

**PROJECT INFORMATION DOCUMENT / INTEGRATED SAFEGUARDS DATA
SHEET (PID/ISDS)
CONCEPT STAGE**

Report No.:PIDISDSC22031

Date Prepared/Updated: 17-Jun-2017

I. BASIC INFORMATION

A. Basic Project Data

| | | | |
|------------------------------------|--|------------------------------------|---------------|
| Country: | Congo, Republic of | Project ID: | P163361 |
| | | Parent Project ID (if any): | |
| Project Name: | Congo - Emission Reductions Program in Sangha-Likouala (P163361) | | |
| Region | AFRICA | | |
| Estimated Appraisal Date: | | Estimated Board Date: | 31-Mar-2018 |
| Practice Area (Lead): | Environment & Natural Resources | Financing Instrument: | |
| Borrower(s) | Calixte Nganongo, Minister of Finance, Budget and Public Portfolio | | |
| Implementing Agency | National REDD+ Coordination | | |
| Financing (in USD Million) | | | |
| Financing Source | | | Amount |
| Borrower | | | 0.00 |
| Carbon Fund | | | 51.00 |
| Financing Gap | | | 0.00 |
| Total Project Cost | | | 85.13 |
| Environmental Category: | B-Partial Assessment | | |
| Is this a Repeater project? | No | | |

B. Introduction and Context

Country Context

The Republic of Congo (ROC) is a lower-middle-income country in Central Africa with a per capita gross national income of US\$2,540 (as of 2015). The country has a wealth of natural assets that have the potential to build a robust economy and improve the living standards of its population, including extensive forests, arable land, and minerals. This potential remains largely unrealized, however. From 2011 to 2015, the ROC's annual growth rate averaged 3.9 percent, lower than the 8.5 percent target set by the 2012-2016 National Development Plan to achieve the country's ambitions to become an upper-

middle-income country by 2025.

The ROC has a relatively small population of 4.4 million, 64 percent of whom live in urban areas. The poverty rate was 37.0 percent in 2011, significantly higher than in comparable middle income countries. ROC ranks 135th out of 188 countries on the United Nations Development Program's (UNDP) 2016 Human Development Index, however it underperforms on its social indicators compared to countries of similar income.

The ROC is home to 22.4 million hectares of the Congo Basin forest, the world's second-largest swath of tropical rainforest. With a low historical rate of deforestation—0.052% per annum between 2000 and 2012—and forests covering 69% of the land area, it is a typical example of a High Forest Cover and Low Deforestation (HFLD) country. The ROC's tremendous forest resource serves as a basis for economic activity, livelihoods, food security, energy, and the provision of ecosystem services of global importance, including carbon sequestration and biodiversity. Forest areas provide few formal income sources aside from industrial logging. As a result, populations in forest areas conduct slash-and-burn agriculture, artisanal timber extraction and wood energy production, collect non-timber forest products, and hunt both legally and illegally. These practices have negative impacts on the forest stock.

The two northernmost departments, Sangha and Likouala, cover 12.4 million ha, 11.7 million (or 94%) of which are forested. This represents 52% of the national forest area. With an estimated population of 306,000 (of which 109,000 in Sangha and 197,000 in Likouala), population density is only 2.5 people per km². The poverty rates in Sangha and Likouala are 64 percent and 67 percent, respectively, about twice the national average. Common income-generating activities in the project area include agriculture and employment in the formal and informal forestry sectors. The significant indigenous population mostly relies on hunting and gathering for their livelihoods, with limited small-scale agriculture.

Sectoral and Institutional Context

Cognizant of global challenges and long-term domestic interests, the ROC is committed to a green growth development pathway including REDD+ (Reducing emissions from deforestation and forest degradation, and sustainable management of forests, conservation and enhancement of forest carbon stocks in developing countries). Environmental protection and efforts to combat climate change are defined as a pillar in the Poverty Reduction Strategy Paper for 2012-2016 (National Development Plan), with REDD+ as a key strategy for achieving these goals. In 2015, the ROC submitted to the United Nations Framework Convention on Climate Change (UNFCCC) an Intended Nationally Determined Contribution that presents conservation of the forest stock as a key contribution to climate change mitigation. The ROC furthermore signed the Central African Forest Initiative (CAFI) Joint Declaration in November 2015 with a commitment to seek “transformational change to reduce emissions from deforestation and forest degradation and contribute to sustainable development”.

Since 2008, the country has been engaged in the REDD+ process in the context of the UNFCCC. The Ministry of Forest Economy, Sustainable Development, and Environment (MEFDDE), through the National REDD+ Coordination (CN-REDD), has been guiding the national REDD+ process. As a result, the ROC has made progress in the preparation of REDD+ (phase 1: readiness) including, among others: (i) the validation of the National REDD+ Strategy in 2016; (ii) the establishment of a national emissions reference level, which was submitted to the UNFCCC in 2016, and (iii) the preparation of a Strategic Environmental and Social Assessment (SESA) and six safeguards instruments. The Forest Carbon Partnership Facility (FCPF) Participants Committee endorsed the ROC's REDD+ Readiness Package in September 2016. This confirmed that the country is ready to move from readiness into the

implementation phase of REDD+ (phase 2: investments) and to developing results-based REDD+ programs (phase 3: results-based payments).

The National REDD+ Strategy sets out five strategic options for achieving its vision of a low-carbon development pathway: 1) improving governance, 2) sustainably managing forest resources, 3) improving agricultural systems, 4) improving wood energy production and consumption, and 5) minimizing the impact of mining. The country is now preparing its National REDD+ Investment Plan to define key sectoral and integrated programs to implement the national strategy.

The country also submitted an Emission Reductions Program Idea Note, and was accepted into the pipeline of the FCPF Carbon Fund in June 2014. In September 2014, the World Bank signed a Letter of Intent with the Government of the ROC for the purchase of up to 11.7 million tCO₂e (tons of carbon dioxide-equivalent) from the Emission Reductions Program (ER-Program) in Sangha-Likouala. The ROC chose the departments of Sangha and Likouala because they represent a hot spot of deforestation in the country. The Emission Reductions Program Document (ERPD) has been developed over a period of two years in frequent consultation with local, national and international stakeholders, including civil society and Indigenous Peoples (IPs). The ERPD describes in detail the program's main features, such as intervention strategy and activities, stakeholder participation and consultation, operational and financial planning, methodological aspects (e.g. reference level, measuring, reporting and verification), safeguards application, benefit sharing arrangements, institutional arrangements and risk management.

Building on readiness support at the national level through the FCPF Readiness Fund (US\$8.6 million under implementation, ending in 2017), the ER-Program strategically bundles up-front investments from the Forest Investment Program (FIP, US\$16 million targeted, starting in 2018), the Global Environmental Facility (GEF, P158604, US\$6.51 million starting in 2017), CAFI (US\$20 million targeted, starting in 2018), and the International Development Association (IDA, P158604, US\$10 million under implementation ending in 2017). At least US\$44 million of these and third-party funds are earmarked for the ER-Program area, in addition to performance-based payments from the FCPF Carbon Fund (US\$51.0 million) to support the ROC's efforts to address deforestation through REDD+ in a coordinated and systematic manner.

Relationship to CAS/CPS/CPF

The Project is aligned with the latest CPS (FY12-16). The CPS recognizes REDD+ as an opportunity to drive non-oil-based growth and set the country's development path on a more sustainable track. The ER-Program is a performance-based approach for supporting the CPS's foundation, "Strengthening Government Capacity and Governance", Outcome No. 3, "Improving Sector-Level Governance in the Forestry Sector". It also recognizes the need for economic diversification away from the oil sector. The forthcoming Systematic Country Diagnostics is expected to expand on the opportunity REDD+ represents as a driver for forest-smart development.

Furthermore, the Project directly contributes to the action area "creating climate-resilient landscapes" in the World Bank's Africa Climate Business Plan. The Government of the ROC is a key partner for implementation. The objective of the Business Plan is to help client countries access climate finance opportunities that can act as incentives to shift toward more sustainable practices. To this end, the Bank is supporting countries' efforts to improve governance systems, address drivers of deforestation, and engage communities in improving practices with better benefit sharing. Supporting the ER-Program allows the World Bank to translate into practice its programmatic approach to forests as laid out in the Forest Action Plan 2016-2020 (FAP). The FAP defines a programmatic approach as its operational centerpiece to move away from an instrument-driven approach to combine various

instruments (technical assistance, investments, and performance-based payments) supported by a mix of financing sources.

The ER-Program also aligns with the World Bank Group's Climate Change Action Plan (2016). These strategic documents confirm the World Bank's commitment to deploy performance-based mechanisms to support client countries' efforts towards achieving a low-carbon development trajectory.

C. Proposed Development Objective(s)

Development Objective(s)

The PDO is to make results-based payments for greenhouse gas emission reductions from reduced deforestation, forest degradation and the enhancement of forest carbon stocks in Sangha and Likouala, and to distribute these payments in accordance with an agreed-upon Benefit Sharing Plan.

Key Results

The achievement of the PDO will be measured through the following key indicators:

- Volume of greenhouse gas emission reductions that have been measured and reported by the Program Management Unit (PMU), and verified by a third party (tCO₂e);
- Emission reductions payments distributed in accordance with an agreed Benefit Sharing Plan (Yes/No).

D. Concept Description

The Project is a carbon finance transaction covering 10.2 million tons of CO₂e in ERs. These will be generated through the ER-Program. The ER-Program will be one of the first large-scale jurisdictional REDD+ programs for results-based payment in the world. Its goal is to develop a sub-national model for low-emission development by offering alternatives and results-based incentives for sustainable local development in order to combat climate change, secure local livelihoods, enhance the governance of natural resources, and protect biodiversity. The ER-Program consists of results-based payments provided by the FCPF Carbon Fund under this project, and of upfront financing covered through a series of separately designed by coordinated investment projects.

Under this project, the World Bank as the Trustee of the FCPF Carbon Fund will pay for greenhouse gas (GHG) emission reductions (ERs) that result from the ER-Program implementation. The commercial terms of the carbon finance transaction remain subject to negotiations of the Emission Reductions Payment Agreement (ERPA). While the proposed Project period for the ERPA is five years (April 2018 – March 2023), the broader ER-Program as described in the ERPD has a longer-term perspective of at least 10 years.

The ER-Program covers an area of 12.4 million ha in the Sangha and Likouala departments, 11.7 million (or 94%) of which are forested. The most recent analysis of the forest cover change the two departments indicates a deforestation rate for the period 2003-2012 of 0.07% per year, and a degradation rate of 0.09% per year. While the area's deforestation rate has historically been low, since 2012 there has been a marked acceleration of deforestation and degradation. In addition, projections of future emissions in the area suggest an accelerating trend. The main direct drivers of deforestation and forest degradation in the program area are logging exploitation, agro-industrial production (palm oil), slash-and-burn agriculture and mining as an emerging driver. Underlying causes of deforestation include weak governance, lack of policy coordination and land use planning, poverty and insufficient enabling conditions for sustainable economic activities, population growth and infrastructure development.

To address the drivers of deforestation and forest degradation and generate ERs, the ER-Program will implement a combination of enabling and sectoral activities. The ER-Program's intervention strategy reflects the strategic options of the National REDD+ Strategy:

Sectoral activities address the direct causes of deforestation and forest degradation and aim at developing alternative economic activities in the agriculture, forestry and mining sectors:

- Small-scale agriculture: Promoting agroforestry (cocoa, palm oil) and improving subsistence crop cultivation techniques in degraded forests and on deforested land to reduce the expansion of slash-and-burn farming;
- Industrial agriculture: Avoiding the conversion of high conservation value (HCV) forests through contractual agreements and the promotion of certification under the Roundtable for Sustainable Palm Oil standard;
- Forestry: Promoting reduced impact logging, creating conservation concessions;
- Protected areas: Improving the management of existing protected areas through improved protected area management and alternative income generating activities for communities;
- Mining: Reduced impact planning of mine sites and supporting infrastructure.

Enabling activities aim at creating favorable framework conditions and address underlying causes of deforestation and forest degradation. While measures to address the underlying causes of deforestation and forest degradation are more complex and do not translate directly into ERs, they are important for achieving the intended paradigm shift towards forest-smart development at jurisdictional scale. The ER-Program comprises three pillars of enabling activities:

- Land use planning: Updating the national land use framework (Schéma national d'aménagement du territoire) and developing a National Land Use Plan, and developing local simplified land use plans in community use areas of forest concessions;
- Value chain development: Improving livelihoods through value chain development for agricultural products promoted through the sectoral activities, e.g. for cocoa and palm oil;
- Improved governance: Capacity building of program partners, including Departmental REDD+ Committees (CODEPA-REDD) and Community Development Management Committees, and synergies with the Forest Law Enforcement, Governance and Trade process.

The implementation of a substantial part of these enabling and sectoral activities is secured through a number of investment projects in the ER-Program area. World Bank funding results in an up-front investment package of more than US\$48.5 million. US\$33.1 million will serve to directly implement sectoral activities ER-Program, while the remaining US\$15.4 will finance enabling activities at the national level, or associated activities in the ER-Program area that don't directly relate to the ER-Program. Specifically, the Bank supports the ROC's efforts to address deforestation in a coordinated and systematic manner by bundling investments from the GEF (US\$6.51 million, of which US\$5.1 million for ER-Program activities), the IDA-funded Integrated Public Sector Reform Project (US\$1.5 million), the IDA-funded Commercial Agriculture Project (amount to be confirmed during implementation), and the FIP (US\$16 million) and the Dedicated Grant Mechanisms for Indigenous Peoples (DGM, US\$ 4.5 million). Furthermore, discussions are ongoing to align expected funding from CAFI (US\$20 million, of which US\$ 8 million for ER-Program activities) with the ER-Program. The World Bank plans to apply for the CAFI funding. In addition to the World Bank-implemented investment projects, UNDP (through a GEF project), the French Development Agency (through an agricultural and a forest management project), and the United Kingdom Department for International Development (through support for independent forest governance observation) will invest in ER-

Program activities.

A further detailed description of ER-Program activities and coordination mechanisms between the different financing sources is provided in the ERPD. The ERPD also sets out assumptions about the effectiveness of ER-Program activities to generate ERs.

The Reference Emissions Level (REL) for the Program is calculated based on the average annual emissions for the period 2003-2012. It also includes an upward adjustment that takes into account the ROC's HFLD status. The adjusted REL is estimated at 12.78 million tCO₂e per year, with average annual historical emissions of 6.13 million tCO₂e per year and an average adjustment of 6.65 million tCO₂e per year. The ERPD provides details about the REL calculation. The ex-ante ER potential to be generated through the implementation of ER-Program activities during the ERPA period is estimated at 14.79 million tCO₂e over five years (gross). After the deduction of ERs to be set aside in a buffer reserve to mitigate reversal and uncertainty risks, the ER-Program is expected to generate 10.20 million tCO₂e over the 2018-2023 period (net).

II. SAFEGUARDS

A. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

The northern Republic of Congo is home to relatively intact equatorial lowland rainforest of the Congo Basin, with a mostly closed canopy. The project area spans Sangha and Likouala Departments. The forest cover of Sangha Department is estimated at 5,557,096 ha, which is made up of 49% primary forests, 4% degraded forests and 44% swamp forests. In Likouala, the forest cover is estimated at 6,172,876 ha, 33% of which are primary forests on terra firma, 1% degraded forests and 65% swamp forests. The rich variety of forests in the project area are home to nearly 300 species of birds, more than 60 species of mammals, including forest elephants, gorillas, chimpanzees, bongos, leopards and hippopotamuses, and thousands of plant species.

The ER-Program area includes three protected areas (Nouabale Ndoki National Park, Ntokou-Pikounda National Park and Odzala Kokoua National Park), one community reserve (Lac Tele), 16 logging concessions (Pokola, Kabo, Loundoungou-Toukoulaka, Mimbelli-Ibenga, Ngombe, Jua-Ikie, Karagoua, Tala-Tala, Ipendja, Lopola, Mokabi, Betou, Missa, Bonvouki, Mobola Mbondo and Mougouma) and one conservation concession (Pikounda Nord).

The population of Sangha department is 109,528, and that of Likouala 197,000. This population is divided into 25 ethnic groups. Population density is very low, at about 2.5 people per km². Populations in the forest concessions are concentrated in the Community Development Areas (Séries de développement communautaire, SDC). In the project area, these are home to an estimated 59,670 people spread out over 162 villages. The communities have largely free reign over land use of the SDCs. In addition, there are populations in the limited so-called "zones banales" – areas that are not designated as concessions, protected areas, or for similar formal land use. An estimated indigenous population of 21,400 people lives in Sangha and Likouala Departments; they are mostly forest dwellers and depend heavily on hunting and gathering.

B. Borrowers Institutional Capacity for Safeguard Policies

The core principle of the safeguards approach is that the Project will be implemented fully embedded into the national REDD+ system, which has been supported through the REDD+ readiness phase. Most importantly, the ROC carried out a SESA of the National REDD+ Strategy and has finalized the following six safeguards instruments: Environmental and Social Management Framework (ESMF),

Indigenous Peoples Planning Framework, Resettlement Policy Framework, Pests and Pesticides Management Framework, Cultural Heritage Management Framework, and Process Framework. All six safeguard instruments will be submitted to the World Bank for clearance and be made publicly available. Furthermore, the ROC developed social and environmental REDD+ national standards that need to be respected in the implementation of any REDD+ activity in the country. The standards are annexed to the ESMF as a basis for social and environmental impact analyses of ER-Program activities and will, thus, be considered during the World Bank's clearance process. Since the implementation of the ER-Program is fully in line with the National REDD+ Strategy and national REDD+ system, the safeguards instruments also govern any activities under this Project.

To generate the ERs to be transacted under the ERPA, a number of discrete investments will be carried out under the ER-Program. The World Bank-implemented investment projects (FIP, GEF, IDA) will each be carried out in compliance with project-specific safeguard instruments and processes as have been or will be approved by the World Bank. Any other activities that will contribute to realizing the carbon emissions goals of the ER-Program, particularly private sector activities, will fall under the national REDD+ system described above, and have to comply with safeguards requirements to be included in a regulation being prepared to complement the Forest Code, under the supervision and reporting role of the PMU.

The institutional arrangements for the monitoring of safeguards implementation will include a safeguards monitoring unit to be created within the MEFDDE. The costs for this unit are covered under the fixed operational costs for the ER-Program and include capacity building measures. In addition, the PMU will also be tasked with monitoring safeguards implementation and will include dedicated safeguards experts. Implementing agencies of ER-Program activities will have to conduct impact studies, consultations, and develop specific safeguards plans and mitigation measures as needed. The PMU will report on the implementation of safeguards to the World Bank through the ER monitoring report, which requires an annex on safeguards implementation. The ER monitoring report, including the safeguards monitoring annex, needs to be satisfactory to the World Bank before payments under the ERPA are authorized.

Information about the sound application of safeguards in the implementation of ER-Program activities will be disclosed through the following channels: (i) regular information in the national REDD+ project registry; (ii) an annex on safeguards implementation to the ER monitoring report; and (iii) information provided by civil society stakeholders.

The ROC is developing a Feedback and Grievance Redress Mechanism (FGRM). The PMU will be responsible for monitoring the proper implementation of the FGRM for the ER-Program. Opportunities for stakeholders to provide feedback and lodge grievances already exist through ongoing consultation processes. Grievances will be channeled through the PMU, and mediated by the CODEPA-REDD. The REDD+ project registry will serve to formally file and document any complaints and response measures.

C. Environmental and Social Safeguards Specialists on the Team

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D. POLICIES THAT MIGHT APPLY

| Safeguard Policies | Triggered ? | Explanation (Optional) |
|--|--------------------|--|
| Environmental Assessment OP/BP 4.01 | Yes | Impacts could be expected from the activities that will generate emission reductions so the policy is triggered. The Environmental and Social Management Framework (ESMF) describes possible impacts as well as mitigation measures. |
| Natural Habitats OP/BP 4.04 | Yes | The project is intended to protect natural habitats but some ER activities could conceivably involve impacts on natural habitats. The ESMF addresses issues related to natural habitats. |
| Forests OP/BP 4.36 | Yes | The project is intended in part to promote better management of production forests so the provisions of this policy are triggered. The ESMF addresses issues related to forests and lays out provisions, if needed, for forest management plans or certification road maps, as required by OP 4.36. |
| Pest Management OP 4.09 | Yes | Some of the activities that will generate emission reductions will involve changes in agricultural practices. The policy is triggered as some sectoral activities will involve enhanced vector control or could promote integrated pest management practices. The Pests and Pesticides Management Framework describes possible impacts as well as mitigation measures. |
| Physical Cultural Resources OP/BP 4.11 | Yes | A chance finds procedure will be included in the ESMF on the unlikely chance that a project-related activity results in a possible impact on physical cultural resources. |
| Indigenous Peoples OP/BP 4.10 | Yes | As the project will be implemented in Sangha and Likouala Departments, home to an estimated population of 21,400 IPs, it will be critical to ensure that IPs benefits from the project. An Indigenous Peoples Planning Framework will be prepared. |
| Involuntary Resettlement OP/BP 4.12 | Yes | The project will finance investment which will lead to emission reductions payments. As some of these activities may reduce access to protected areas, a Process Framework will be prepared. No involuntary resettlement is expected to result from any project-related activity. |
| Safety of Dams OP/BP 4.37 | No | The activities leading to ERs do not involve dams and so the policy is not triggered. |

| | | |
|---|----|--|
| Projects on International Waterways OP/BP 7.50 | No | Neither the project nor related investments will be located on international waterways, so this policy is not triggered. |
| Projects in Disputed Areas OP/BP 7.60 | No | Neither the project nor related investments will be located in disputed areas and so the policy is not triggered. |

E. SAFEGUARD PREPARATION PLAN

1. Tentative target date for preparing the Appraisal Stage ISDS:

01-Nov-2017

2. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal-stage ISDS.

CN-REDD has completed a SESA and all six safeguards frameworks (Environmental and Social Management Framework [ESMF], Indigenous Peoples Planning Framework, Resettlement Policy Framework, Pests and Pesticides Management Framework, Cultural Heritage Management Framework, and Process Framework) as part of REDD+ Readiness preparations. They are currently under review by the World Bank team and will eventually be submitted for formal clearance internally.

III. Contact point

World Bank

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Borrower/Client/Recipient

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Implementing Agencies

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V. Approval

| | | |
|---------------------------|------------------------------|-------------------|
| Task Team Leader(s): | Name: Julian Lee | |
| <i>Approved By:</i> | | |
| Safeguards Advisor: | Name: Maman-Sani Issa (SA) | Date: 18-Jun-2017 |
| Practice Manager/Manager: | Name: Benoit Bosquet (PMGR) | Date: 18-Jun-2017 |
| Country Director: | Name: Yisgedullish Amde (CD) | Date: 28-Jun-2017 |

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.