

Document of
The World Bank

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ASSESSMENT NOTE

ON A

PROPOSED ADDITIONAL GRANT

IN THE AMOUNT OF US\$5.0 MILLION

FROM THE FOREST CARBON PARTNERSHIP FACILITY

TO THE

REPUBLIC OF LIBERIA

FOR

REDD+ READINESS PREPARATION SUPPORT

JULY 15, 2015

ENVIRONMENT & NATURAL RESOURCES GLOBAL PRACTICE
AFRICA REGION

This document is being made publicly available after Readiness Preparation Grant signature. This document may be updated as needed and the updated document will be made publicly available in accordance with the Bank's policy on Access to Information.

Republic Of Liberia - GOVERNMENT FISCAL YEAR
July, 1 – June 30

CURRENCY EQUIVALENTS
(Exchange Rate Effective as of May 5th, 2015)

Currency Unit = Liberian Dollar
US\$1.00 LR\$92.5

ABBREVIATIONS AND ACRONYMS

BioCF	Bio Carbon Fund
BP	Bank Procedures
CCBA	Climate, Community and Biodiversity Alliance
CSO	Civil Society Organization
EIA	Environmental Impact Assessment
EPA	Environmental Protection Agency
ER	Emission Reduction
ERPA	Emission Reduction Purchase Agreement
ESMF	Environmental and Social Management Framework
FAO	Food and Agriculture Organization
FCPF	Forest Carbon Partnership Facility
FDA	Forest Development Authority
FGRM	Feedback Grievance Redress Mechanism
FLEGT	Forest Law Enforcement, Governance and Trade program
FIP	Forest Investment Program
FY	Fiscal Year
GDP	Gross Domestic Product
GEF	Global Environmental Facility
GHG	Greenhouse Gas
GIS	Geographic Information Systems
GoL	Government of Liberia
GoN	Government of Norway
HDI	Human Development Index
IDA	International Development Association
LEITI	Liberia Extractive Industry Transparency Initiative
LISGIS	Liberia Institute for Geo Statistics and Information Services
LoI	Letter of Intent
M&E	Monitoring and Evaluation
Mha	Million hectares
MTR	Mid-Term Report
MRV	Measurement, Reporting and Verification
NAMA	Nationally Appropriate Mitigation Action
NCCS	National Climate Change Secretariat
NCCSC	National Climate Change Steering Committee
NGOs	Non-governmental Organizations
NORAD	Norwegian Agency for Development Cooperation
ODA	Official Development Aid

OP	Operational Policy
PC	Participants Committee
PF	Process Framework
PMF	Performance Measurement Framework
PSIA	Poverty and Social Impact Assessment
REDD+	Reduce emissions from deforestation and forest degradation, and foster conservation, sustainable management of forests, and enhancement of forest carbon stocks
REL/RL	Forest reference emission level/reference levels
RIU	REDD+ Implementation Unit
RPF	Resettlement Policy Framework
R-PP	REDD+ Readiness Preparation Proposal
RSA	Rapid Social Assessment
RTWG	REDD+ Technical Working Group
SES	Social and Environmental Standards
SESA	Strategic Environmental and Social Assessment
SIS	Safeguard Information System
TOR	Terms of Reference
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
UN-REDD	United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation
USAID	United States Agency for International Development
VPA	Voluntary Partnership Agreement
WBG	World Bank Group

Vice President:	Makhtar Diop
Country Director:	Henry Kerali
Global practice Senior Director:	Paula Caballero
Practice Manager:	Magda Lovei
Task Team Leaders:	Paola Agostini/ Neeta Hooda

ADDITIONAL FUNDING DATA SHEET

Liberia

REDD+ Readiness Preparation Support (P124073)

AFRICA

GENDR

Basic Information - Additional Funding (AF)	
Country Director: Henry Kerali	Sectors: ENR
Practice Manager/ Senior GP Director:	Themes: Forestry, Climate Change
Magda Lovei/ Paula Caballero	Environmental category: B- Partial
Team Leader: Paola Agostini	Assessment
Project ID: P124073	Expected Closing Date: 1/15/2019
Expected Effectiveness Date: September 21, 2015	Joint IFC: No
Lending Instrument: Grant	
Additional Funding Type: Funding Gap	
Basic Information - Original Activities	
Project ID: P124073	Environmental category: B- Partial
	Assessment
Project Name: REDD+ Readiness Preparation Support	Expected Closing Date: May 30, 2016
Joint Level:	Joint IFC:
Lending Instrument: Grant	Fragility or Capacity Constraints []
	Financial Intermediary []
	Series of Projects []
AF Project Financing Data	
<input type="checkbox"/> Loan <input type="checkbox"/> Credit <input checked="" type="checkbox"/> Grant <input type="checkbox"/> Guarantee <input type="checkbox"/> Other:	
Proposed terms:	
AF Financing Plan (US \$m)	
Source	Total Amount (US \$m)
Total Project Cost:	5.0
Borrower:	
Total Bank Financing:	
IBRD	
IDA	
New	
Recommitted	
Others: FCPF	5.0
Client Information	
Recipient: Ministry Of Finance Responsible Agency: Forest Development Authority Contact Person: Harrison S. Karnwea Telephone No.: +231-886-513358 Fax No.: N/A Email: hkarnwea@yahoo.com	

AF Estimated Disbursements (Bank FY/US\$m)				
FY	2016	2017	2018	2019
Annual	0.8	2.7	1.0	0.5
Cumulative	0.8	3.5	4.5	5.0
Is approval of any policy waiver sought from the Board (or MD if RETF operation is RVP approved)? Has this been endorsed by Bank Management? (<i>Only applies to Board approved operations</i>) Does the project require any exception to Bank policy? Has this been approved by Bank Management?			[<input type="checkbox"/>]Yes [X] No	
			[<input type="checkbox"/>]Yes [<input type="checkbox"/>] No	
			[<input type="checkbox"/>]Yes [X] No	
			[<input type="checkbox"/>]Yes [X] No	
Team Composition				
Name	Role	Title	Unit	
Paola Agostini	Team Leader (ADM Responsible)	Lead Environment Specialist	GENDR	
Neeta Hooda	Team Leader	Senior Carbon Finance Specialist	GCCGT	
Sachiko Kondo	Team Member	Natural Resources Mgmt. Spec.	GENDR	
George Campos Ledec	Safeguards Specialist	Lead Ecologist	GENDR	
Robert A. Robelus	Safeguards Specialist	Consultant	GENDR	
Demba Balde	Safeguards Specialist	Senior Social Development Specialist	GSURR	
Mei Wang	Counsel	Senior Counsel	LEGAM	
Charles Taylor	Procurement Specialist	Consultant	GGODR	
Saidu Dani Goje	Financial Management Specialist	Financial Management Specialist	GGODR	
Ana Maria González Velosa	Team Member	Consultant	GENDR	
Anders Jensen	Team Member	Senior Monitoring & Evaluation Specialist	GPSOS	
Nevena Ilieva	Team Member	Senior Operations Officer	GENDR	
Nicholas Meitaki Soikan	Team Member	Social Development Specialist	GCCGT	
Erik Reed	Team Member	E T Consultant	GENDR	
Steven Jay Silverstein	Team Member	Consultant	GENDR	
Yesmeana N. Butler	Team Member	Program Assistant	GENDR	
Yeyea Gloria Kehleay Nasser	Team Member	Team Assistant	AFMLR	

Institutional Data				
Practice Area (Lead)				
Environment & Natural Resources				
Contributing Practice Areas				
Climate Change CCSA				
Cross Cutting Topics				
[X] Climate Change				
[X] Fragile, Conflict & Violence				
[X] Gender				
[X] Jobs				
[] Public Private Partnership				
Sectors / Climate Change				
Sector (Maximum 5 and total % must equal 100)				
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Agriculture, fishing, and forestry	Forestry	80	30	70
Agriculture, fishing, and forestry	General agriculture, fishing and forestry sector	20	30	70
Total		100		
<input type="checkbox"/> I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.				
Themes				
Theme (Maximum 5 and total % must equal 100)				
Major theme	Theme	%		
Environment and natural resources management	Environmental policies and institutions	30		
Environment and natural resources management	Other environment and natural resources management	30		
Environment and natural resources management	Climate change	20		
Environment and natural resources management	Biodiversity	20		
Total		100		
Private Capital Mobilized		No		

LIBERIA

ADDITIONAL REDD+ READINESS PREPARATION SUPPORT

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3. Detailed Description of Project Activities
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I. Introduction

1. This paper seeks the approval to provide an additional funding grant from the Forest Carbon Partnership Facility (FCPF) in the amount of US\$5 million to the Republic of Liberia for REDD+ Readiness Preparation Support (P124073).
2. The proposed Additional Funding for REDD+ Readiness builds on the REDD+ readiness activities already launched, consolidates and strengthens achievements and completes aspects of REDD+ readiness that have not yet been completed. The additional funding appropriately complements WBG's operations in Liberia, and has direct implications for successfully implementing forthcoming operations that are part of the Liberia Forest Sector Program (US\$150 million)—supported by the partnership established between the Government of Liberia and the Government of Norway¹²—that will result in tangible Greenhouse Gas (GHG) Emission Reductions (ERs).
3. The proposed additional funding will strengthen national REDD+ management arrangements, strengthen platforms for civil society engagement at the national and county level, strengthen country level structures, finalize the national REDD+ strategy, design an emissions reductions program, develop a reference emissions level and support the development of measurement, reporting and verification system.
4. The proposed changes for the additional funding are: (i) modification of sub-components to address the aspects of REDD+ readiness that are less advanced; (ii) addition of new activity indicators, and modification of the results framework to reflect aspects of REDD+ readiness that could now be addressed; (iii) extending the closing date of REDD+ readiness activities; and (iv) updating safeguards policies that are not to be triggered.

II. Background and Rationale for Additional Funding in the amount of US\$5 million.

5. When Liberia prepared the Readiness Preparation Proposal (R-PP) in 2012, the total budget estimate for the REDD+ Readiness process was nearly US\$8 million, and a grant of US\$3.6 million (the original grant) was approved. A Mid-Term Report (MTR) was prepared and submitted by the Forest Development Authority to the Forest Carbon Partnership Facility (FCPF) in August 2014 detailing specific progress made on REDD+ readiness in Liberia, largely under the support of the US\$3.6 million grant from the FCPF. The MTR also outlined the gaps that still need to be addressed, justifying the need for additional funding. *Table 1: Progress on REDD+ Readiness by RPP component* below summarizes the progress and needs outlined in the MTR. At the FCPF Participants Committee (PC) at its 18th meeting held in October-November 2014 in

¹ The operations identified so far include: 1. Rubber Replanting (US\$5 million jointly implemented with IFC); 2. Forest Sector Project (US\$50 million under preparation); 3. Results Based Payments (US\$80 million under identification); 4. General Budget Support Operation (US\$5-15 million).

² The purpose of the partnership is: (i) supporting the development and implementation of Liberia's REDD+ strategy to ensure significant net reductions in greenhouse gas emissions from deforestation and forest degradation; (ii) contributing to sustainable development in Liberia through protecting natural forests, restoring degraded lands, and developing Liberia's agricultural sector; and, (iii) working together to support progress on global efforts regarding climate change and sustainable development in general and REDD+ in particular

Arusha, Tanzania the PC allocated up to US\$5 million to Liberia to continue with the REDD+ readiness process.

6. Many REDD+ readiness activities were initiated with the US\$3.6 million grant but progress was slowed for a significant period in 2014–2015 due to the Ebola crisis. The US\$3.6 million grant was extended by 10 months to account for the delay caused by the crisis. Despite this Liberia strategically advanced the national REDD+ process and activities have now resumed rapidly. The activities to be supported through additional funding and the US\$3.6 million grant will need close coordination and are developed in complement to one another and careful attention to avoid overlap. Through the support of both grants (US\$3.6 million and additional funding of US\$5 million) Liberia will be able to submit its Readiness Package by 2018. These activities also coincide with the preparation of the forest sector investment project in focusing on strengthening capacity and institutions for more effective implementation of investments that are socially and environmentally sound. Annex 2 provides a table of the activities carried out under the different grants and the synergies between the different investments.

7. Even with the delays resulting from the Ebola crisis the US\$3.6 million grant is being successfully implemented, with over US\$3.3 million committed. The additional funding will be used to develop key aspects of Liberia's capacity and institutions that are considered important for REDD+ but also for effective natural resources management that is balanced with sustainable development. The FCPF is one of the few sources of funding for supporting readiness activities and the resources dedicated to these activities can be considered as a catalyst for future investments.

Table 1: Progress on REDD+ Readiness by RPP component from the Mid-Term Report as submitted to the FCPF

Components (Sub Components in RPP)		Progress Status
1.	Organize and Consult	Significant Progress
	1a. National Readiness Management Arrangements	Significant Progress
	1b. Stakeholder Consultation, Participation and Information Sharing	Process Initiated
2.	Preparation of the REDD+ Strategy	
	2a. Assessment of Land Use, Forest Policy and Governance	Significant Progress
	2b. REDD+ Strategy Options	Significant Progress
	2c. REDD+ Implementation Framework	Process Initiated
	2d. Social and Environmental Impacts	Process Initiated
3.	Develop Reference Emission/Reference Level	Process Initiated
4.	Monitoring Systems for Forests and Safeguards Design, Measures	Process Initiated
	4a. Emissions and Removals	Not Yet Demonstrating
	4b. Other Benefits and Impacts	Significant Progress
6.	Monitoring and Evaluation	Initiated

Country and Sectoral Context

8. Liberia is endowed with abundant natural resources; but governance issues and social inequality have engendered poverty, conflicts, and low human development. Liberia contains approximately 4.3 million hectares (Mha) of lowland tropical forest that comprises 43 percent of the remaining Upper Guinea forests of West Africa, which extend from Guinea to Togo. Due to fourteen (14) years of civil unrest, much of Liberia's economy, physical infrastructure, and institutional capacity; social, political, economic, and governance systems were destroyed. Most

of Liberia's rural population remain dependent on forests and their various products and ecosystem services. 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.

9. In recent years, forests have been recognized for their role in mitigating climate change through carbon sequestration. Reducing Emission from Deforestation and Forest Degradation, and enhancing forest carbon stock (REDD+) in developing countries has been emerging as a new performance based instrument under the United Nations Framework Convention on Climate Change (UNFCCC) negotiations. The instrument aims to mitigate climate change effects by cutting greenhouse gas emissions originating from the destruction of forests.

10. The Readiness Preparation Proposal (R-PP) prepared by the Government of Liberia (GoL) in 2012 identifies a broad set of activities to support the country in strengthening technical and institutional capacities to participate in a REDD+ mechanism. For the development of REDD+ Readiness it is imperative to set up the appropriate institutions and developing adequate capacity to ensure that the next phases of this program are well implemented and transformational in Liberia. Achieving the key aspects of REDD+ Readiness, supported by this grant, will culminate in the preparation of the Readiness Package (R-Package)³ incorporating details of all readiness activities undertaken to achieve key milestones.

11. The REDD+ Readiness together with the Forest Sector Program are key steps in the Government of Liberia's longstanding commitment to reform the forest sector following a "Three C's (3Cs)" approach that aims to balance and integrate community, commercial, and conservation as enshrined in the 2006 National Forestry Reform Law. A "fourth C" is effectively being integrated into this approach to include carbon uses of the forests and conduct efforts to Reduce Emissions from Deforestation and forest Degradation; and foster conservation, sustainable management of forests, and enhancement of forest carbon stocks (REDD+).

Higher Level Objectives to which the Activities Contribute

12. The proposed AF is fully aligned with the World Bank Group's Liberia Country Partnership Strategy (CPS) FY2013-17.4 The objective of the CPS is to support the Government's Agenda for Transformation (AfT) contributing to sustained growth, poverty reduction and shared prosperity, while addressing fragility and building resilience. The CPS is focused on three strategic themes, namely (i) reducing the constraints to rapid, broad-based and sustained economic growth to create employment; (ii) increasing the access and quality of basic social services and reducing vulnerability; and (iii) improving public sector and natural resources governance. The proposed operation is fully aligned with these objectives. As stated in the CPS, the Bank will remain engaged in the forest sector through the REDD+ agenda, which will support the preparation and validation of a strategy to reduce emissions from deforestation and forest degradation. Policy dialogue will

³ The Readiness Package is completed at the end of the readiness preparation phase, at a stage when activities proposed in the readiness preparation proposal (R-PP) are well-advanced or completed. The R-Package consists of a national multi-stakeholder self-assessment by the country, using the Readiness Package Assessment Framework as guidelines. The Readiness Package Assessment Framework was formally endorsed (resolution PC/14/2013/1) by the Participants Committee (PC) of the FCPF at the fourteenth PC Meeting, March 19-21, 2013, Washington, DC.

⁴ Report No. 74618-LR, July 1, 2013.

continue to follow up on the recommendations from the Forestry Sector Diagnostic prepared in FY13.

III. Proposed Changes

Summary of Proposed Changes

The proposed additional funding would help enhance Liberia's REDD+ readiness by filling the funding gap for key activities of REDD+ readiness.

The proposed changes will (i) modify sub-components to address the aspects of REDD+ readiness that are less advanced; (ii) add activity indicators, including the addition of new ones and update the results framework to reflect aspects of the REDD+ readiness that can now be addressed; (iii) extend the closing date of REDD+ readiness activities; and (iv) update safeguards policy that are not to be triggered.

Change in Implementing Agency	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Project's Development Objectives	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Results Framework	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change in Safeguard Policies Triggered	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change of EA category	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Other Changes to Safeguards	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Legal Covenants	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Activities Closing Date(s)	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Cancellations Proposed	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Disbursement Arrangements	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Reallocation between Disbursement Categories	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Disbursement Estimates	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change to Components and Cost	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change in Institutional Arrangements	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Financial Management	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Procurement	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Implementation Schedule	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Other Change(s)	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]

Project Development Objective

13. The Project Development Objective remains unchanged: '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'.

14. 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 credits. The options analysis will be consultative 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+).

Activity Indicators and Results Framework

15. In addition to the six activity indicators identified in the US\$3.6 million grant, it is proposed to add five new activity indicators. The additional activity indicators reflect aspects of REDD+ readiness that were not addressed in the US\$3.6 million grant but can now be addressed under additional funding. Additionally adding a core sector indicator for forestry is proposed. The activity indicators, and the modifications are summarized in the table below. A revised results framework is found in Annex 1.

Activity Indicators

<i>Original indicator</i>	<i>Status of Indicator</i>	<i>Rationale for Change</i>
National REDD+ strategy to reduce emissions from deforestation and forest degradation (REDD+) is prepared and validated by national stakeholders (yes/no)	Continued	
Environment and Social Management Framework (ESMF) is finalized and validated by relevant stakeholders (yes/no)	Continued	
Quantitative analysis of land use in forested and mixed agricultural lands prepared and validated by the national stakeholders (yes/no)	Continued	
Consultations on land-use options with GoL and stakeholders (4 at county level) (number)	Continued	
Consultations on REDD+ strategy conducted (at county level) (number)	Revised targets	The original target has been adjusted upward from four to eight consultations at county level.
Quantified reference scenario prepared and validated by the REDD+ Technical Working Group (yes/no)	Revised- Quantified <i>reference emission level (REL)</i> prepared and validated by the REDD+ Technical Working Group.	The indicator has been revised to be consistent with internationally accepted wording related to emission levels.
Emission Reduction Program designed for a targeted forest landscape to pilot REDD+ strategy and key aspects of readiness implementation framework (yes/no)	New	The indicator has been added to reflect activities that can now be addressed under additional funding.
Measurement Reporting and Verification system for REDD+ is designed (yes/no)	New	The indicator has been added to reflect activities that can now be addressed under additional funding.
Information system for co-benefit/safeguards established (yes/no)	New	The indicator has been added to reflect activities that can now be addressed under additional funding.

Readiness Package prepared and finalized (yes/no)	New	The indicator has been added to reflect activities that can now be addressed under additional funding.
Government institutions provided with capacity building support to improve management of forest resources (yes/no)	New	This core sector indicator for forestry has been added because it is applicable.

Risk

Overall Risk Rating

Risk Category	Rating
1. Political and Governance	High
2. Macroeconomic	Substantial
3. Sector Strategies and Policies	Substantial
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	Substantial
6. Fiduciary	Moderate
7. Environment and Social	Substantial
8. Stakeholders	Substantial
9. Other: Land Tenure	Substantial
OVERALL	Substantial

Finance					
Expected Disbursements (in US\$ million) (including all Sources of Financing)					
Fiscal Year	2013-2015	2016	2017	2018	2019
Annual	0.6	3.2	2.7	0.8	0.2
Cumulative	1.2	4.4	6.6	8.4	8.6
Allocations - Additional Funding (REDD+ Readiness Preparation Support- TF0A0929)					
Source of Fund	Currency	Category of Expenditure	Allocation	Disbursement %	
			Proposed	Proposed	
FCPF	US\$	Goods, non-consultants’ services, consultant services, training, workshops and Operating Costs.	US\$5.0	100.00	

Components

16. The structure of components are similar under the additional funding as under the US\$3.6 million grant, however in some cases there have been changes to the names to encompass activities introduced under the additional funding. Nevertheless, there are a few proposed changes to more accurately reflect the focus of REDD+ readiness activities being supported under additional funding notably in the amount of funding per component and sub-component. The progress of under the components are described below along with a brief description of what is proposed for additional funding. A more detailed description of components and sub-components can be found in Annex 3.

17. **Component 1 Coordination of the REDD+ Readiness Process and consultations.**

This component will finance technical assistance, goods, workshops, training, services and operational costs under the sub-components.

Progress under US\$3.6 million grant:

- Generalized outreach and awareness, and the development and adoption of a comprehensive Consultation and Participation Plan (C&P Plan) was achieved.
- A communication firm was hired to support the process, and an outreach campaign to increase awareness has been achieved.
- The REDD+ Technical Working Group (RTWG)—a multi-sector stakeholder platform and advisory and decision-making body for REDD+ activities and the Implementation Unit (RIU) is operational and coordinating the REDD+ process.

18. *Proposed under additional funding:*

- At the national level support will be provided to operationalizing the National Climate Change Steering Committee (NCCSC) as a high level decision making body for REDD+.
- Support will be provided to continue strengthening civil society platforms at the national and county level, and county level institutional capacity will be strengthened within the FDA and EPA.
- Capacity for monitoring and evaluation (M+E) of REDD+ programs will be strengthened, in RIU, RTWG, line ministries, land rights commission, civil society platforms and regional offices.
- Options for channeling climate finance will be analyzed and proposed in order to be consistent with the complex and evolving policy environment, and taking into

consideration the national legislation on land and natural resource rights and efforts from across the political spectrum to improve transparency and governance.

- Financial management capacity will be built in relevant institutions.

19. **Component 2 Contribute to the design of the national REDD+ strategy (including design of Emission Reduction Program).** This component will finance technical assistance, goods, workshops, training, services and operational costs under the sub-components.

Progress under US\$3.6 million grant:

- The process for developing a SESA is well developed in Liberia and a robust consultation process is underway.
- A SESA roadmap was developed through a highly participatory process, a consulting firm has been hired to develop the SESA (and other associated instruments such as an ESMF) and a draft is expected in early 2016 based on a broad consultation process.
- A preliminary assessment of land use, forest policy and governance, capacity building and multi-stakeholder policy dialogue, land policy under development as well as a forest sector diagnostic.

20. *Proposed under additional funding:*

- To complete the work of developing detailed strategic options for addressing the drivers of deforestation and forest degradation in key sectors.
- Review of legislation relevant to REDD+.
- REDD+ strategy options for key sectors will be prioritized and partnerships with private actors launched in priority areas.
- A REDD+ registry will be established and the REDD+ strategy will be finalized and validated through a national workshop.
- The design of an Emissions Reduction Program, will be an important indication that Liberia is prepared to apply the capacities of REDD+ readiness to the implementation REDD+ in a targeted program.

21. **Component 3 Development of Reference Level or Reference Emissions Level⁵.** This component will finance technical assistance, goods, workshops, training, services and operational costs under the sub-components.

Progress under US\$3.6 million grant:

- The development of a comprehensive forest cover map has been launched as an initial step in of a Reference Level for Liberia.
- Initial analyses of an appropriate MRV system are launched and consulting firm hired to identify the appropriate next steps for designing and developing an MRV system in Liberia.

22. *Proposed under additional funding:*

- Analyses combining recent historical data on emissions from deforestation and/or forest degradation and other relevant land uses, and estimation of future emissions and removals to produce a national REL.
- Development, peer review and validation of an REL, peer reviewed and validated.

⁵ In the US\$3.6 million grant component 3 was titled “Development of Reference Level or Scenario”, the use of “reference level” or “reference emissions level” is now the accepted terminology.

- Further refinement of REL that includes assessment of significance of emissions from degradation in Liberian context will be undertaken.
- An MRV roadmap will be prepared, and an MRV system designed and set up.
- The MRV system will be piloted in preparation for results-based REDD+ initiatives.
- Assessment of the linkages between the MRV system with existing, sub-national monitoring systems, FLEGT and the information system for safeguards.
- Capacity building for FDA and LISGIS staff as well as regional offices for MRV will also be supported.
- Liberia-specific indicators for an information system on safeguards and co-benefits based on the framework of principles and criteria of the REDD+ Social & Environmental Standards.

23. **Component 4 Project Management.** This component will finance technical assistance, goods, workshops, training, services and operational costs
Progress under US\$3.6 million grant: project coordination of the FCPF grant is ensured by the REDD+ Implementation Unit (RIU) that is hosted in the FDA.

24. *Proposed under additional funding:* project coordination will continue to include supervision, monitoring and evaluation, activity management, financial management and audits.

Costs by component and sub-component (US\$ million)

Component	Original grant*	AF	Total Cost
1) Coordination of the REDD+ Readiness Process and consultations	1.7	1.5	3.2
Sub-Component 1.1 National Readiness Management Arrangements	0.1	0.8	0.9
Sub-Component 1.2 Information Sharing with Key Stakeholder Groups	0.4	0.4	0.8
Sub-Component 1.3 Consultation and Participation in REDD+ Strategy Development	0.5	0.3	0.8
Sub-Component 1.4 Consultation and Participation Process SESA	0.5	-	0.5
Sub-Component 1.5 Strengthening national feedback and grievance redress mechanism	0.2	-	0.2
2) Contribute to the design of the national REDD+ strategy (including design of Emission Reduction Program)	0.8	1.6	2.4
Sub-Component 2.1 Social and Environmental Impacts Assessments during Readiness Preparation (SESA)	0.6	-	0.6
Sub-Component 2.2 Finalization of the REDD+ Strategy and Implementation Framework	0.2	0.6	0.8
Sub-Component 2.3 Preparation of an Emission Reduction Program	-	1.0	1.0
3) Development of Reference Level or Reference Emissions Level	0.6	1.2	1.8
Sub-Component 3.1 Development of Reference Emissions Level**	0.4	0.5	0.9
Sub-Component 3.2 Measurement, Reporting and Verification System	0.2	0.5	0.7
Sub-Component 3.3 Information System for Safeguards and Co-benefits	-	0.2	0.2
4) Project Management	0.5	0.7	1.2
Total	3.6	5.0	8.6

* Amount actually spent or currently committed under US\$3.6 million grant

** Under the US\$3.6 million grant there were no sub-components only the component "Development of Reference Emissions Level"

Implementation Schedule

25. The additional funding includes an extension of the activities, to January 15, 2019 to reflect the impact of the Ebola crisis since the first quarter of FY15 and the new activities to be supported under the additional funding.

IV. Appraisal Summary

26. **Technical Assessment.** The activities supported by the additional funding are consistent with the technical assessment carried out under the US\$3.6 million grant provided by the FCPF. The activities have been selected after technical discussions with the FDA and take into consideration the technical and financial needs of Liberia's REDD+ Readiness process, the World Bank's comparative advantage, as well as support provided by other partners. The planning team clearly identifies critical interfaces between components and proposes activities that are complementary and mutually enhancing and at the same time avoid duplication. Still, careful coordination and timing of multiple donor activities during the grant implementation phase will be crucial.

27. **Financial Management.** The financial management arrangements will not change as designed under the US\$3.6 million grant and have been designed to facilitate project implementation and to support the development of fiduciary capacity for the implementing entities. A financial management re-assessment was carried out at FDA and the PFMU on June 8, 2015 to assess the adequacy of the financial management arrangements for managing the FDA-REDD+. The proposed financial management arrangements satisfy the Bank's minimum requirements under OP/BP 10.00 and FM Guidelines. The present FM rating for the FDA-REDD+ is *Moderately Satisfactory*. More detail of the FM assessment is provided in Annex 4.

28. **Procurement.** The assessment of the procurement capacity at FDA revealed that there is a procurement unit which is headed by an experienced national procurement specialist who has adequate experience in procurement under World Bank funded projects and also has experience with procurement following the Liberia Public Procurement and Concession Act of 2005 and Amended and Restated in 2010. The current procurement rating is *Satisfactory*. More detail of the Procurement assessment is provided in Annex 7.

29. **Social and Environmental including Safeguards.** The proposed additional funding for will continue to 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, a Strategic Environmental and Social Assessment (SESA) will be used to integrate key environmental and social considerations into REDD+ Readiness by combining analytical and participatory approaches.

30. The SESA will address 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. 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) will specify criteria and procedures for the appropriate future instruments to be developed as needed including, an Environmental and Social Management Framework (ESMF), Environmental and Social Management Plan (ESMP), Environmental and Social Impact Assessment (ESIA), Resettlement Action Plan (RAP), Process Framework (PF)—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 forthcoming SESA has been identified as the most appropriate instrument to ensure a proper consideration of social and environmental dimensions in the REDD+ process, in line with the international best practices (including the WB policies) and was endorsed by the World Bank when it approved the \$US3.6 million grant for REDD+ Readiness Preparation Support in May 2012.

31. For the US\$3.6 million grant to support REDD+ readiness preparation two safeguard policies (OP4.09 Pest Management and OP/BP 4.11 Physical Cultural Resources) had been indicated as possibly triggered (TBD). Additionally, OP4.12 Involuntary Resettlement had been triggered. For the additional funding these policies are not triggered as explained below.

32. OP4.09 Pest Management is not triggered. These activities, which essentially involve planning and technical assistance, will not involve any pest management activities. However, the SESA will address potential pest management needs in subsequent (post-project) REDD+ follow-up activities involving forestry plantations or agricultural intensification.

33. OP/BP 4.11 Physical Cultural Resources is not triggered. These activities do not include civil works and therefore will not affect physical cultural resources. However, the SESA will provide criteria and procedures for properly addressing physical cultural resources (including sacred forests, trees, and shrubs) in future REDD+ implementation activities.

Safeguard policies triggered:	
Environmental Assessment (OP/BP 4.01)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Natural Habitats (OP/BP 4.04)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Forests (OP/BP 4.36)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Pest Management (OP 4.09)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Physical Cultural Resources (OP/BP 4.11)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Indigenous Peoples (OP/BP 4.10)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Involuntary Resettlement (OP/BP 4.12)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Safety of Dams (OP/BP 4.37)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Projects on International Waterways (OP/BP 7.50)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Projects in Disputed Areas (OP/BP 7.60)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

34. **Risk.** The overall risk rating for the project is *substantial*. The risks associated with the institutional changes and conducive governance environment required for a successful REDD+ Readiness process are substantial. Those risks rated high and substantial are discussed below.

35. Political and Governance - High: The current security situation in Liberia remains fragile, but largely stable. 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, and funds are managed properly. To mitigate the risk, policy dialogue will be continued to follow up on the recommendations stemming from the Forestry Sector Diagnostic prepared in FY13 and will build on other initiatives that are working towards promoting good governance.

36. Macroeconomic - Substantial: Liberia is heavily dependent on foreign direct investments and primary exports for its fiscal revenues, foreign exchange and many of the decent jobs. The country is vulnerable to external shocks and risks of fiscal slippage, exchange rate depreciation and inflation. Some of these risks will be mitigated through the maintenance of prudent macroeconomic management with the support from the IMF through its Extended Credit Facility. The WB also continues to support efforts, including through other WB operations, to broaden the base of the economy

37. Sector Strategies and policies - Substantial: Conflicting sectoral policies can undermine efforts in the project. Policies and incentives related to the extractive industries (including mining and unsustainable forestry) could conflict policies, reforms, action plans and initiatives supported by the project. To mitigate the risk, the activities will facilitate a coordinated and transparent dialogue with partners and sectors leading to better understanding of the trade-offs involved with REDD+ and enabling the Government of Liberia to take more informed decisions.

38. Institutional Capacity for Implementation and Sustainability - Substantial: Liberia's limited institutional capacity could risk the fulfillment of the project's objectives. The Ebola crisis has caused a negative impact of the government teams and their ability to implement activities. REDD+ is an innovative mechanism that requires strong capacity in various areas (such as planning, monitoring, financial management, communication and stakeholder engagement, etc.). To mitigate this risk, the proposed investment project, as well as other ongoing initiatives, are supporting activities towards strengthening the capacity of FDA and other key stakeholders involved in REDD+.

39. Environmental and Social - Substantial: REDD+ entails some social risks (for example elite capture of benefits, conflicts over land and REDD+ benefits), and some environmental risks. The forthcoming Strategic Environmental and Social Assessment (SESA) will contribute to managing and mitigating the environmental and social impacts from the implementation of the National REDD+ Strategy. Liberia is currently developing a REDD+ communication strategy, as well as a Feedback and Grievance Redress Mechanisms (FGRM). These instruments will be complementary to the safeguards instruments in terms of ensuring that information on REDD+ is shared with all relevant stakeholders.

40. Stakeholders - Substantial: As a post conflict country, Liberia faces serious challenges and potential hindrances to the REDD+ process and forest governance reform more broadly. These include: limited confidence of forest-dependent people in government and concessionaires; uneven bargaining power between different interest groups; differing perceptions of participation process;

corruption; and misunderstanding and exaggerated expectations from REDD+. As a mitigation of this risk, the project will benefit from the SESA which will identify potential stakeholder risks that should be addressed. To mitigate and handle expectations appropriately, the participatory and consultative approach that has been applied to the REDD+ process will continue so key stakeholders will be involved, well informed of the activities developed and the results achieved as well as being participants in all stages. Some of the issues will not be avoidable, but the activities are designed to so that stakeholders are well informed about REDD+ and associated processes.

41. Land Tenure-Substantial: The uncertainty attached to tenure and land use rights potentially generates several “unknowns” related to the allocation of potential benefits from REDD+, and in regard to land management responsibilities. Competing allocations or unclear boundaries may limit piloting of REDD+ options. The Land Commission is working on the development of a new land policy, and eventual law (currently under review by the legislature) that will be critical in clarifying forest ownership and providing an equitable basis for benefits from carbon revenue. The land policy will be explicit in redefining customary ownership of forests so that it carries equal weight deeded (land title) ownership. This will have very significant ramifications for the national roll-out of REDD+, with local people and communities likely to be the direct beneficiary of REDD+ benefits in many areas currently considered state forest. This change has the potential to increase the equity and poverty reduction capacity of REDD+ funds, but may also require additional layers of monitoring and administration, with associated costs, as there will be, in effect, a far higher number of land owners in addition to whatever remains as state forest/assets. These changes may also take several years to reach enforcement.

42. Others: The outbreak of the Ebola virus triggered a national emergency, heightened the country’s fragile security, and fueled unemployment, abandonment of farms and temporary cessation of agricultural activities. Yet, with the country declared Ebola free, the World Bank’s recent economic impact analysis (April 2015) shows that an incipient economic recovery has taken root and employment is improving. Liberia’s mining sector is resilient and the agricultural sector is also seen to be improving; according to the fifth round of the World Bank cellphone survey, most agricultural households reported a smaller harvest for 2014 than the previous year, however, for 2015, based on an initial harvest estimated by the FAO and the Ministry of Agriculture, a bumper crop of rice is expected with yield increasing to 1.3 tons per hectare, up from .97 tons per hectare the previous season. For 2015, GDP growth is projected at 3 percent -- a welcome increase compared to the 1 percent GDP growth in 2014, though still well below pre-Ebola estimates of 6.8 percent.

Annex 1: Revised Project Results Framework

Project Development Objective (PDO):												
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.												
Activity Results Indicators	Core	UOM	Baseline Original Project Start (2012)	Progress To Date (2015)	Cumulative Target Values				Frequency	Data Source/ Methodology	Responsibility for Data Collection	Comments
					2015	2016	2017	2018				
1. National REDD+ strategy to reduce emissions from deforestation and forest degradation (REDD+) is prepared and validated by national stakeholders	<input type="checkbox"/>	Yes/ No	No	No	No	No	Yes	Yes	Annual	Review of REDD+ Strategy Validation workshop(s)	FDA M&E function	
2. Environment and Social Management Framework (ESMF) is finalized and validated by relevant stakeholders	<input type="checkbox"/>	Yes/ No	No	No	No	Yes	Yes	Yes	Annual	Review of ESMF document(s) and validation workshop(s) reports	FDA M&E function	ESMF will also be subject to WB review.
3. Quantitative analysis of land use in forested and mixed agricultural lands prepared and validated by the national stakeholders	<input type="checkbox"/>	Yes/ No	No	No	No	No	Yes	Yes	Annual	Review of quantitative analysis document(s) and validation workshop(s) reports	FDA M&E function	
4. Consultations on REDD+ strategy conducted (at county level)	<input type="checkbox"/>	Number	0	2	2	6	8	8	Annual	Review of workshop documents	FDA M&E function	
5. Consultations on land-use options with GoL and stakeholders (at county level)	<input type="checkbox"/>	Number	0	0	2	4	4	4	Annual	Review of workshop documents	FDA M&E function	
6. Quantified reference Emissions Level (REL) prepared and validated by the REDD+ Technical Working Group	<input type="checkbox"/>	Yes/ No	No	No	No	No	Yes	Yes	Annual	Review of REL technical Review	FDA M&E function	

7. Emission Reduction Program designed for a targeted forest landscape to pilot REDD+ strategy and key aspects of readiness implementation framework	<input type="checkbox"/>	Yes/ No	No	No	No	No	No	Yes	Yes	Annual	Review of ER program	FDA M&E function	
8. Measurement Reporting and Verification system for REDD+ is designed	<input type="checkbox"/>	Yes/ No	No	No	No	No	No	Yes	Yes	Annual	MRV assessment report by independent party	FDA M&E function	A review will be conducted by an independent party anticipated in 2017
9. Information system for co-benefit/safeguards established	<input type="checkbox"/>	Yes/ No	No	No	No	No	No	Yes	Yes	Annual	Assessment report by independent party	FDA M&E function	A review will be conducted by an independent party anticipated in 2017
10. Readiness Package prepared and finalized	<input type="checkbox"/>	Yes/ No	No	No	No	No	No	Yes	Yes	Annual	Completeness Check conducted by FCPF	FDA M&E function	The R-Package will be subject to FCPF review
11. Government institutions provided with capacity building support to improve management of forest resources	<input checked="" type="checkbox"/>	Number	0	2	2	4	6	6	6	Annual	Review of capacity building activities included in annual reports	FDA M&E function	Will include FDA, EPA, 2 line ministries and 2 county level government agencies

Annex 2: Summary Table of links between US\$3.6 million grant, Additional Funding and Planned Forest Sector Program

Grant Component	Sub-Component in Project Document (Corresponding to US\$3.6 M REDD+ Readiness Grant)	Funded under \$3.6 (amount committed in original document / Amount actually spent)	Proposed Amount for Additional Funding Grant (USD)	Outline of Related Works proposed in the Forest Sector Program
1. Coordination of the REDD+ Readiness Process and consultations	Overall Component 1		1,500,000	
	1.1 National Readiness Management Arrangements	<ul style="list-style-type: none"> - RIU and RTWG established and functioning - NCCSC inception mtg - National level Civil society platform established and mtg. <p>(100k/115k)</p>	<ul style="list-style-type: none"> - Institutional arrangements for managing REDD+ are strengthened and operational including NCCSC; FM and M+E capacities strengthened in RIU, RTWG, line ministries, civil society platform, regional FDA offices; and options for managing climate finance are well understood <p>(800k)</p>	<ul style="list-style-type: none"> - Continued work on enacting policy changes such as policies on carbon rights, implementing multisectoral planning, institutional arrangements, framework and capacity (US\$7M) - Reforms in Forestry sector (US\$3M) - Improved land use planning (US\$3M)
	1.2 Information Sharing with key stakeholder groups	<ul style="list-style-type: none"> - C&P Plans developed and validated - Communications firm hired - Consultations with 8 communities in one region (Wonegizi) (250k/250k) 	<ul style="list-style-type: none"> - Technical Assistance for communications around REDD+ - Targeted communications with forestry, agriculture, mining and energy sectors <p>(400k)</p>	
	1.3 Consultation and participation in REDD+ Strategy Development	<ul style="list-style-type: none"> - Information sharing was broad and general (200k/477k) 	<ul style="list-style-type: none"> - Decentralized platforms for stakeholder engagement are strengthened <p>(300k)</p>	Project investments will be informed by consultations in readiness phase and will be participatory.
	1.4 Consultation and Participation Process SESA	<ul style="list-style-type: none"> - SESA workplan developed and validated in broad process - SESA consultations launched And ongoing (400k/500k) 	No component in additional funding, following the SESA process by the RIU and RTWG will be funded under Project Management	Project investments will have their own ISDS but will be informed by consultations in under the SESA and other investments
	1.5 Strengthening national feedback and grievance redress mechanism (GRM)	<ul style="list-style-type: none"> - Initial analysis and recommendations for appropriate FGRM develop, early experiences showed that the costs will be more than anticipated (150k/150k) 	No component in additional funding, FGRM activities strengthened under 2.3	
	Overall Component 2		1,600,000	

2. Contribute to the design of a national REDD+ strategy (including design of Emission Reduction Program)	2.1 Social and Environmental Impacts Assessment during Readiness Preparation (SESA)	<ul style="list-style-type: none"> - SESA consulting firm hired and carrying out consultations in 6 areas - Development of ESMF -Hired SESA Nat'l Coord. (400k/608k) 	No component in additional funding, SESA will be updated and finalized under Project Management	
	2.2 Finalization of the REDD+ Strategy and Implementation Framework	<ul style="list-style-type: none"> - Development of REDD+ strategy has been launched and a contract for a consulting firm tendered including consultations on some strategic options (500k/477k) 	<ul style="list-style-type: none"> - Policy and Institutional Framework for REDD+ Strategy implementation established. - REDD+ Strategy options for key sectors prioritized and engagement of private sector launched in priority areas. - REDD+ registry established (600k) 	- FGRM operationalized and strengthened in investment areas
	2.3 Preparing an Emission Reduction Program		<ul style="list-style-type: none"> - Emissions Reduction Program designed - Pilot FGRM activities within existing REDD+ demonstration project areas; - Reinforce capacity on FGRM in REDD+ demonstration project areas; <p>(US\$1M)</p>	Investments in program areas for eventual performance based payments will include the area of the ER Program designed with AF.
Overall Component 3			1,200,000	
3. Development of Reference level or Reference Emissions Level	3.1 Development of Reference Emission Levels	<ul style="list-style-type: none"> - Land and Forest Cover Map - Development of national reference level (600k/640k) 	<ul style="list-style-type: none"> - Analysis of degradation in targeted areas - Reference Emissions Level Developed - Capacity Building Plan Implemented (500k) 	
	3.2 Measurement, Reporting and Verification System	<ul style="list-style-type: none"> - Proposals for a forest monitoring system to be proposed. (0/0) 	<ul style="list-style-type: none"> - Develop MRV system and MRV framework and design proposal - Capacity building of FDA and LISGIS, as well as regional offices for MRV (500k) 	MRV system operationalized (US\$3m)
	3.3 information system for safeguards and co-benefits	<ul style="list-style-type: none"> -Coordination with Standards Committee for design of safeguards indicators (0/0) 	<ul style="list-style-type: none"> - Design co-benefit, governance and safeguard impact monitoring systems - Develop capacity for participatory monitoring process (200k) 	information systems for safeguards and co-benefits operationalized (US\$1M)
Overall Component 4			700,000	
4. Activity management		Many anticipated operational goods were not acquired and	- Activities will include the acquisition of vehicles, and equipment for the RIU, for FDA HQ and regional offices, for monitoring and management of activities including	Management costs for the investment project are anticipated to be US\$4M

		spent on activities and contracts. (590/168)	field visits, for monitoring and evaluation including the hiring of an M&E specialist and other management costs. - Support for the finalization of SESA and ESMF and SESA consultation processes. - R-Package will be prepared, reviewed and submitted to the FCPF. (700k)	
	TOTAL	3,600,000	5,000,000	

Annex 3: Detailed Project Description

Project Components.

The structure of components and sub-components under the additional funding are similar to the structure of activities under the US\$3.6 million grant. Nevertheless, there are a few proposed changes to more accurately reflect the focus of REDD+ readiness activities being supported under additional funding as compared to the US\$3.6 million grant.

Component 1 Coordination of the REDD+ Readiness Process and consultations. This component will finance technical assistance, goods, workshops, training, services and operational costs under the sub-components.

Progress under US\$3.6 million grant: significant progress has been made in developing national institutional infrastructure and management arrangements needed for the implementation of a multi-faceted mechanism such as REDD+. Significant activities have been undertaken for raising awareness of key stakeholders about REDD+, the analysis and identification of drivers of deforestation that laid the foundation for follow up work on the REDD+ Strategy and the SESA as well as raising awareness and understanding in key agencies related to forest monitoring.

Proposed under additional funding: further institutional strengthening is needed. Additional funding will provide resources to ensure that the national REDD+ Management Arrangements become functional for effectively managing the implementation of REDD+ funding, coordinating REDD+ activities, integrating REDD+ into broader national or sectoral strategies and dialogues, managing inquiries, complaints and potential grievances that may arise from the preparation and/or implementation of REDD+ activities and organizing information sharing and stakeholder consultations and participation.

Sub-Component 1.1 National Readiness Management Arrangements.

Progress under US\$3.6 million grant: The national REDD+ Secretariat is operational and has been strengthened by hiring experts to coordinate national dialogue around REDD+. The REDD+ Technical Working Group (RTWG is multi-stakeholder platform for national REDD+ discussions) is operational and providing guidance and oversight for key areas of REDD+.

Proposed under additional funding: addressing the need to ensure that REDD+ implementation can be effectively managed at all levels and is implemented in harmony with other ongoing national and international strategies and initiatives. Additional funding will be used to ensure that National Climate Change Steering Committee (NCCSC) becomes operational and the NCCSC and RTWG engage in an ongoing dialogue with national experts involved in international negotiations such as the COP/SBSTA and other international initiatives to enable mutually reinforcing directions. Support will be provided to continue strengthening civil society platforms to ensure broad stakeholder engagement in the REDD+ process, particularly at the national level; this will complement support for strengthening civil society platforms at the county level under sub-component 1.3 and will provide a means for enhancing issues raised at the county level into discussions within national level dialogues. Capacity for monitoring and evaluation (M+E) of REDD+ programs will be strengthened, in RIU, RTWG, line ministries, land rights commission, civil society platforms and regional offices. Options for channeling climate finance will be analyzed and proposed in order to be consistent with the complex and evolving policy environment, and taking into consideration the national legislation on land and natural resource rights and efforts from across the political spectrum to improve transparency and governance. The analysis will be informed by

the ongoing analysis of the ongoing work potential for establishing a conservation trust fund. Financial management capacity will be built in relevant institutions.

Sub-Component 1.2 Information Sharing with Key Stakeholder Groups.

Progress under US\$3.6 million grant: The government has conducted a social mobilization campaign that shares information and raises awareness on REDD+ and the R-PP to stakeholder groups. A consultation and participation (C+P) Plan was developed and validated and a C+P task force was established under the RTWG as the responsible entity for driving the information-sharing and awareness campaign on REDD+ and the R-PP process. Information sharing and dialogue with stakeholders will continue to be an integral part of the REDD+ readiness process.

Proposed under additional funding: to move from more general information sharing to consultation on targeted issues related to REDD+ development. This includes sector specific meetings for REDD+ strategy development (Forestry, Agriculture, Mining and Energy). These activities will complement the ongoing consultations being carried out under the SESA and REDD+ strategy development so that information is pertinent and complementary to ongoing dialogues and will also be support the development of an emissions reduction program. For example mining has been identified as a driver of deforestation, and meetings with actors in the mining sector will seek to identify if and how their sustainable management activities might align strategically with REDD+ processes.

Sub-Component 1.3 Consultation and participation in REDD+ Strategy Development.

Progress under US\$3.6 million grant: consultation and participation for the REDD+ strategy development has aimed to establish a channel through which impacted communities can access information and participate in the design and implementation of REDD+. This was initiated as broad outreach through a broad information sharing process. Consultations carried out as part of the SESA process, under sub-component 2.2, are closely linked to consultation on the REDD+ strategy and particularly strategic options for addressing the deforestation and forest degradation.

Proposed under additional funding: consultations and participation will focus more specifically on strengthening civil society platforms at the county level in order to that stakeholders at the regional level are able to effectively engage in the REDD+ process. Consultations will be supported in the context of encouraging national ownership of the REDD+ process and supporting linkages between the national and county levels.

Sub-Component 1.4 Consultation and Participation Process SESA

Progress under US\$3.6 million grant: the SESA consultation process is being carried out in conjunction with the development of the SESA, detailed under sub-component 2.2.

Proposed under additional funding: no additional resources are anticipated under the additional funding for the consultation and participation process related to the SESA. The REDD+ Implementation Unit (RIU) and the RTWG will continue to follow the process closely and any follow up costs needed will be accounted for under project management.

Sub-Component 1.5 Strengthening national feedback and grievance redress mechanism

Progress under US\$3.6 million grant: the expert design of FGRM options and consultation on those options, analysis of best practices, especially for inclusion in the REDD+ strategy, and developing monitoring protocol and indicators is being supported.

Proposed under additional funding: to consolidate analyses, experiences from existing pilots of natural resources based FGRMs in Liberia and lessons in REDD+ demonstration areas and to inform and be informed by the application in the ER Program site identified under sub-component 2.3.

Component 2 Contribute to the design of the national REDD+ strategy (including design of Emission Reduction Program). This component will finance technical assistance, goods, workshops, training, services and operational costs under the sub-components.

Progress under US\$3.6 million grant: the design of the National REDD+ Strategy results from analytical work regarding land use options for addressing the drivers of deforestation and forest degradation. While some of this analytical work was carried out during the preparation of the R-PP process, the US\$3.6 million grant did not fully develop a systematic sectoral analysis necessary for comprehensive REDD+ strategy development.

Proposed under additional funding: to complete the work of developing detailed strategic options for addressing the drivers of deforestation and forest degradation in key sectors. Support will be provided for the finalization of the assessments of environmental and social impacts of a REDD+ program through the completion of the Strategic Environmental and Social Assessment (SESA) and Environmental and Social Management Framework (ESMF) and finalization of the implementation framework for a REDD+ program in Liberia. The design of an Emissions Reduction Program, which will also be supported, will be an important indication that Liberia is prepared to apply the capacities of REDD+ readiness to the implementation REDD+ in a targeted program.

Sub-Component 2.1 Social and Environmental Impacts Assessments during Readiness Preparation (SESA)

Progress under US\$3.6 million grant: The process for developing a SESA is well developed in Liberia and a robust consultation process is underway. A SESA roadmap was developed through a highly participatory process that included government, private sector, civil society, county and community level representatives. The RTWG is responsible for ensuring continued robustness of the process for SESA development and a consulting firm was hired to carry out the SESA development and consultation process. Six case studies related to different dynamics of forest resources management⁶ were identified as focal areas to gain a better understanding of the potential social and environmental implications of addressing different drivers of deforestation and forest degradation in Liberia that will serve as the basis for the SESA. The SESA prioritization is also ongoing based on the outcomes of the consultations in the case study areas and a SESA and ESMF will be drafted in early 2016. Community validation workshops will be carried out in target counties and will inform overall SESA and ESMF development and the ESMF will be particularly important to future investments.

⁶ Logging concessions in Rivercess county, Oil Palm and Agricultural concession policy and practice in Sinoe county, Community forest management agreements in Nimba county, Protected Areas in Lofa county, Shifting cultivation in Bong county, fuelwood/charcoal production in Margibi county.

Proposed under additional funding: no additional resources are allocated to the SESA process under the additional funding. The RIU and RTWG will continue to follow and support the process and this support will be funded through activity management in component 4.

Sub-Component 2.2 Finalization of the REDD+ Strategy and Implementation Framework.

Progress under US\$3.6 million grant: the implementation framework defines institutional, legal and governance arrangements necessary to implement REDD+ strategy options in specific sectors. Important progress has been made related to forest law, policy and governance as well as assessment of land use and land use change. Some activities already undertaken have contributed to the understanding of an effective REDD+ implementation framework in Liberia, including: a preliminary assessment of land use, forest policy and governance, capacity building and multi-stakeholder policy dialogue, land policy under development as well as a forest sector diagnostic.

Proposed under additional funding: policy and institutional framework for the REDD+ strategy will be implemented and established. Support will be provided for the Government of Liberia in its efforts for supporting review of legislation relevant to REDD+. REDD+ strategy options for key sectors will be prioritized and partnerships with private actors launched in priority areas. A REDD+ registry will be established and the REDD+ strategy will be finalized and validated through a national workshop.

Sub-Component 2.3 Preparing an Emission Reduction Program.

Progress under US\$3.6 million grant: the on REDD+ readiness will be applied in the development of an ER Program.

Proposed under additional funding Liberia will develop an emissions reduction program in a targeted forest landscape, finalize and test benefit sharing mechanism/s, FGRM, and monitoring systems. This work will prepare Liberia to utilize investment funds in a Forest Sector Project funded through the partnership with the Government of Norway, effectively and efficiently, by prioritizing work in a program area that has strong potential to deliver emissions reductions. Liberia will assess this potential during the grant implementation but existing pilot projects near Grabo and Wonegizi National Parks have been identified as potential areas.

Component 3 Development of Reference Level or Reference Emissions Level⁷. This component will finance technical assistance, goods, workshops, training, services and operational costs under the sub-components.

Progress under US\$3.6 million grant: For successful REDD+ implementation, a mechanism for monitoring forest change and carbon emissions and removals as a result of the change is essential. Land cover and forest cover maps for specific time series that establish the rate of change in forest cover must be produced, and reference emissions level established to facilitate a measurement, reporting and verification system (MRV) against the REL. Projecting changes in forest cover and carbon stocks over time and the corresponding emissions and removals from the atmosphere are used to account for performance of REDD+ policy interventions relative to forest reference emissions level/reference levels (REL/RL). Liberia has initiated the development of a Reference Level, land and forest cover maps are being produced through work already commissioned.

⁷ In the US\$3.6 million grant component 3 was titled “Development of Reference Level or Scenario”, the use of “reference level” or “reference emissions level” is now the accepted terminology.

Proposed under additional funding: to support the development of a robust system for monitoring forests and information systems for other related co-benefits and safeguards. Analysis will be undertaken to combine emission factors with activity data in order to establish a REL that will then be peer reviewed and validated. Additionally assessing significance of forest degradation in Liberian context will be undertaken to enable a decision on whether degradation will be monitored or not. Capacity will also be built for managing information and monitoring the REL.

Sub-Component 3.1 Development of Reference Emissions Level.

Progress under US\$3.6 million grant: The development of a comprehensive forest cover map has been launched as an initial step in of a Reference Level for Liberia.

Proposed under additional funding: to combine analyses of recent historical data on emissions from deforestation and/or forest degradation and other relevant land uses, and estimation of future emissions and removals to produce a national REL. The REL will be developed, peer reviewed and validated. Further refinement of REL that includes assessment of significance of emissions from degradation in Liberian context will be undertaken.

Sub-Component 3.2 Measurement, Reporting and Verification System⁸.

Progress under US\$3.6 million grant: A Measurement, Reporting and Verification System (MRV) for emissions and removals is required for REDD+ to facilitate and house the measurement, reporting and verification of emissions and removals. Initial analyses of an appropriate MRV system are underway to identify the appropriate next steps for designing and developing an MRV system in Liberia.

Proposed under additional funding: an MRV roadmap will prepared, and an MRV system designed and set up. The MRV system will be piloted in preparation for results-based REDD+ initiatives. The subcomponent will include an assessment of the linkages between the MRV system with existing, sub-national monitoring systems, FLEGT and the information system for safeguards. Capacity building for FDA and LISGIS staff as well as regional offices for MRV will also be supported.

Sub-Component 3.3 Information system for safeguards and co-benefits.

Progress under US\$3.6 million grant: a Standards Committee has been established to develop the safeguard indicators based on the generic principles and criteria developed by the CCBA. The Committee comprises representatives drawn from relevant line ministries and agencies, CSOs, women groups and the private sectors. Although this was not predominantly funded by the US\$3.6 million grant collaboration and support for the process has been a part of REDD+ readiness activities.

Proposed under additional funding: Liberia-specific indicators will be developed based on the framework of principles and criteria of the REDD+ Social & Environmental Standards through a participatory process in close collaboration with the Standards Committee as part of the movement towards developing an effective REDD+ strategy with significant social and environmental benefits beyond climate change mitigation, both at a national and local level. An information system to keep track of multiple benefits and impacts of REDD+ is important for obtaining regular data not only on the evolution of forest cover but also the varied impacts—positive and negative—that REDD+ will have.

⁸ In the US\$3.6 million grant component 3.2 was titled “Forest Monitoring System”, the reference to a Measurement, Reporting and Verification system is more appropriate even though the scope of the work is largely unchanged.

Component 4 Project Management. This component will finance technical assistance, goods, workshops, training, services and operational costs under the sub-components.

Progress under US\$3.6 million grant: project coordination of the FCPF grant is ensured by the REDD+ Implementation Unit (RIU) that is hosted in the FDA.

Proposed under additional funding: project coordination will continue to include supervision, monitoring and evaluation, management of activities, financial management and audits. Other activities supported will include the preparation of a Readiness Package, monitoring of the SESA process, acquisition of vehicles and materials for FDA HQ and county offices, hiring of M&E specialist and other management costs.

Annex 4: Financial Management and Procurement Assessments

FINANCIAL MANAGEMENT

The financial management arrangements will not change as designed under the original project⁹ and have been designed to facilitate project implementation and to support the development of fiduciary capacity for the implementing entities. A financial management re-assessment was carried out at FDA and the PFMU on June 8, 2015 to assess the adequacy of the financial management arrangements for managing the FDA-REDD+. The proposed financial management arrangements satisfy the Bank's minimum requirements under OP/BP 10.00 and FM Guidelines. The present FM rating for the FDA-REDD+ is *Moderately Satisfactory*.

Budgeting: The separate annual work planning and budgeting for the project will be coordinated by the PFMU and the FDA respectively. The work plans and budgets will include the planned project expenditures under each components and the project management will be expected to monitor the implementation progress against the work plan/budget. The project management will submit the work plan and budget to the Bank for no objection no later than two months before the beginning of each fiscal year of the GoL.

Accounting: The PFMU uses the Sun accounting system for project accounting and financial reporting for all the projects it manages including the FDA-REDD+. However, the GoL has the plan for the use of country system and the accounting and financial reporting for donors' supported projects are being configured into the IFMIS-Freebalance accounting in the MFDP. The accounting staff at the PFMU are knowledgeable and experienced in accounting for Bank assisted projects. The Finance officer for the FDA will be provided on-the-job capacity building training and supervised by the PFMU/MFDP and finance Director at the FDA

Financial Reporting: The PFMU would be responsible for the preparing the quarterly unaudited financial reports for the project management of the FDA-REDD+ and; the PFMU would submit quarterly IFRs to the Bank within 45 days after the end of each quarter. The project coordinator of the FDA-REDD+ would review and sign off on the IFR prior the PFMU submitting the IFR. The existing IFR format currently in use by the projects would apply for the FDA-REDD+-Additional Funding. The project will also prepare annual financial statements at the end of the project in accordance with International Public Sector Accounting Standards (IPSAS) – cash basis. However, given the special purpose nature of the project financial statements, advances granted by the project would not recognized as expenditures until the Goods and/or Services have been delivered by the contractors.

Internal Controls: The existing internal controls for project are adequate and they would apply for the additional funding. The internal controls are governed by the PFMU financial management manual and the PFM Law and this would be maintained for the AF. The internal auditors will undertake separate internal audit activities and submit internal audit reports within 45 days after the end of each quarter. There are adequate segregation of duties between the FDA and the PFMU over expenditure controls. The project management at the FDA would initiate, approve and authorize all project expenditures and; the PFMU would be responsible for processing the authorized payments.

⁹ "project" is used in this annex in reference to the activities funded under the additional funding, as consistent with WB terminology.

Funds Flow: Adequate funds flow arrangements are in place and it will not change as designed under the original project. The current Designated Account for the REDD+ would be used for the project. The SOE method of disbursement will not change as well. Other methods of disbursement would include direct payment and reimbursements.

External Audit Arrangements: the financial statements of the project will be audited by an independent auditor. Rendition of annual audited financial statements will continue to be required for the project in accordance with the provision of the financing agreement for the project. The project audit would comprise of the audited report and the management letter and; the auditor would be expected to express a single opinion to cover the project financial statements in accordance with the Bank's audit policy. The audit would be done in accordance with the international standards on auditing (ISA). The auditors' report and opinion in respect of the first financial statements, including the management letter for the main project, would be furnished to the World Bank within six months after the end of the GoL fiscal year.

The overall financial management risk is assessed as Substantial but reduced to a residual risk rating of *Moderate* in view of the articulated risk-mitigation measures. Risk-mitigation measures include the use of the PFMU, which has experience with Bank's financial management procedures, and the strengthening of the on-the-job training to be provided to the finance project finance officer at the FDA. Both FDA finance department and the PFMU would maintain financial records for the project, and will submit to IDA quarterly unaudited interim financial reports (IFRs) within 45 days after the end of each quarter. In addition, PFMU/FD will submit annual audit reports on an annual basis within 6 months after the end of each fiscal year, in accordance with the legal covenants to be agreed upon for the project.

Disbursement

The Funds Flow and the Disbursement Arrangements under the proposed AF will remain the same as designed in the Original Project.

The project components to be funded under the AF are as below:

Component	Amount of the Credit Allocated (Expressed in US\$)	Percentage of Expenditures to be Financed (Inclusive of Taxes)
(1) Coordination of the REDD+ Readiness Process and consultations	1,500,000	100%
(2) Contribute to the design of the national REDD+ strategy (including design of Emission Reduction Program)	1,600,000	100%
(3) Development of Reference Level or Reference Emissions Level	1,200,000	100%
(4) Project Management	700,000	100%
TOTAL AMOUNT	5,000,000	

PROCUREMENT

The assessment of the procurement capacity at FDA revealed that there is a procurement unit which is headed by an experienced national procurement specialist who has adequate experience in procurement under World Bank funded projects and also has experience with procurement following the Liberia Public Procurement and Concession Act of 2005 and Amended and Restated in 2010.

With the Additional Funding coming on stream, there is a need to engage 2 procurement graduates from the Intensive Procurement School to provide support to the procurement unit. The project will sponsor the interns to attend GIMPA workshops in World Bank procurement procedures in Goods and Selection of Consultants to sharpen their skills.

The current procurement rating is *Satisfactory*.

A procurement plan for the proposed AF has been agreed between the Government of Liberia and IDA to cover the first 18 months of the project. The procurement plan will be updated at least annually or as required to reflect the actual project implementation needs. Please see attached.