

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC21383

Project Name	Liberia Forest Sector Project (P154114)
Region	AFRICA
Country	Liberia
Sector(s)	Forestry (80%), General agriculture, fishing and forestry sector (20%)
Theme(s)	Environmental policies and institutions (30%), Other environment and natural resources management (30%), Climate change (20%), Biodiversity (20%)
Lending Instrument	Investment Project Financing
Project ID	P154114
Borrower(s)	Republic of Liberia
Implementing Agency	Forestry Development Authority
Environmental Category	B-Partial Assessment
Date PID Prepared/ Updated	05-May-2015
Date PID Approved/ Disclosed	04-Apr-2016
Estimated Date of Appraisal Completion	17-Feb-2016
Estimated Date of Board Approval	25-Apr-2016
Concept Review Decision	Track II - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

1. This document proposes a Forest Sector Project to be granted to the Republic of Liberia for US \$50 million. This project is part of the Liberia Forest Program supported by the partnership established between the Government of Liberia (GoL) and the Government of Norway (GoN). Three distinct yet interrelated projects included in the Forest Program are: (i) the proposed forest sector investment and technical assistance project (US\$50 million); (ii) a rubber plantations emergency operation jointly with IFC to support the renewal of rubber plantations (US\$5 million) and, (iii) a results-based carbon payment operation for verified emission reductions that will pay for the emissions reductions and carbon sequestered by the activities done in Phase III (US\$80 million, under identification). The Forest Sector Program is a key step in the Government of Liberia's long standing commitment to reform the forest sector following a "Four C's (4Cs)" approach that aims to balance and integrate community, commercial, conservation, and 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+).

2. Despite abundant natural resources, governance issues and social inequality have engendered poverty, conflicts, and low human development in Liberia. The country emerged from a fourteen years conflict period in 2003, when a global peace agreement was signed. The civil war badly crippled much of Liberia's economy, damaged its physical infrastructure, and undermined its institutional capacity. A good track record of prudent macroeconomic management coupled with social stability helped Liberia weather the 2008-09 global crisis and post a strong recovery since. Liberia's medium-term economic prospects are good but the country remains vulnerable to external shocks as well as emergency crises like the one from the Ebola epidemic. Liberia made notable progress in the reduction of poverty between 2007 and 2010 but poverty remains high. In 2014, Liberia ranked 175th out of 187 countries on the Human Development Index (HDI) and 145th out of 152 countries on the Gender Inequality Index (GII), highlighting the immense poverty and social development needs of the country. Liberia still faces many challenges in laying the foundation to transition from post-conflict recovery to long-term development.

3. The forest sector has the potential to contribute to the reduction of extreme poverty and increased shared prosperity. Liberia contains approximately 4.3 million hectares (Mha) of lowland tropical forest that comprise 43 percent of the remaining Upper Guinea forests of West Africa, which extend from Guinea to Togo. While the overall extent of these forests has declined to an estimated 14.3 percent of its original size, Liberia still hosts two massifs of forest including evergreen lowland forests in the southeast and the semi-deciduous mountain forests in the northwest. Upper Guinea Rainforest, whose part is in Liberia, is listed as one of 35 global biodiversity hotspots. Most of Liberia's rural population is 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. The country's forests are under threat due to the continued clearance and degradation of its remaining blocks for the expansion of agriculture and mining activities both at industrial and subsistence levels. Deforestation and forest degradation remained low during the civil conflict, but as peace was restored, pressure on the forest and its natural resources is escalating. Pressures increased by illegal and uncontrolled logging and overall poor management and weak oversight over the forest sector. Deforestation and forest degradation are the second leading cause of global warming, making the loss and depletion of forests a major issue for climate change. Between 1990 and 2010, Liberia lost approximately 12.2 percent of its forest cover. The proposed project includes components to strengthen management of and benefit-sharing in community forests of targeted forest landscapes in protected areas and sustainable management of community forestry (Detail will be in PAD).

4. The proposed operation in the forest sector will be aligned with, and build on, the forest reform process and particularly the REDD+ efforts. The REDD+ process consists of three phases: Phase I – readiness; Phase II – investments and reforms; Phase III – performance-based carbon payments. In Phase I (readiness), a national REDD+ strategy is designed identifying country specific goals, and a plan of action for land use options within REDD+; in Phase II the REDD+ strategy is finalized and implemented through the facilitation and improvement of enabling conditions (legal framework, capacity building, governance structures and monitoring and verifications systems) and investments in conservation, commercial and community forestry activities. Phase III (performance-based carbon payments) provides payments for verified emission reductions, achieved among other things

through activities undertaken in the second phase. Each of the phases is supported by a number of agencies and financial mechanisms including the World Bank. Particularly, the existing US\$3.6 million grant under implementation from the Forest Carbon Partnership Facility (FCPF) is supporting Phase I (for which has been agreed to obtain additional financing of US\$5million). The proposed operation supports implementation of Phase II.

Sectoral and Institutional Context

5. Following the 2003 United Nations Security Council (UNSC) sanctions to prohibit Liberia's trade in roundwood and timber products, the Government established a roadmap for reforms towards a more sustainable, transparent and development-focused approach to forestry. Some of the reforms included: the National Forest Reform Law (NFRL) of 2006; the National Forest Sector Strategy of 2007 that provided the framework for the sector's legal, participatory, and transparent operation; and the Community Rights Law (CRL) with Respect to Forest Lands of 2009 which recognized local community rights to own forest resources on community forest lands. These reforms highlighted sustainable forest management as a national goal and promoted a change in direction establishing closer relationships among commercial operations, the forest environment, and affected communities. The Liberia Extractive Industries Transparency Initiatives (LEITI) was also established in 2009 to assist the country in ensuring that the exploitation and/ or extraction of the country's mineral and other resources are verifiably paid or provided; duly accounted for; and prudently utilized for the benefits of all Liberians and on the basis of equity and sustainability. These reforms introduced the "Three C's (3Cs)" approach (and most recently the 4th C - Carbon) that aims to balance and integrate community, commercial, conservation, and carbon uses of the forests.

6. One of the most significant elements in the sector reform has been the involvement of the country in the efforts to Reduce Emissions from Deforestation and Forest Degradation, and foster conservation, sustainable management of forests, and enhancement of forest carbon stocks; known as REDD+. REDD+ involves an effort to create financial value for the carbon stored in forests, offering incentives for developing countries to reduce emissions from forests and invest in low-carbon paths to sustainable development. REDD+ goes beyond addressing deforestation and forest degradation, and includes the role of conservation, sustainable management of forests and enhancement of forest carbon stocks. In May 2011, Liberia submitted a REDD+ Readiness Preparation Proposal (R-PP) to the Participants Committee (PC) of the Forest Carbon Partnership Facility (FCPF). This REDD+ readiness proposal included specific efforts and requirements to build the country's capacity to be ready to participate in the future in a large-scale system of positive incentives for REDD+. The proposal identified the driving forces of deforestation and forest degradation in Liberia and suggested emerging opportunities to address such drivers through REDD+. In 2012 Liberia obtained financing from the FCPF in order to conduct some of the key activities included in the R-PP and geared towards achieving readiness for REDD+ (Phase I of REDD+ process as described above). Specifically, the FCPF is financing a consultative and quantitative analysis of the different land use options for development of the national REDD+ Strategy for Liberia.

7. Further reforms, policies and initiatives have been conducted by the Government to serve the common interest in: managing Liberia's forests in a balanced way for long-term sustainable economic growth; to support the livelihood of local and rural communities; and to ensure that its important national and global heritage is conserved.

8. Starting in 2008 and with the financial aid of the Global Environment Facility (GEF), the World Bank supported the development of long-term and sustainable solutions to manage protected areas, while ensuring that local communities are committed to sustainable development. This support has been instrumental to fulfill the requirement included in the 2006 NFRL of creating a Protected Forest Areas Network that covers a minimum of 30 percent of Liberia's forested area. Two projects have been implemented to consolidate and expand Liberia's protected area network and support communities to increase their participation in wildlife management, enhance their awareness of forest conservation issues and develop alternative sources of livelihood to reduce rural dependence on forests and wildlife: "Consolidation of the Protected Area Network" – COPAN- and "Expansion of the Protected Area Network" – EXPAN- that is currently active.

9. In May 2011 a Voluntary Partnership Agreement (VPA) with the European Union (EU) was signed to establish a system for traceability and verification of legality of timber to a nationally-agreed definition and as part of the Forest Law Enforcement, Governance and Trade (FLEGT) program. The VPA, ratified in 2014, has contributed to a positive foundation for the REDD+ process and development of sustainable forest management routines in Liberia.

10. In 2012, a Liberian government investigation reported systemic legal violations, including fraud and corruption, in the issuance of illegal logging licenses called Private Use Permits (PUPs), which covered a quarter of Liberia's surface area. In response, the government ordered a moratorium on the creation of further PUPs as well as large-scale Community Forest Management Agreements (CFMAs) recognizing the weak regulatory framework for any commercial activities in community forests, and to prevent abuse of the system as was being reported for PUPs. This moratorium still continues. Regulations related to PUPs have been validated as part of the VPA regulation process and were sent to the Forest Development Authority (FDA) Board for approval. These regulations will establish minimum levels of benefits for the resource's owners and protect them from possible elite capture and exploitation by logging operators.

11. In 2012, the "Sanctions Lifting +6" sector-wide dialogue aimed to carry out a stock-taking of the reform process with sector stakeholders, produced a draft roadmap identifying medium-term priority areas for the forest sector.

12. In April 2014, contributing to this project preparation, a joint multi-sectorial WB/IFC/GoL workshop was conducted in Monrovia in order to discuss the progress of the country's REDD+ agenda. The workshop gathered the main stakeholders involved in land use planning and discussed the challenges and opportunities of implementing aggregate biodiversity offsets from mining. A group of participants (including representatives from every mining company currently operational in Liberia, a company from the palm oil sector, representatives from different governmental agencies, civil society representatives and development agencies) had a discussion about what the country needs to develop whilst also protecting 30 percent of its forestland as stated in the National Forestry Reform Law of 2006.

13. In 2014, Liberia accepted the invitation to join the Tropical Forest Alliance, a public-private partnership (PPP) in which members will take voluntary actions—individually and in combination—aimed at reducing tropical deforestation associated with the sourcing of commodities. This Alliance will be key for the establishment of agreements to address the drivers of forest degradation and deforestation.

Relationship to CAS

14. The proposed operation will contribute to the World Bank corporate goals of ending extreme poverty and boosting shared prosperity. Most of the country's rural population depends on forests and their ecosystem services and products. Forests also play a key role as safety net for vulnerable and marginalized people. Supporting the forest sector at a policy and institutional level will thus directly contribute to achieving the World Bank corporate goals targeting the poorest population in the country. Creating enabling policy, legal and institutional conditions for community forestry will also have a direct impact on shared prosperity as it will give local communities concrete opportunities to manage and derive economic benefits from reduced deforestation, forest degradation and conservation activities.

15. The proposed operation will complement and build on other related World Bank Group (WBG) operations specially those involving natural resource management and conservation, promotion of economic sectors that have an impact on deforestation and forest degradation, and institutional strengthening of the relevant agencies and community organizations. Among others, the Land Sector Reforms (LSR): Rehabilitation and Reform of Land Rights and Related Land Matters project (2009-2014) financed through a technical assistance loan contributed to building capacity in the Land Commission, supporting analytical and diagnostic work for land reform, strengthening land surveying cartography and land adjudication. A prospective Liberia Land Administration Project (2015-2020) is expected to build on the gains of the LSR Project, and will also provide support for the establishment of a new Land Authority and for the implementation of the Government's new land rights policy, which for the first time, acknowledges community rights to law. The WBG has been supporting expansion of the protected area network and livelihoods improvement (with COPAN, EXPAN, and Additional financing to EXPAN - CHYAO), and this proposed operation will complement the past interventions. In the agricultural sector, the Ministry of Agriculture is currently implementing the Smallholder Tree Crop Revitalization Support Project (2012-2016) to increase access to finance, inputs, technologies and markets for smallholder tree crop farmers in Liberia, and to develop a long term development program for the tree crops sector.

16. The proposed operation will contribute to the implementation of Liberia's Country Partnership Strategy (CPS) for the period FY13-17. 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 continue to follow up on the recommendations from the Forestry Sector Diagnostic prepared in FY13.

17. The proposed operation is also aligned with Liberia's second Poverty Reduction Strategy (PRS) —Agenda for Transformation (Aft) launched in December 2012. The Aft is built around five strategic pillars explicitly reflecting the Government's key medium-term priorities. The proposed operation will specifically align to the pillar related to Economic Transformation as well as the Environment cross cutting issue. The Aft also recognizes that due to its vast forest reserves, the

country is in a position to benefit from carbon sequester programs if the markets develop.

18. The proposed operation is also part of the Post Ebola Economic Stabilization and Recovery Plan (ESRP), prepared and formulated through a consultative process with Liberia's Development Partners in April 2015. The ESRP stipulates that the forestry sector is expected to stagnate in 2015. The major challenges to the sector are the lack of stakeholder capacity of and weak governance. However, to halt the destruction of the Liberian forests, GoL and GoN have signed a partnership agreement aimed at putting an end to the signing of new logging contracts, ensuring more scope for forest dependent communities to manage their resources and increasing protected forest areas. For recovery and resilience in the forestry sector, Liberia requires i) Financial support for staffing the Legal Verification Department of FDA to monitor compliance with forest sector legal regulations, ii) Conduct reforestation in Foya District, Lofa County, and iii) Strengthen the capacity of the Forestry Training Institute (FTI) by increasing staff remuneration, acquiring essential tools and maintaining existing equipment.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

Improved management of and increased benefit-sharing in targeted forest landscapes. (Targeted forest landscapes will be defined during preparation)

Key Results (From PCN)

PDO indicators:

- (i) Area in targeted forest landscapes managed according to REDD+ strategy (ha)(disaggregated by protected areas, community forestry areas)
- (ii) Share of rural households in targeted forest landscapes with more than 20% increase in annual cash earning from forest utilization and management fees and royalties (%) (disaggregated by gender (females in households))
- (iii) People in targeted forest and adjacent communities with increased monetary or non-monetary benefits from forest (number)(core sector indicator – forestry)
- (iv) Share of targeted beneficiaries satisfied with project interventions (%) (disaggregated by PA, CF) (citizen engagement indicator)
- (v) Direct project beneficiaries (number), of which female (%) (core indicator)

A detailed result chain with activities, outputs, short-, medium- and long-term outcomes will be developed during project preparation.

III. Preliminary Description

Concept Description

Under the leadership of FDA, in coordination with the Ministry of Agriculture, the Environment Protection Agency, the Land Commission and the Ministry of Lands, Mines and Energy, the project will finance technical assistance, works, goods, workshops, training, services, and operational costs to support the implementation of the REDD+ strategy; focusing on investments for early implementation of strategic land use options in selected sites. The project will also support the development of institutional capacities, which will strengthen the enabling environment for effective decentralized implementation of forest sector management, and particularly the REDD+ Strategy, which is developed currently through FCPF, with the engagement of local communities. As part of the enabling environment, the proposed project will also include the design of a

Measurement, Reporting and Verification (MRV) system that will allow for credible measurement, reporting and verification of REDD+ activities.

The project will include investments for on-the-ground activities as well as capacity building for the stakeholders and communities engaged directly in the implementation of the selected options. Both investments and capacity building strategies will target both women and men supporting their engagement in forest management, exploring and understanding gender-specific roles, needs and dynamics. The early implementation of results-based activities will provide lessons to enrich the national strategy enabling the people of Liberia to make informed decisions about the best land use options for the country. The early implementation of the land use options in target areas will build on the analysis that will be conducted with FCPF's support including the Strategic Environmental and Social Assessment (SESA) and draft Environmental and Social Management Framework (ESMF). The activities to be conducted by the project will be thus phased so that studies, consultations and sources of specific land conflicts and proposed resolutions will be conducted before initiating on-the-ground activities related to community, commercial, conservation and carbon use of forests.

The analysis of REDD+ options will involve the participation of private and public representatives of the mining, agriculture, energy and forest sectors in the discussions around land allocation, especially considering the overlap in proposed concessions between forest, agriculture, mining, and protected areas.

The project is developed and will be implemented through multi-stakeholder processes. The draft project concept note has been reviewed by various stakeholders and has integrated their comments. Detailed preparation and implementation of the project will be coordinated with ongoing activities, including those related to REDD+ that have been supported by other development partners such as FLEGT/VPA, USAID, GIZ, LEITI, KfW, SDI, FERN, CI, etc.

Specifically, the project will support the following components (see Annex 3 for more details by subcomponent and main activities).

- Component 1. Strengthened Regulatory and Institutional Arrangements for Implementation of REDD+ (US\$10 million)
- Component 2. Strengthened Management of Targeted Forest Landscapes (US\$31 million)
- Component 3. Forest Monitoring Information System(US\$4 million)
- Component 4. Project Monitoring and Management (US\$5 million)

Component 1. Strengthened Regulatory and Institutional Arrangements for Implementation of REDD+ (US\$10 million)

This component will finance technical assistance, works, goods, workshops, and operational costs to support strengthening capacity in institutions at national and subnational levels (public, private, CSOs) for improved management of forest landscapes and to complete the process of legal reform and enforcement. The capacity building activities will be conducted for the duration of the project for key stakeholders (central and decentralized public agencies, private sector, CSOs and communities) to deliver on the legal/regulatory and institutional governance components of the project, and to develop forest information systems and mapping, M&E, outreach and

communications activities, sound financial management and fiduciary processes, with particular support for benefit sharing/social agreements, gender equality and community forest management. The support to legal reform and enforcement to guarantee success of REDD+ strategy implementation will focus on the Community Rights Law (CRL 2015- to be approved by Parliament) and its regulations; and the harmonization of the Forest Law (2006) and the Community Forestry Law (2009) and their regulations.

Component 2. Strengthened Management of Targeted Forest Landscapes (US\$31 million)

First, this component will finance technical assistance, works, goods, workshops, and operational costs for land use planning, conservation, community forestry, sustainable agriculture and forests management. The Land use planning activities will be implemented in close relation with the Land Administration Project and will consider different economic sectors (ie. agriculture, mining, etc.) that have an impact on the forest sector. The Land Commission will be engaged in the implementation of this component.

Second, based on the proposed land use management and planning, the component will support the strengthening and management of protected areas and community forests areas in targeted forest landscapes. Third, it will support the development of sustainable public-private partnerships to strengthen sustainable agriculture development, forest-based enterprises, and biodiversity offset from mining. For protected areas, the component will contribute to the enlargement, performance and functioning of Liberia's protected area network, detailing adequate resources necessary to safeguard existing and future protected areas. For community forestry, the component will support forest communities and their organizations to manage forests using sound sustainability principles by strengthening community governance structures and institutions, developing internal regulation and responsibilities for improving the use of their common pool resource, identifying capacities, needs and development alternatives to improve the productive potential of their natural resources, developing and formalizing community enterprises and promoting third party certification of Sustainable Forest Management (SFM) using international standards, as a best practice tool for sound forest. The component will finance alternative models of agriculture investment including identification of land areas/commodities that are suitable for deforestation-free supply chain investments based on agroforestry systems and will assist with the implementation of the roadmap for biodiversity offsets from mining. The component will also support the establishment of a public-private coalition with micro-small-medium enterprises (MSMEs) committed to zero deforestation policies. Finally, the project will support investments for small and medium scale initiatives involving specific products such as palm oil, cocoa, paper, pulp, wood and climate smart rice, charcoal, wood processing, etc.

Component 3. Forest Monitoring Information System(US\$4 million)

The component will finance technical assistance, works, goods, workshops, and operational costs for Measurement, Reporting and Verification (MRV) systems; Reference Level Development; and Development of Safeguards Information System (SIS). The initial MRV and SIS are in the process of establishment under Phase I with FCPF, and this component will support their implementation and regular update. The MRV system will need to comply with UNFCCC guidelines for operational data collection, synthesis, analysis, and reporting, allowing for the monitoring, estimation, and accounting of emissions and removals of carbon in comparison to the projected reference scenario.

The SIS will cover all measures proposed in the REDD+ Strategy and relevant activities, in accordance with the Warsaw Framework on REDD+ and international best practice, including the World Bank safeguard policies. Independent civil society forest monitors who operate under the auspices of an NGO coalition are an important potential actor in the SIS, and its capacity will be developed through the REDD+ technical working group.

Component 4. Project Monitoring and Management (US\$5 million)

This component will finance technical assistance, works, goods, workshops, and operational costs for a Project Monitoring and Evaluation (M&E) system to report on the expected project's results (disaggregating by gender where appropriate) and systematizing the project's lessons learned. The project level M&E will be integrated into Liberia's M&E Framework for the national REDD+ readiness process that has been designed to track readiness progress and be able to report comprehensively at national and international level including to the different donors and implementing partners supporting Liberia's REDD+ process. Support will also be provided for FDA's day-to-day project implementation and management including, procurement, financial management, environmental and social safeguards, preparation of annual work plans and organization of audit reports. The component will provide support for office operating costs for the existing FDA REDD+ Implementing Unit, the NCCSC, EPA and county level functionaries relevant to the project, as well as the hiring of technical specialists (consultants) that will support the civil servants' work at the FDA's departments/units involved in REDD+. Capacity building of existing institutions will be conducted in close collaboration with the VPA Support Unit (VPA SU).

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
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. Financing (in USD Million)

Total Project Cost:	37.50	Total Bank Financing:	0.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			0.00
BioCarbon Technical Assistance Trust Fund			37.50

Total	37.50
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