

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC313

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Project Name	DRC Forest Investment Program (P128887)
Region	AFRICA
Country	Congo, Democratic Republic of
Sector(s)	Forestry (50%), Public administration- Agriculture, fishing and forestry (30%), General agriculture, fishing and forestry sector (20 %)
Lending Instrument	Specific Investment Loan
Project ID	P128887
Borrower(s)	Ministry of environment, nature conservation and tourism
Implementing Agency	Ministry of environment, nature conservation and tourism
Environmental Category	B-Partial Assessment
Date PID Prepared	01-Jan-2013
Estimated Date of Appraisal Completion	17-May-2013
Estimated Date of Board Approval	31-Oct-2013
Concept Review Decision	Track II - The review did authorize the preparation to continue

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I. Introduction and Context

Country Context

1. DRC is a post-conflict resource rich country in central Africa. It is the third largest country of the continent with an area of 2.3 million square kilometers. DRC has a strategic geographic position in Africa with 16,000 km of waterways and land links to nine countries. The country is rich in natural resources including mineral reserves (diamonds, coltan, copper, gold, tin ore, cobalt), the second largest contiguous tropical rain forest block in the world, 80 million ha of fertile land, and huge hydroelectric potential (100 GW). Yet, it is one of the world's poorest countries. More than 80 percent of its population, estimated at about 60 million people, lives under conditions of extreme poverty (less than US\$1 a day). 71 percent of people are food insecure and 57 percent do not have access to basic health services.

2. The country has been severely affected by two wars. The first war started in 1996 with a rebellion from the east that ended President Mobutu's regime in May 1997. The second war was concentrated in the eastern part of the country from 1998 to 2002 and involved several guerilla groups and seven countries. More than 3 million people died because of these wars, which have severely affected human security conditions and, more generally, economic performance. DRC is now recovering, facing the challenges of a country exiting from war and instability: tight fiscal space; lack of savings and a weak banking system; damaged infrastructure; inefficient and insolvent public enterprises;

industrial and agriculture assets destroyed or abandoned; high risk perception (both political and business); local and international vested interests coupled with lack of transparency and poor governance; fragile institutions (central and local); lack of effective state-business relations; market and government failures.

3. DRC's economic recovery has been slower than that of other post-conflict countries including the Republic of Congo, Rwanda, Sierra Leone, Mozambique and Angola. This relatively modest recovery has also not benefited most of the population which is largely dominated by youth. Indeed, in 2009 67 percent of the population was under the age of 24 and over 70 percent of youth was underemployed. The high unemployment rate and the resulting lack of income are exacerbated by the relatively high price of consumer goods. The price of many essential goods consumed in DRC is very high because the country imports most of what it consumes - aggravated by inefficiencies and lack of competition along the trade logistic chains.

Sectoral and Institutional Context

4. DRC harbors half of all African rainforests, with 62 per cent of its territory covered by some sort of forest ecosystem. Forests of all types make a critical contribution to the livelihoods of about 40 million people who are among the world's poorest, by providing them with food, household energy, medicine, building materials, and cash income. DRC's biodiversity is a globally important asset. The country ranks fifth in the world for plant and animal diversity and contains five Natural World Heritage Sites, more than the rest of Africa combined.

5. DRC's current deforestation rate of 0.3 per cent is relatively low in comparison to the average deforestation rate of the tropical countries. Yet, the country is among the top ten worldwide in terms of forest cover loss in absolute terms, with an estimated deforestation of more than 350,000 ha per annum over the period 2000-2010. Deforestation is concentrated in "hotspots" located mainly around the large cities of the country, as well as in the densely populated areas on the edge of the large forest block of the central basin. Household-scale slash and burn agriculture and exploitation of woodfuel (including fuelwood and charcoal) and to a lesser extent timber harvesting are the major drivers of deforestation and forest degradation in DRC. They reflect the very strong dependence of the rural and urban populations on forest resources.

6. Dependence on biomass energy is a case in point. Over 90 per cent of the urban population depends directly on biomass fuels (mainly charcoal and fuelwood) for energy needs, including cooking. CIFOR (2011) estimates that the city of Kinshasa alone consumes over 4.7 million m³ of wood annually for energy needs. The charcoal trade to Kinshasa was worth an estimated US\$143 million in 2010, more than three times the value of all formal timber exports in that year. Rural communities are also strongly dependent on protein sources from forests, including bush meat, with annual consumption estimated at over one million tons.

7. Though currently low, deforestation and forest degradation rates could escalate rapidly in the future with an increase in political stability and reconstruction of transportation infrastructure, both key to development objectives. Improved infrastructure facilitates access to forests, which could lead to increased conversion of forest to other land uses, logging and wildlife hunting and trapping. The rehabilitation of the RN4 in the Orientale Province is an example of potential new impacts of infrastructure development on forests, in this case in the form of a considerable increase in small-scale illegal logging for export to Uganda and other regional markets.

8. Reducing emissions from deforestation and forest degradation and the promotion of conservation of forest carbon stocks, sustainable management of forest, and enhancement of forest carbon stocks in developing countries (REDD+) is an international mechanism under discussion that could offer concrete possibilities for DRC to seek financial rewards for the globally-significant environmental services provided by its forests. REDD+ can contribute to the country's efforts to reach sustainable development, particularly in the forest, agriculture and energy sectors. DRC has gained international recognition for playing a leadership roles on international negotiations around REDD+, and for implementing a national process of 'REDD+ Readiness', led by the National REDD Coordination under the MECNT. The national REDD+ strategy is currently under preparation through a participatory process. It aims to identify strategic options that can effectively and efficiently reduce emissions from deforestation and forest degradation, while maximizing co-benefits in terms of poverty reduction and biodiversity protection

9. Cross-sectoral policies and programs covering not just the forest sector but also the agriculture, energy and transport sectors are needed to reduce deforestation. The Inter-Ministerial Committee on REDD+ was created to ensure cross-sectoral collaboration to achieve reduced deforestation, but it has not yet demonstrated its capacity for fostering a cross-sectoral policy consensus. At the technical level, the Ministries of Energy, Agriculture, Rural Development as well as Environment have been involved in the preparation of FIP activities through the Thematic Coordination groups which provide technical inputs to the project and to the REDD+ strategy in preparation. Achieving effective cross-sectoral coordination is an important challenge for delivering on REDD+ in DRC.

Relationship to CAS

10. The proposed project is consistent with DRC's Poverty Reduction and Growth Strategy Paper (DSCR) of 2011, directly contributing to pillar 4 "Protecting the environment and sustaining the fight against climate change". The FIP is well aligned with the two pillars of the FY13-16 CAS for DRC. By promoting private investment in agroforestry and wood energy production, as well as supporting community management of existing forests; the project will contribute to: i) employment creation and increase in competitiveness, particularly in rural areas; and ii) strengthening resilience of rural communities. The project will also continue the WB's support to increasing government capacity and strengthening governance in the forest sector, with an emphasis on improving the enabling environment for investment in rural areas. In addition, the project is helping DRC to maintain its global leadership position in climate change mitigation and REDD+, by allowing the country to move into the 'investment' phase of REDD+ and potentially access larger-scale REDD+ finance.

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

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The Project Development Objective (PDO) aims at promoting sustainable forest management around Kinshasa, more specifically in the Plateau district of the Bandudu Province and in the Kinshasa Province itself, while improving the livelihood of rural communities and testing innovative mechanisms for forest management that contribute to reducing emissions from deforestation and forest degradation in the targeted project area.

Key Results (From PCN)

The PDO will be measured through the following outcome indicators:

- a. Deforestation rates in the project area (in percent of forest cover);
- b. Net greenhouse gas emissions arising from deforestation and forest degradation reduced and forest carbon stock increased in the project area (CO₂ equivalent emissions);

Key intermediary results to be monitored as part of the project's results framework include:

- a. Forest surface area within the project area having completed local-level land use planning (number of hectares);
- b. Number of hectares of new agroforestry plantations financed by the project with satisfactory survival rates (number of hectares);
- c. Number of households using improved cook stoves and other energy alternatives to be promoted by the project;
- d. Percentage of small-scale REDD+ initiatives rated as satisfactory at time of evaluation.
- e. Number of SME that will benefit from the project activities

III. Preliminary Description

Concept Description

The Project will be structured around four components:

Component 1 – Promotion of community-based natural resources management in the Plateau District

Component 2 – Promotion of private sector engagement in REDD+. This component aims to address urban biomass energy needs from the supply and demand by: i) promoting agro-forestry as an alternative to slash-and-burn agriculture and a source of sustainable woodfuel; and ii) disseminating improved cook stoves, promoting more efficient charcoal production techniques, and testing the use of alternative energy sources so as to reduce overall woodfuel use.

Component 3 – Small grants to promising REDD+ initiatives. This component will support promising small-scale local initiatives led by local stakeholders aiming to address deforestation and forest degradation, by awarding small grants through a competitive process to local communities and NGOs. The component will support activities that test innovative ways to address deforestation and forest degradation at the local level. The targeted intervention zones will be defined through a consultative process during project preparation. During the initial years of the project, emphasis will be placed on activities in the Kinshasa supply zone, to complement the activities supported under components 1 and 2 above.

Component 4 – Project management, monitoring and knowledge management

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
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Environmental Assessment OP/BP 4.01	x		
Natural Habitats OP/BP 4.04	x		
Forests OP/BP 4.36	x		
Pest Management OP 4.09			x
Physical Cultural Resources OP/BP 4.11		x	
Indigenous Peoples OP/BP 4.10			x
Involuntary Resettlement OP/BP 4.12	x		
Safety of Dams OP/BP 4.37		x	
Projects on International Waterways OP/BP 7.50		x	
Projects in Disputed Areas OP/BP 7.60		x	

V. Tentative financing

Financing Source	Amount
Borrower	0.00
Strategic Climate Fund Grant	36.90
Total	36.90

VI. Contact point

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VII. For more information contact:

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