

**PROJECT INFORMATION DOCUMENT (PID)  
CONCEPT STAGE**

Report No.:

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<b>Project Name</b>	CG - FCPF REDD Readiness
<b>Region</b>	AFR
<b>Country</b>	REPUBLIC OF CONGO
<b>Sector</b>	FORESTRY
<b>Lending Instrument</b>	TF Grant
<b>Project ID</b>	P124292
<i>{If Add. Fin.}</i> <b>Parent Project ID</b>	N/A
<b>Borrower(s)</b>	MINISTRY OF ENVIRONMENT, NATURE CONSERVATION AND TOURISM
<b>Implementing Agency</b>	NATIONAL REDD COORDINATION
<b>Environmental Screening Category</b>	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
<b>Date PID Prepared</b>	October 30, 2011
<b>Estimated Date of Appraisal Completion</b>	N/A
<b>Estimated Date of Board Approval</b>	N/A
<b>Concept Review Decision</b>	The team was authorized to move ahead with grant signature, taking into account the comments received during the Review meeting.

## I. Introduction and Context

### A. Country Context

1. The Republic of Congo went through a long period of political instability and violence in the 1990's, which destroyed the country's infrastructure and weakened its public institutions. Since the restoration of peace, most social indicators have improved, but they are still below those of countries with comparable per capita income, and meeting the Millennium Development Goals remains a challenge. Thus for example, the incidence of monetary poverty, which had risen from 40 percent in 1990 to 70 percent in 1997, had fallen back to 50 percent by 2005.

2. The economy of the Republic of Congo is mainly based on natural resources exploitation, including oil and timber, which represent 60 and 10 percent of GDP respectively. Agriculture employs 40 percent of the workforce, but represents only 6 percent of the GDP. While the oil sector provides much needed resources for public investments, its overbearing dominance in the economy is a major challenge for economic management and diversification. The key policy challenge for the Republic of Congo is, therefore, to use its oil wealth to build a more diversified and competitive economy and thereby reduce poverty and improve social outcomes.

3. A major handicap in bringing about such a diversified economy is the Republic of Congo's highly uncompetitive business environment, as illustrated in its very low ranking in the Doing Business Ratings (177 out of 183 countries in 2010). The country performs poorly in all assessed categories, especially on taxes, labor laws and regulations, property registration, contract enforcement, and trading across borders. Nevertheless, experience elsewhere in the region has shown that significant and rapid improvements are possible in these areas, if the political will to effect change exists.

4. As a post-conflict country, the Republic of Congo continues to suffer from weak public institutions and lack of capacity. Given the country's ambitions to transform its economy, the development of a modern and efficient public sector is critical, particularly as regards governance and corruption.

5. Weaknesses in governance continue to pose significant risks to progress on the country's development agenda. Studies highlight deterioration in the quality of service delivery in the past decade and increased levels of corruption in key sectors. Perceived levels of corruption and weak governance in the most affected institutions (customs, police and tax authorities) increased significantly over said period, while the situation in institutions that were hitherto perceived to have the least problems (such as local governments) deteriorated as well. Corruption was also reported in service delivery institutions, such as schools and hospitals, and despite some recent progress, there are still governance issues in key public sector enterprises, such as the Congolese National Oil Company (Société Nationale des Pétroles du Congo, (SNPC)).

6. An action plan for investment climate reform, adopted in November 2009, addresses many of the above-mentioned constraints. The action plan includes the establishment of a platform for public-private dialogue, institutional and regulatory reforms, such as the drafting of a Small and Medium Enterprise law, and measures to improve the access to finance, professional training and the promotion of entrepreneurship. The Bank-funded Economic Diversification Support Project will support a number of interventions to improve the business environment and support institutional platforms that enhance private-sector development.

7. A further positive point to note is that as a consequence of sustained high oil prices Congo has considerable financial space for public investment and is working hard to make public investment more effective, e.g. through the more systemic use of Medium Term Expenditure Frameworks. This has led to considerable amounts of counterpart funding committed for recent Bank-funded projects. As an example, out of the Water, Electricity and Urban Development Project budget of USD 125.5 million, the IDA credit accounts for only USD 25.5 million and the remainder (USD 100 million) consists of Congolese government funds.

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

8. Covering over 65 percent of the country's land area, the Republic of Congo's forests (estimated at around 22.5 million hectares) are essential to the social and economic life of the country and a strategic

asset to the global environment. Although about 60 percent of the population lives in the five main cities, a large part of the population still relies on forests for its livelihood (food, energy, medicine, building material, etc.). The timber industry accounts for 10 percent of non-oil GDP, 12,000 jobs, USD 200 million of exports, and USD 40 million in fiscal revenues.

9. Deforestation has been historically low in the Republic of Congo. The State of the Congo Basin (2010) report an annual deforestation rate for RoC of 0.07%, the lowest among countries in the Congo Basin (the average across the Basin is 0.17%). The situation is not homogenous across the country, and varies as a function of population density, quality of infrastructure, patterns of forest use, proximity to urban centers, among others. The R-PP attributes present deforestation and forest degradation to four main causes, namely: i) the practice of slash-and-burn agriculture; ii) production and consumption of biomass energy by households and industries; iii) unsustainable and illegal logging; and iv) urban development. Future threats to forests could be significant, especially as a result of ongoing and planned developments in the mining, infrastructure, and agriculture sectors.

10. Convinced that well-managed forests can help diversify the economy and contribute to sustainable growth, the government demonstrated leadership in completing a comprehensive forest and environmental sector study under the Highly Indebted Poor Countries (HIPC) initiative and subsequently adopting a number of key policy reforms. The government also signed a Voluntary Partnership Agreement (VPA) in 2009 with the European Union as part of the Forest Law Enforcement, Governance and Trade (FLEGT) initiative, which aims to promote good forest governance and ensure legal timber trade. Recently, the government has launched the National Program of Afforestation and Reforestation, with the ambitious goal of promoting reforestation of 1 million of savannah lands over 10 years.

11. The World Bank has launched the preparation of a new IDA operation in the forest sector aiming to: i) strengthen the capacity of the MDDEFE and attached structures; ii) creation of an enabling environment for private sector investments and support to SMEs in the forest sector; iii) strengthening local communities' participation in forest management. Environmental services initiatives could include REDD+ pilot projects. This IDA project is in full synergy with the FCPF support to the REDD+ Readiness process, including: i) by supporting capacity strengthening of the Ministry of Environment, the IDA project will contribute to ensuring sustainability of the implementation arrangements for REDD+; ii) the IDA project will allocate an envelope for REDD activities, to address key needs from the Readiness process; iii) conversely, the FCPF grant will support the creation of an enabling environment conducive to investments in the forests sector (around environment services and REDD+) which directly contributes to the PDO of the IDA project.

12. Some progress is being made in recognizing traditional rights of forest communities and indigenous populations. A new law on the rights of indigenous peoples was passed by the Senate and the National Assembly of the Republic of Congo on December 30, 2010, and signed by the President on February 25, 2011. This makes the Republic of Congo one of only two countries in Africa to date to have adopted legislation aimed specifically at protecting indigenous peoples' rights. The implementation of this legislation, however, will take considerable effort from the Government and continued support from donors. Among others, the Law grants Indigenous Peoples "collective and individual" property over lands and natural resources that they occupy traditionally.

13. However, challenges in the forest sector are many. These include weak government capacity both at the national and local level to enforce the forest and environment legislation, poor governance at different levels, lack of adequate participation of local communities and indigenous peoples in forest management, conflicts over land allocation for competing goals (forestry, agriculture, mining), and inadequate evaluation of environmental and social impact of infrastructure and mining projects. A number of legal reforms were introduced as part of the Highly Indebted Poor Countries (HIPC) initiative to deal with these weaknesses and the Bank-funded Forestry and Economic Diversification Project due will assist the government in implementing the decrees in question.

14. The Republic of Congo has been engaged on efforts to create the technical and institutional capacities for REDD+ (REDD+ Readiness process) since 2009. The country prepared a Readiness Preparation Proposal (R-PP), which was endorsed by the Participants Committee of the Forest Carbon Partnership Facility (FCPF) in June 2010. The R-PP lays out a roadmap for achieving 'Readiness' to engage in an international REDD+ mechanism, and puts forward a request for USD3.4 million from the Facility to implement this roadmap. The R-PP was prepared in close consultation with various stakeholders, including civil society organizations and indigenous peoples representatives, and the private sector. In addition, the UN-REDD program has recently announced that they would be able to extend a grant of up to USD4 million to the Republic of Congo, which will complement the FCPF's support to REDD+ Readiness in the country.

15. Civil society has been active in the REDD+ Readiness process. In 2010, they created an *Interim REDD Coordination Platform of Civil Society Organizations in the Republic of Congo*, bringing together various CSO groups in the Republic of Congo working on REDD+-related issues, including forest management (VPA-FLEGT process, certification, etc.), rural development, indigenous peoples issues, energy, agriculture, and gender. The Platform led a series of Department-level consultations on the R-PP, to collect feedback on the document and reported nationally, before the national validation of the document submitted by the government to the FCPF.

16. The Republic of Congo expects that REDD+ can support the country in ensuring sustainable forest management, including by providing incentives for addressing some of the main drivers of deforestation and forest degradation, such as slash-and-burn agriculture and fuelwood consumption. In addition, REDD+ is also considered a preventive measure in the country, to encourage the country to complete a national land use planning exercise to mitigate impacts on forest cover from developments in other sectors, such as mines, commercial agriculture and infrastructure development. The Republic of Congo considers REDD+ an instrument for the promotion of sustainable development.

### **C. Relationship to World Bank engagement in Natural Resources Sector and Country Assistance Strategy (CAS)**

17. The 2009 Country Partnership Strategy (CPS) recognizes the need for the Republic of Congo to exploit its comparative advantages related to its natural resource endowment, geographic position and climatic conditions to promote non-oil growth. The government of the Republic of Congo is keen on: (i) playing an increased role in regional infrastructure; (ii) improving the productivity of the important but underdeveloped agriculture sector; (iii) promoting the smart exploitation of its large forestry resources;

and (iv) developing its mining sector. In line with the priorities stated in the Republic of Congo's 2008 Poverty Reduction Strategy Paper (PRSP), and following extensive consultations with stakeholders, the Bank's support to the government's efforts has been planned around two main priority areas, namely the: (i) diversification and growth; and (ii) poverty reduction through improved basic service delivery.

18. The Readiness Preparation grant can contribute directly to both objectives. By supporting the country in tapping into international payments for ecosystem services through REDD+, standing forests in the Republic of Congo could become a source of economic diversification. In addition, by promoting equitable and transparent benefit sharing arrangements that reach forest-dependent communities and indigenous peoples, the Readiness process could contribute to ensuring that REDD+ effectively contributes to poverty reduction in rural areas.

19. The REDD Readiness Preparation Support is directly linked to the Forest and Economic Diversification project currently under preparation. REDD+ is a major initiative to value the environmental services provided to the international community by the existing forests in the Republic of Congo. It is expected to promote different types of compensation schemes for initiatives that protect the forests, which is also an objective under the Forest and Economic Diversification Project. The reforms that will be further supported by the IDA project will also directly contribute to REDD Readiness in RoC.

## **II. Proposed Development Objective(s)**

### **A. Proposed PDO**

The Project Development Objective is to reinforce the Republic of Congo's capacities to design a socially and environmentally sound national strategy to reduce emissions from deforestation and forest degradation (REDD+) and to inform the development of a national reference emissions level for REDD+.

### **B. Key Results**

1. A National REDD+ Strategy (including its implementation framework) is prepared and validated by national stakeholders;
2. The prospective elements to build a National Reference Emission Level for REDD+ are available;
3. An Environmental and Social Management Framework (ESMF) is prepared and validated by national stakeholders.

## **III. Preliminary Description**

### **Concept**

The activities to be financed by the FCPF in the Republic of Congo will allow the country to implement some of the key elements of the REDD+ Readiness process identified in the Readiness Preparation

Proposal (R-PP) prepared by the country and approved by the FCPF Participants Committee, in June 2010. FCPF support will ensure the continuation of the Readiness process in the country, by financing the management of the Readiness process and multi-stakeholders consultations. In addition, FCPF financing will support the preparation of key analytical pieces such as the REDD+ strategy and its legal and institutional implementation framework, and the incorporation social and environmental sustainability issues of importance to various stakeholders into the REDD+ Strategy through the strategic environmental and social assessment process. Finally, FCPF support will allow the country to achieve some key methodological results for participating in a REDD+ mechanism, mainly informing the preparation of a national reference emission level for REDD+.

The overall budget envelope for REDD+ Readiness in the Republic of Congo adds up to USD15.5 million, including USD8 million for the implementation of pilot REDD+ projects. The country has identified other partners to finance other activities identified in R-PP, including the UN-REDD Program (up to USD4 million), and the Government of the Republic of Congo (USD0.6 million). The *Agence Française de Développement* and USAID, through Central African Regional Program for the Environment (CARPE) has also expressed interest in supporting the process. Annex 4 presents the overall budget for the REDD+ Readiness process in the Republic of Congo. It should be noted that the support from these organizations is not considered co-financing to the FCPF-financed activities, they will rather finance a series of independent activities that directly contribute to the overall goal of supporting the Republic of Congo in becoming ready for REDD+.

The table below summarizes the activities to be financed by the FCPF.<sup>1</sup> These activities have been selected in discussion with the government, taking into account: (i) comparative advantage of the World Bank as delivery Partner and coordination with other donors, (ii) priority/urgency, (iii) eligibility. The establishment of a MRV system is a key pillar of REDD+ Readiness, and will be supported by the UN-REDD Program, drawing on the expertise of, and already-ongoing activities at the regional level by FAO. Coordination with the UN-REDD program will be ensured through: i) joint supervision missions; ii) intense communication between the programs; iii) use of the R-PP by the two programs as the overall document providing guidance for support to the national REDD+ readiness process; iv) having the same interlocutor at the government level (the National REDD+ Coordination at the Ministry of Environment).

It should be noted that the activities to be financed by the FCPF in support of the REDD+ Readiness process in the Republic of Congo do not include the implementation of REDD+ programs on the ground. The FCPF support is limited to analytical studies, capacity building, and consultation processes at the national and sub-national levels. Republic of Congo expects to leverage resources from other donors to pilot a limited number of REDD+ projects. The FCPF support will run for three years.

Activity	Budget (in USD million)
<b>Component 1: Support to the coordination of the REDD+ Readiness</b>	<b>\$2.1</b>

<sup>1</sup> The components listed in this Assessment Note does not adhere to the same categorization as used in the R-PP.

<b>Process and Multi-stakeholder Consultations</b>	
<i>1.1 – Coordination of the REDD+ Readiness Process</i>	<i>\$1.6</i>
Recruitment of staff for the National REDD Coordination	
Capacity building for National Coordination	
Functioning of the REDD Coordination	
Equipment for National REDD Coordination	
Fiduciary management of the FCPF funds and annual audits	
<i>1.2 – Promotion of Multi-stakeholder Consultations</i>	<i>\$0.5</i>
Technical workshops at national and department levels	
Awareness raising on REDD+	
<b>Component 2: Contribution to the design of a national REDD+ Strategy</b>	<b>\$1.1</b>
<i>2.1 - Preparation of the National REDD+ Strategy</i>	<i>\$0.5</i>
In-depth analysis of causes of deforestation and degradation	
Analysis of strategic options to address causes of deforestation and degradation	
<i>2.2 – Preparation of the REDD+ Implementation Framework</i>	<i>\$0.3</i>
Analysis of the main elements for a national implementation framework for REDD+ in the Republic of Congo	
<i>2.3 – Strategic Environmental and Social Assessment</i>	<i>\$0.3</i>
Conduct a SESA of the REDD+ process in the Republic of Congo	
<b>Component 3 – Informing the National Reference Emissions Level for REDD+</b>	<b>\$0.2</b>
Analysis of future pressure on forests	
Support to national household survey	
<b>TOTAL</b>	<b>\$3.4</b>

#### IV. Safeguard Policies that might apply

Safeguard Policies Triggered	Yes	No	TBD
<b>Environmental Assessment (OP/BP 4.01)</b>	<b>X</b>		
<p>The Strategic Environmental and Social Assessment (SESA) to be carried out under the project will serve to identify, avoid, and mitigate the potential negative environmental and social impacts associated with the final REDD+ Strategy. It will also serve to identify and promote potentially positive impacts and benefit sharing opportunities in connection with the Strategy. The SESA will influence the final national REDD+ Strategy, by ensuring that the consideration of social and environmental risks and potential impacts is a factor in its preparation. It will also provide guidance and key elements for the preparation of an Environmental and Social Management Framework (ESMF).</p>			

<b>Safeguard Policies Triggered</b>	<b>Yes</b>	<b>No</b>	<b>TBD</b>
<b>Natural Habitats (OP/BP 4.04)</b>	<b>X</b>		
The application of 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.			
<b>Forests (OP/BP 4.36)</b>	<b>X</b>		
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, in particular as these relate to the establishment of plantations.			
<b>Pest Management (OP 4.09)</b>			<b>X</b>
This policy could be triggered depending on the final scope of the National REDD+ Strategy. Agricultural intensification and reforestation activities, for instance, could trigger the 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, and these will also be included in the key elements for the ESMF.			
<b>Physical Cultural Resources (OP/BP 4.11)</b>			<b>X</b>
This policy could be triggered if REDD+ activities promote actions in areas containing sites deemed physical cultural resources by the Indigenous Peoples living there (e.g. holy sites such as sacred groves, sacred forests, etc.). Though it is not anticipated that the project will have negative impacts on any such sites, the existence of any such sites and the corresponding need to trigger this policy will be determined once the National REDD+ Strategy is completed.			
<b>Indigenous Peoples (OP/BP 4.10)</b>	<b>X</b>		
It is likely that some of the activities to be implemented as part of the National REDD+ Strategy would take place in areas inhabited by Indigenous Peoples (pygmies). This policy underscores the need for the government of the Republic of Congo to identify Indigenous Peoples, consult with them properly, and ensure that they participate in, and benefit from, REDD+ activities. Adverse impacts on Indigenous Peoples will be avoided. Drawing on the SESA, an Indigenous Peoples Planning Framework will be prepared, and integrated into the ESMF.			
<b>Involuntary Resettlement (OP/BP 4.12)</b>	<b>X</b>		
REDD+ activities will trigger Involuntary Resettlement in situations involving involuntary land acquisition and/or involuntary restriction 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 restriction of access will be identified, and a Resettlement Policy Framework will be prepared as part of the ESMF. To help identify and mitigate restriction of access to natural resources in protected areas, a Process Framework will be prepared as part of the ESMF.			
<b>Safety of Dams (OP/BP 4.37)</b>		<b>X</b>	
<b>Projects on International Waterways (OP/BP 7.50)</b>		<b>X</b>	
<b>Projects in Disputed Areas (OP/BP 7.60)</b>		<b>X</b>	



## V. Tentative financing

(\$m.)

Source:	
Borrower/Recipient	N/A
IBRD	N/A
N/A IDA	N/A
Others (FCPF)	3.4
Total	3.4

## VI. Contact point

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