environmental activities, assessments, impacts and audits. The development of SESA will be informed by an analysis of these regulations and by the requirements of the relevant World Bank safeguards policies.

2. The SESA will include findings from previous work such as the national Strategic Environmental Assessment (SEA) conducted in the forestry sector; an analysis of the legal, environmental and social framework by the Environmental Law Institute (ELI); and opportunities and risks related to REDD+ readiness preparation. The SESA will involve consultations with key stakeholders and interest groups, including forest-dependent people. It will give special consideration to livelihoods, rights (including those of forest dependent people), biodiversity, cultural heritage, gender, special protection of vulnerable groups in society, capacity development and governance.

Objectives

3. The objective of these Terms of Reference (ToR) is to ensure a comprehensive and participatory Strategic Environmental and Social Assessment (SESA) that can integrate environmental and social considerations into Liberia's REDD+ readiness process in a manner consistent with Liberian environmental laws and regulations and the World Bank's environmental and social safeguard policies.

Links between the SESA and the REDD+ Strategy

4. The SESA contributes to the REDD+ Readiness process in Liberia by assessing how REDD+ strategy options address environmental and social priorities associated with current patterns of land use and forest management. Gaps identified through this assessment would lead to adjustments in the REDD+ strategy options to close the gaps. Also, the SESA will provide an Environmental and Social Management Framework (ESMF) that will outline the procedures to

be followed for managing potential environmental and social impacts of specific policies, actions and projects during the implementation of the REDD+ strategy that is finally selected.

Activities to be undertaken

5. The SESA team will undertake the following activities:

Consultation and Participation Activities

6. During the formulation of the Readiness Preparation Proposal (R-PP), extensive stakeholder analysis was carried out to identify key stakeholders. Notwithstanding, the Consultant at the start of the assignment shall conduct a stakeholder gap analysis to identify any relevant stakeholders that might not have been considered during the R-PP development phase. Important among them are community-level representatives, paramount chiefs, pit sawyers, the private sector, firewood and charcoal producers, women's organizations and forest concessionaires. The consultant shall then prepare a comprehensive set of consultation and participation activities for the SESA based on these ToR, a review of the consultation and participation plan prepared during the development of the R-PP, and other experiences²⁹ and literature which may be relevant for the Liberian context such as the "Mainstreaming Social and Environmental Considerations into the Liberian National Forestry Reform Process"³⁰ and the report on "Insecurity of Land Tenure, Land Law and Land Registration in Liberia"³¹. In carrying out this activity, the consultant shall ensure that the SESA consultation and participation activities are in line with the Consultation and Participation Master Plan (and Framework) of the REDD+ readiness process. The Consultant shall coordinate as needed with other teams assisting the government of Liberia in the implementation of this Master Plan.

National Validation Workshop

7. The Consultant will prepare a SESA work plan, which will include the SESA consultation and participation activities. The consultant will coordinate with the team in charge of the preparation of the REDD+ strategy options the preparation of the work plan to avoid duplications and ensure consistency of timelines in particular for consultation activities. The SESA work plan shall be subject to broad stakeholder validation in a national workshop. The validation workshop is crucial in defining the legitimacy of all subsequent stakeholder consultation and participation processes. Existing platforms and all key stakeholder groups related to forest management in Liberia should therefore be considered. Ample notice shall be given to relevant stakeholder groups and platforms which, as much as possible, shall nominate their own representatives to participate.

8. The workshop should be held at a place that is readily accessible to the stakeholder groups coming from different parts of the country. The format and facilitation of the workshop should

²⁹ For example, the National Forestry Forum and the County Forestry Forums have developed a platform for consultations on forestry issues in Liberia. The potential of using this platform for the SESA consultations should be assessed by the Consultant to ensure that the legitimacy of the C&P activities is not compromised.

³⁰ A Strategic Environmental Assessment for Implementation of the 3Cs of the Forest Reform Law 2006, Forestry Development Authority, published by the World Bank (September 2010), Washington DC.

³¹ World Bank 2008, Report No. 46134-LR, Environmental and Natural Resources (AFTEN), Africa Region.

also ensure that all stakeholders feel comfortable to voice their concerns and that all inputs are considered. Legitimacy and representativeness of stakeholder groups as well as feedback mechanisms for the SESA process are among the issues that should be discussed. Criteria for including new stakeholders in future consultation and participation activities would be also agreed as well as the rules to be followed to reach agreements in the course of SESA implementation. Views, comments and agreements from the validation workshop should be used by the consultants to finalize the SESA work plan. The plan shall then be publicly disclosed via the Executive mansion, EPA, FDA and Lingo websites. For reaching out to local communities a summary of the work plan will be communicated by radio in a culturally sensitive format.

Identification of key environmental and social issues

The Consultant will suggest key environmental and social issues in forest areas in Liberia to inform the selection of environmental and social priorities. The identification of key issues should be based on analytical work using spatial analysis, case studies and participatory rural appraisal methods. Spatial analysis will be applied in mapping and for overlaying different sets of information to identify critical areas of concentration of environmental and social issues. Case studies will be used to show opportunity costs of different land uses including environmental and ecosystems valuation. Case studies will also help to dig deeper into key issues, inter-sectoral linkages and potential trade-offs in key areas. Participatory rural appraisal would be the main vehicle for identifying key environmental and social issues at the community level. Most of data requirements are already available in Liberia. Relevant information sources are LISGIS, FDA and environmental NGOs. Primary data on forest cover for the Liberia reference scenario will be used in SESA forest mapping. The Consultant will generate primary data through consultations, case studies and participatory rural appraisal methods in selected forest communities.

For scoping key environmental issues in forest areas the following steps will be followed:

- 1.- Construction of a base map (first layer), using information on forest cover, river basins, water bodies, and salient biodiversity characteristics, including biodiversity hotspots and protected areas.
- 2.- Mapping of main economic activities in forest areas and surroundings including but not limited to logging, farming, agriculture, mining and tourism. The mapping will include information on geological provinces and main production projects under implementation or likely to be implemented in the following five years (second layer).
- 3.- Mapping of existing infrastructure and identification of proposed road, rail, and power projects under investigation or implementation (third layer).
- 4.- Superimposition of these three layers of information to define critical areas under potential environmental stress in forest areas.
- 5.- Looking deeper into specific environmental issues by using participatory rural appraisal methods and case studies agreed with EPA in consultation with FDA in selected communities and areas of interest.

Likewise, the following steps will be followed to scope for key social issues in forest areas:

- 1.- Construction of a base map (first layer) of communities in and around forest areas, including key demographic indicators such as number of inhabitants, gender and age structure, and ethnicity of the populations.
- 2.- Poverty and vulnerability map including income levels of the population (second layer).
- 3.- Mapping of access and land tenure rights that shall include concessions or other existing titling rights for natural resources such as tree tenure rights or extractive industries concessions or contracts such as mining (third layer).
- 4.- Superimposition of these three layers of information to define critical social issues in forest areas.
- 5.- Looking deeper into specific social issues by using rural appraisal methods and case studies to document critical interactions and synergy of these different social factors affecting sustainable forest management in Liberia.

Building on the evidence and results of these analyses, the consultant will produce a scoping report of key environmental and social issues in forests areas in Liberia. The report will

- i. identify environmental and social hotspots and discuss their main characteristics;
- ii. discuss in a sample of key forest areas land use trade-offs by analyzing the opportunity cost of conserving forests versus developing these areas into alternative land uses such as mining or agriculture; and,
- iii. analyze critical institutional, legal, regulatory, policy and capacity gaps underlying the key environmental and social issues identified.

The scoping report will inform the public consultations to be undertaken with key stakeholders for the selection of environmental and social priorities.

Selection of environmental and social priorities

In line with the consultation and participation plan of the SESA, the key environmental and social issues resulting from the mapping and analytical work shall be reviewed and prioritized by a representative sample of communities in the critical areas identified from the mapping exercise. Stakeholder engagement at this level shall be in the most widely spoken language of the area, as well as in Liberian English. The prioritization will then be validated at the regional level by community representatives, and the Community Forestry Development Committees (CFDCs), National Rural Women Networks and the Paramount Chiefs in the CFDC areas.

In parallel, institutional stakeholders identified in the SESA work plan such as research and academia, Environmental Protection Agency, Forestry Development Authority (FDA), Ministries of Agriculture; Gender and Development; Youth and Sports; Lands, Mining and Energy and Civil Society Coalitions on environment and natural resources management and the private sector will review and prioritize environmental and social issues through culturally sensitive means of consultation, like focus groups. A national workshop will be convened to discuss the results of the prioritization undertaken by the institutional stakeholders to reach a common set of priorities agreed by all institutional stakeholders at the national level (including the REDD+ Technical Working

Group and the FDA). The selected environmental and social priorities of institutional stakeholders and those of the forest communities will be reported either separately, if they are different from each other, or integrated into one set of priorities for the communities and institutional stakeholders, if they are similar or identical.

The Consultant will prepare a report on the selection of priorities by the SESA stakeholders. The report shall then be publicly disclosed by publishing it at the websites of the Executive Mansion, Forestry Development Authority, the World Bank and the EPA. It should also be published at the Lingo website and the infoshops of FDA as well as in the Talking Drum (www.thetalkingdrum.com).

Assessment of candidate REDD+ strategy options vis-à-vis previously defined priorities

The Consultant will assess the extent to which candidate REDD+ Strategy options address the previously defined' environmental and social priorities and take into account in their formulation the opportunity cost of forests. When the REDD+ strategy options address partially or do not address some of the priorities and/or are unresponsive to forest opportunity costs, the gaps will be identified and specific recommendations will be made to refine the REDD+ strategy options to close these gaps. In this way, priority environmental and social considerations and to some extent forest valuation will be integrated into the preparation of the REDD+ strategy. The expected output is revised REDD+ strategy options.

The revised REDD+ strategy options shall be assessed against the environmental and social impacts that they may induce or create during their implementation. These environmental and social impacts will be identified vis-a-vis the World Bank environmental and social safeguard policies. For example, one of the REDD+ strategy options may induce involuntary resettlement of forest communities and farmers located in a specific region of Liberia, which will activate World Bank OP 4.12. In such a situation, the Consultant shall provide recommendations to refine further the REDD+ strategy options in order to eliminate or minimize this risk. If some residual risk still remains, it will be dealt with in the Environmental and Social Management Framework (ESMF) prepared to manage risks during implementation of the REDD+ strategy.

Validation of the assessment

In coordination with and under the lead of the team in charge of preparing the REDD+ strategy, the refined REDD+ strategy options shall then be subjected to a national validation workshop. Coordination between the team in charge of the preparation of the REDD+ strategy options and the SESA team would be ensured by the REDD+ Technical Working Group. Participants from all key stakeholders should be invited to the national validation workshop including those whose work/livelihoods are likely to impact on or be impacted upon by the strategy options. Care should be taken to include women, migrant farmers and any otherwise marginalized groups in line with the consultation and participation plan of the SESA and the REDD+ strategy. The validation workshop should be organized in such a way that there will be parallel validation by the different key stakeholders, before a plenary session. This will empower "weaker" stakeholders by ensuring they can freely express and promote their views. Where necessary, a local dialect should be used in the stakeholder specific session, to allow for proper articulation of concerns by all key stakeholders.

Environmental and Social Management Framework (ESMF)

The Consultant will prepare an initial draft ESMF suitable for disclosure and public consultations that would involve the following minimum tasks:

- a) A description of the **indicative REDD-plus strategy option(s)**, its main social and environmental considerations, and the various risks involved in its implementation.
- b) An outline of the **legislative, regulatory, and policy regime** (in relation to forest resources management, land use, community customary rights, etc.) that the strategy will be implemented within, drawing from the information available from the Draft REDD+ Strategy to be provided by the REDD+ Technical Working Group.
- c) A description of the **potential future impacts**, both positive and negative, deriving from the project(s), activity(-ies), or policy(-ies)/regulation(s) associated with the implementation of the REDD+ strategy options, and the geographic/spatial distribution of these impacts.
- d) A description of the arrangements for implementing the specific project(s), activity(-ies), or policy(-ies)/regulation(s) with a focus on the procedures for (i) screening and assessment of site-specific environmental and social impacts; (ii) the preparation of time-bound action plans for reducing, mitigating, and/or offsetting any adverse impacts; (iii) the monitoring of the implementation of the action plans, including arrangements for public participation in such monitoring.
- e) An analysis of the particular institutional needs within the REDD+ implementation framework for application of the ESMF. This should include a review of the authority and capability of institutions at different administrative levels (e.g. local, district, provincial/regional, and national), and their capacity to manage and monitor ESMF implementation. The analysis should draw mainly from the REDD+ implementation framework of the Draft REDD+ Strategy.
- f) An outline of recommended capacity building actions for the entities responsible for implementing the ESMF.
- g) Requirements for technical assistance to public- and private-sector institutions, communities, and service providers to support implementation of the ESMF.
- h) An outline of the budget for implementing the ESMF.

The final draft ESMF suitable for inclusion in the R-Package will contain specific sections addressing the requirements of applicable World Bank safeguard policies, including as relevant:

- i. Environmental Management Framework (EMF) to address any potential environmental impacts, including cumulative and/or indirect impacts of multiple activities;
- ii. Involuntary resettlement and/or restriction of access to natural resources having adverse livelihood impacts (e.g. Process Framework);
- iii. Stakeholder engagement and dispute resolution framework; and

Consultation on and disclosure of the ESMF

The generation of a draft ESMF needs to be preceded by the preparation of the ESMF ToR for which inputs are solicited through their public disclosure. In putting together the draft ESMF, extensive stakeholder consultation shall be done, particularly in the critical areas as identified through the prioritization and mapping exercise. The draft document should also be subject to broad stakeholder consultations and inputs. Eventually, a representative sample of communities in the critical areas should be enabled to participate in a public hearing on the ESMF which should be held in a readily accessible community or district capital. Community-based organizations and NGOs operating in these areas should participate in the public hearing, which should also be held in the local dialect widely spoken in the specific area. Special efforts should be made to engage the Paramount Chiefs in the critical areas separately.

The SESA consultation and participation plan would include a special section on the consultation of the ESMF which should involve community and institutional stakeholders in a manner consistent with Liberian Law and the World Bank safeguard and disclosure policies. Copies of the document should be made available to the public through the websites of the Executive Mansion, EPA, FDA, World Bank, Lingo and the Talking Drum. It should also be available at the FDA infoshop. Hard copies should also be available at the offices of the EPA, FDA and the Counties of the identified critical areas. Copies should also be sent to relevant public sector institutions, NGO Coalition (on Environment and Natural Resources) and the private sector to solicit inputs and comments.

SESA Road Map and Estimated Budget

Table 1 below summarizes the main activities, deliverables, schedule and estimated budget for the implementation of the SESA process. Key intersection points with other activities of the REDD+ readiness package are also included.

Table 1. Liberia: SESA Road Map

| CODE | Activities | Institution / Organization Responsible | Time | Result Indicator (Deliverable) | Estimated Budget ('000 US\$) | Key intersections and comments |
|--------------|---|---|-------------|--|-------------------------------------|--|
| 1 | Start-up SESA | | | | | |
| 1.1 | Refinement of ToR | EPA (coordination with the TWG) | March 30 | Annex ToR in the Assessment Note | Not Applicable (NA) | |
| 1.2 | Hiring of Consultants | | | | | A consortium of local and international consultants is recommended |
| 1.2.1 | Request for Proposals | FDA - EPA (coordination with the TWG) | Month 1 | Public bid issued | 5 | Ensure consistency of timing and deliverables with the RFP for the REDD+ readiness package |
| 1.2.2 | Short listing and bid evaluation | FDA - EPA | Month 5 | Evaluation report | 1 | C&P task force that includes representatives of FDA, EPA and civil society will be involved in this activity |
| 1.2.3 | Awarding of contract | FDA - EPA | Month 6 | Signed consultancy contract | NA | Civil society through TWG will advice FDA - EPA |
| 1.3 | SESA consultation & participation plan | | | | | |
| 1.3.1 | Gap assessment of stakeholder analysis | Consultant (coordination by the TWG) | Month 7 | Inception Report submitted to EPA for review and clearance | 15 | SESA C&P activities should be compatible with existing C&P master plan and coordinated with |
| 1.3.2 | Refinement of SESA | | | | | |

| | | | | | | |
|--------------|---|------------------------------------|----------------|--|----|--|
| | consultation & participation (C&P) activities and formulation of SESA work plan | | | | | consultation activities for the REDD+ strategy. The SESA TWG would be responsible for ensuring this coordination takes place. |
| 1.4 | Validation of SESA Work Plan | | | | | |
| 1.4.1 | Organization of National Workshop | EPA through the consultants | Months 8 and 9 | Invitation and agenda issued | 50 | - Includes participation of relevant institutional stakeholders and community-level representatives of bodies such as district and local level forest associations, community based forest management committees, and counties |
| 1.4.2 | National workshop and reporting | | | Workshop report | | |
| 1.4.3 | Finalization of SESA Work Plan | Consultant | | Final SESA Work Plan that includes C&P SESA activities and activities to be coordinated with the REDD+ strategy options team | 5 | |
| 1.4.4 | Disclosure of SESA Work Plan | EPA/FDA | | - Plan published in relevant websites and FDA infoshop - Radio announcement of Plan summary | 5 | Communication of the Plan at the local level will be coordinated with the communication team of the REDD+ readiness process |
| 1.5 | Scoping of Key E&S issues | | | | | |
| 1.5.1 | Gathering and technical validation of available | Consultant / FDA - EPA | Months 10 -16 | Progress report | 20 | |

| | | | | | | | |
|--------------|--|------------------------|----------------|--|-----|--|--|
| | spatial data on - environment and, - social issues | | | | | | |
| 1.5.2 | Spatial mapping of - forest, biodiversity hotspots, river basins, main infrastructure projects - forest dependent communities, activities undertaken in forest areas, use and access rights to forest and land | | | A GIS data base and progress report that includes maps and key environmental and social issues | 150 | - Key intersection point with preparation of reference scenario - Update of data on forests canopy mapping will be undertaken through a separate contract -Include community based participatory mapping as needed | |
| 1.5.3 | Case and valuation studies in selected forest areas | | | Case studies reports | | | |
| 1.5.3 | Report on key environmental and social issues | | | Report submitted | 40 | | |
| | | | | | | | |
| 1.6 | Prioritization of E&S issues | | | | | | |
| 1.6.1 | Review and prioritization by selected communities in critical areas | Consultant / EPA – FDA | Months 17 – 19 | Community consultation report | 100 | | - Key intersection point to coordinate consultations with the REDD+ strategy options |
| 1.6.2 | Regional validation by community representatives | | Month 20 | Regional validation report | 50 | Likely to be workshops | |
| 1.6.3 | Review and prioritization by institutional stakeholders | | Months 21-22 | Institutional consultation report | 30 | Likely to be focus groups | |

| | | | | | | | |
|-------|--|------------------------------|------------------|---|----|---|---|
| 1.6.4 | Institutional stakeholders workshop | | | Institutional prioritization report | 5 | | |
| 1.6.4 | Report on E&S priorities | Consultant | Month 23 | SESA Prioritization report | 15 | | |
| | | | | | | | |
| 1.7 | Assessment | | | | | | |
| 1.7.1 | Gap analysis of REDD+ candidate strategy options vis-à-vis E&S priorities | Consultant / EPA - FDA | Months 24 and 25 | Progress report | 20 | | SESA consultants coordinate with REDD+ strategy consultants |
| 1.7.2 | Refinement of REDD+ candidate strategy options | | | | | | |
| 1.7.3 | Assessment of other E&S risks associated with refined candidate strategy options | | | | | 30 | |
| 1.7.4 | Assessment report on candidate REDD+ strategy options | Consultant of REDD+ Strategy | Month 26 - 27 | REDD+ Strategy options | NA | - Report and consultation to be carried out by REDD+ strategy consultants | |
| 1.7.5 | Stakeholder validation of REDD+ strategy options | | | | | | |
| | | | | | | | |
| 1.8 | Environmental and Social Management Framework | | | | | | |
| 1.8.1 | WB Safeguards Policies Triggered R-PP level | WB | Month 0 | Updated Integrated Safeguards Data Sheet (ISDS) | NA | | |
| 1.8.2 | Preparation, disclosure | EPA - FDA | Month 16 | ToR | NA | | |

| | | | | | | |
|--------------|------------------------------------|-----------------------|---------------|--|-----|---|
| | and refinement of ToR | | -19 | | | |
| 1.8.3 | Draft ESMF | Consultant | Month 20-26 | | 60 | |
| 1.8.4 | Consultation of Initial Draft ESMF | Consultant | Month 27-29 | Draft ESMF report and consultation report | 150 | <ul style="list-style-type: none"> - Key intersection to coordinate with consultations to validate final REDD+ Strategy - Includes consultation with selected local communities and at the regional and national levels |
| 1.8.5 | Final Draft ESMF | Consultant | Month 31 | Final draft ESMF | 20 | - Input to REDD+ Package |
| 1.8.6 | SESA report | Consultant | Months 32 -33 | SESA Report | 20 | - Integrates all previous reports including Final Draft ESMF |
| 1.8.7 | Disclosure of ESMF | EPA / Bank (Infoshop) | Month 33 | Publication in relevant websites, and FDA and WB infoshops | 5 | Executive summaries sent to counties |

Composition of SESA Team

The SESA process will be undertaken by a consortium made up of members of an international consulting company and of a Liberian consulting company or local NGO. The international consultant company should lead the SESA's analytical work, have proven experience in applying World Bank safeguard policies and be responsible for the quality control of the whole SESA process. The local consultant is expected to lead the consultation and public participation process and contribute to SESA's analytical work.

The minimal technical expertise required for the SESA will include the following:

1. **Team leader** should have proven experience in leading sector or national reviews or assessments of public policies or development strategies. At least 15 years' experience, of which 10 years are relevant experience in developing countries, is required. This expert should have at least 2 years of experience in Western African countries. Experience in Liberia is desirable. S/he must have academic training in natural resources management, environmental or social sciences. Experience in SEA or SESA is desirable.
2. **Natural resource/forestry specialist** should have at least 10 years of experience in forest management, including timber and non-timber projects. At least two years of experience in forestry projects in Liberia is required. Knowledge on the legal, regulatory and institutional framework of natural resources in Liberia including mining and agriculture is desirable.
3. **Social development specialist** should have at least ten years of experience on forest communities and indigenous peoples. Familiarity with social issues associated with forests in Africa and the World Bank social safeguard policies is required. At least three years of experience in Western Africa is required including experience in applying participatory rural appraisal. Experience in Liberia is desirable.
4. **Stakeholder engagement specialist** should have at least five years of experience in Liberia. Proven knowledge of stakeholders at the national, regional and local level on forest and land use in Liberia is required. S/he may know at least one local language or dialect widely spoken by rural communities in Liberia.
5. **Environmental Specialist** should be able to cover all environmental issues of the project. S/he may have at least 10 years of experience in environmental assessment in developing countries. Familiarity with environmental issues associated with forests in Africa and the World Bank environmental safeguard policies is required. Experience in environmental valuation is desirable. Priority will be given first to experience in Liberia and then in developing countries.
6. **Mapping specialist** should be able to cover all mapping requirements of the SESA. Experience of at least 5 years and proven experience on mapping and GIS techniques is required.

All members of the team should be fluent in English. Specific technical inputs on legal, infrastructure development projects, gender and environmental and natural resources valuation should be provided by the Consultant as needed.

Annex IV

CONSULTATION AND PARTICIPATION PLAN

This Master Plan was designed during the formulation phase of the R-PP. This will be the umbrella plan for the coordination of the consultation processes included in Component 1 of the proposed grant. However, it goes beyond the FCPF support and will serve its purposes for the whole R-PP.

Goals of the Consultation and Participation Plan

- Increased Awareness
- Participatory Decision Making
- Involvement in Implementation
- Integration with safeguard measures (SESA)

Objectives of Consultation and Participation Plan

- Collective ownership of the process to develop strategies that reduce emissions through deforestation & forest degradation and to support conservation, sustainable forest management and the enhancement of forest carbon stocks
- Better understanding of REDD+ by all stakeholder groups

Specific Objectives

- Establish a channel through which beneficiaries can access information and participate in the design and implementation of REDD activities
- Improve the quality of decision-making processes
- Promote the development of regulatory frameworks that are socially inclusive and transparent
- Promote equitable outcomes of REDD policies
- Increase the chances that forest-dependent & other forest dwellers benefit from the revenues from REDD

Key Stakeholders

- Government agencies (national, county, local)
- Law enforcement agencies such as police & prosecutors
- Private sector (loggers, energy producers, industry, etc.)
- Civil Society Organizations
- Vulnerable groups (women, youth³², etc.)

32 Whether forest management processes are _ sustainable and contribute to peace, security and long-term

- Local communities, farmers who depend on forests for livelihoods
- Development Partners

List of Ministries and Public Agencies

- Ministry of Health and Social Welfare; Ministry of Education; Min of Lands, Mines & Energy; Ministry of Internal Affairs; Ministry of Agriculture; Ministry of Gender and Development; Ministry of Planning and Economic Affairs; Forestry Development Authority; Environmental Protection Agency; Ministry of Justice; Ministry of Labor; Ministry of Information; Ministry of Finance; Ministry of Foreign Affairs; Ministry of Youth & Sports; Ministry of Commerce; Standing Committee on Forestry & Agriculture; FDA (FMAC & FDA Board); Investment Commission; Lands Commission
- Research and Academia

Civil Society Groups

- Media; Federation of Liberian Youth (FLY); Paramount chiefs & Traditional Rulers (Council); Religious Councils; National Rural Women Structure; National NGOs; International NGOs; Community-Based Organizations

Trade Associations

- Transport Union; Marketing Association; Teachers Association; Charcoal and fuel wood Producers Association; Agriculture cooperatives

Private Sector

- Pit Sawyers; Traders in pit-sawn lumber; Small Scale Carpenters; Liberia Timber Association; Liberia Loggers Association; Forest Concessionaires; Oil palm Producers; Cottage Industries; Mining Companies (both large and artisanal)

Stakeholders

The following table outlines the key stakeholders who will be consulted and prioritized for participation as part of this plan. It also outlines those categories of stakeholders who will require additional support in order to be able to effectively participate in the process.

development will depend on their success in incorporating and benefiting Liberia's youth. Community and Commercial forestry constitute one of the largest opportunities for youth employment.

Support required, by different stakeholders, to enable participation.

| Stakeholder Category | Support required for participation |
|-------------------------|--|
| National Government | Technical support for drafting and implementation of the R-PP Financial commitments for drafting and implementation of the R-PP Capacity building for lead agencies at national and county levels that will be involved in implementing R-PP processes and managing REDD+ on the ground |
| Forest Dependent People | Logistical support (including transport, lodging, etc.) to attend R-PP workshops Financial support to be able to allow sustained participation in both R-PP dialogue and REDD+ activities in their communities Capacity building / training on technical REDD+ activities (participatory carbon stock/ biomass assessment, MRV, BSM, training of trainers and forest protection) |
| Civil Society Groups | Logistical support (including transport, lodging, etc.) to attend R-PP workshops Financial support to be able to allow sustained participation in both R-PP dialogue and REDD+ activities in their communities Capacity building / training on technical REDD+ activities (participatory carbon stock/ biomass assessment, MRV, BSM, training of trainers and forest protection) |
| Research and Academia | Ensuring that academic institutions have the necessary knowledge of REDD+ and R-PP to promote engagement of faculty, students and the communities where they live |
| Trade Associations | Training / awareness raising on the value of REDD+ and R-PP procedures to ensure participation and eventual behavior change post the R-PP |
| Private Sector | Training / awareness raising on the value of REDD+ and R-PP procedures to ensure participation and eventual behavior change post the R-PP |
| Other possible groups | As for forest dependent people, above |

Key issues to address during consultation and participation

Fundamental REDD+ issues; impacts and risks

Based on the REDD+ Strategy options and already identified issues affecting land use, benefit sharing and forestry, the following issues will be key discussion topics:

- Current status of national forests
- Previous and current policies to halt deforestation and forest degradation

- Main causes and drivers of deforestation and forest degradation
- Proposed REDD+ strategies

The economic, social and environmental impacts of REDD+ and the mitigation of risks:

- Land tenure and land use rights
- Ownership of carbon and trees
- Equitable distribution of revenues
- Issues of forest governance
- Institutional, policy and regulatory frameworks
- Opportunity costs of land use
- Interest of forest dependent people and forest dwellers
- Existing and future monitoring systems to keep track of forests and forest emissions
- Inclusive participation in the design and implementation of REDD strategies

Additionally, the consultation and participation process will address the following issues which emerged during previous information sharing and dialogues workshops / meetings:

- Is REDD+ another way to further prevent forest communities from adequately using forest resources for their livelihood?
- How does REDD+ influence rural communities especially when it is perceived that they will not have access to the forest?
- Stakeholders expressed lack of adequate information regarding how the forest can sustainably be used to ensure that it remains intact for future generations;
- What can communities do to positively reduce the impact of climate change from deforestation and forest degradation in Liberia;
- What options can communities practice as alternative to shifting cultivation, clear felling of forest, bush burning in their farming system;
- What means does the government have to disseminate the information to other forest dwellers that are not present in these workshops?
- The Consultation and Participation Task force should be able to go to their villages and towns to share information with more people, especially those whose livelihood have been identified as driver of deforestation and degradation;
- What will FDA do to discourage charcoal producers and pit-sawyer from destroying the forest;
- Can REDD+ really help to stop climate change or are developed countries using REDD+ to shy away from their responsibility to reduce greenhouse gas emissions?
- If benefit sharing mechanisms in the current forest concessions agreement are not clear yet, how would REDD+ benefit sharing be different?
- Would there be issues of resettlement under REDD+?
- Sufficient time should be given to village and local level consultation;

- Hard copies of presentations and information should be sent to localities prior to consultation for internal discussions and more active participation
- Will private deeded land be considered under the REDD+ Regime?
- What will the government do any land owner that refuse for their forest land to use for REDD+ activities?
- Some people are coming into our communities talking about REDD+ and Carbon Credit, are they the same or not?
- What additional plans REDD+ have to consider the voices of women, youth and vulnerable forest dependents?

For Information Sharing

- What is REDD+
- Incentives from REDD
- Forest Governance
- Potential REDD projects and activities

Consultation on REDD+ Strategies (Policy level – linked to SESA)

- How to address deforestation and degradation?
- What policies and in which sectors should be implemented?
- What is working and what is not presently?
- How to address governance challenges?
- Who is benefitting from current forest uses?

Consultation on Specific Activities (linked to EIA)

- How benefits and costs of a specific activity will be distributed?
- How to mitigate eventual negative impacts?

Institutional Arrangements for Consultation and Participation- Use existing structures and processes

- **Community level** - e.g. Community Assembly as provided for by the Community Rights Law, Coalition of CBOs , Community Youth and Sport clubs, Community Based Forest Forums, Rural Women Structures.
- **County level** - County structures such as County Forestry Development Committees (CFDCs), County Law Makers Caucus, County Development Officers (CDOs), County Forestry Forums, Local NGOs.
- **National levels** - such as National Forestry Forum, Benefit Sharing Trust Committee, NGO Coalition, Liberia Media Initiative, Traditional Councils and Councils of Religious Bodies, INGOs, National Parliament, Association of Female Lawyers of Liberia (AFELL), Liberian BAR Association, Association of Liberian Journalists, VPA Platforms.

Responsible agencies (in reverse order of authority)

- Consultation and Participation Task Force
- REDD Technical Working Group
- National Climate Change Secretariat

Steps for Consultation and Participation

Different Consultation Groups may be constituted for specific issues:

Synthesis and Consultation

1. Analysis, Preparation and Consultation to define Strategy
 - Awareness Raising
 - Analysis of Existing Knowledge
 - Expert Consultations
2. Preparation of a Synthesis of the proposed aspects of REDD+ Strategy
3. Broad Stakeholder Consultation and Inputs
4. Resulting increased awareness of REDD+, its challenges and opportunities
5. Final Selection of:
 - REDD+ Strategy
 - Pilot Projects

Piloting and Testing

1. Goal: Establishment of Institutions, Legislation and Operational Plan
2. Proposed Steps/Activities
 - Continued awareness raising
 - Pilot Projects
 - On-going Review of Pilot Projects
 - Stakeholder-led & Focus Group Consultation on Legal and Institutional Changes

Becoming 'REDD Ready'

- Consultation and Validation of Comprehensive National REDD+ Strategy
- Broad stakeholder consultations on Policy Design and Implementation
- Mechanisms for Conflict Resolution
- Monitoring and Evaluation Mechanisms

Grievance and complaints handling mechanism

- Standard operating procedures will be developed for a grievance and complaints handling mechanism for the project.
- A complaints handling system will be established based on input from key stakeholders about the most appropriate mechanism to be established. Options include: postal systems, SMS messaging call centre, hosted call centre and email system.

Mechanisms for Conflict or Dispute Resolution

1. Local (community) level:

- Palava hut discussions (Chiefs, Landlords, Zoes and Elders)
- Poro and Sande Societies levels (Zoes and Chiefs)
- Family to family (Heads of family)
- Religious Institutions (Churches and Mosques)
- Community Police

2. County level:

- Magisterial courts
- Religious Institutions (Churches and Mosques)
- Palava hut discussions (County Officials, Chiefs, Landlords, Zoes and Elders)
- National level (involving head of national institutions / ministries as mediators and decision makers)
- Legal (Court) system
- Mediations through Traditional and Religious Councils/Groupings
- Lands Commission
- NCCS
- RTWG

3. National level

- Legal (Court) system
- Mediations through Traditional and Religious Councils/Groupings

4. Lands Commission

- NCCS
- RTWG

These systems relate to mechanisms already established for resolving disputes in Liberia. However, there is a need to further explore ideas for how grievances will be handling, including: How do these existing systems function? Are there specific processes that could be established to resolve grievances related to REDD+ in particular?

Possible actions to be developed as part of the national REDD+ strategy and implementation:

- In order to ensure independence a legal aid organization could be supported to handle disputes at the first instance.
- Capacity building may need to be provided to the legal aid organization.
- As local communities tend to trust traditional dispute resolution mechanisms, these should be prioritized for the resolution of intra or inter-community disputes.

Ensuring meaningful participation

The following table summarizes key activity of decision making stages and which stakeholder category(s) will be involved in which activity or decision making stage.

Project activity and stakeholder involvement

| Key activity or decision | Stakeholder group | | | | | | |
|---|-------------------|-----------|-------------------|--------------|-----|-----|----------------|
| | Community | Local GoL | Country level GoL | National GoL | CSO | NGO | Private sector |
| a) Establishing baselines (carbon inventory and socio-economic) | X | X | X | X | | X | |
| b) Setting up the MRV | X | X | X | X | | X | |
| c) Impact assessments/ SESA | X | X | X | X | X | X | |
| d) Designing the BSM | X | X | X | X | X | X | |
| e) Land tenure arrangements | X | X | X | X | X | X | |
| f) Legal review and provisions | | | X | X | X | X | X |
| g) REDD+ market and management plan(s) | X | X | X | X | X | X | X |

Annex V: Documents in Project Files

- Forest Carbon Partnership Facility website. <http://www.forestcarbonpartnership.org/fcp/>
- James, Smyle. Liberia Forest Sector Diagnostic. Final Draft. April, 2012.
- Liberia Country Assistance Strategy – Completion Report. Draft document. March 31, 2012.
- Readiness Preparation Proposal (R-PP) for Country: Republic of Liberia. Approved: Resolution PC/9/2011/2. March 19, 2012. Forest Carbon Partnership Facility (FCPF). United Nations REDD Programme (UN-REDD)
- The World Bank. Bank Management Response to Request for Inspection Panel Review of the Liberia: Development Forestry Sector Management Project. (Trust Funds Nos. TF057090-LR; TF096154-LR; AND, TF096170-LR)
- The World Bank. Windows of Opportunity for Liberia's Forestry Sector. Results of the Poverty and Social Impact Analysis (PSIA) of Liberia's Forest Sector Policy Reforms. CONFIDENTIAL DRAFT. March, 2012
- The World Bank. AfT_Pillar Summary Tables as Roadmap for JCPS_Updated April 16. Working paper.

Annex VI: R-PP Submitted by the REDD Country Participant
(Included in a separate file)

Annex VII: Draft Grant Agreement for REDD+ Readiness Preparation (if available)
(Included in a separate file)