

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

Report No.: PIDA5723

Project Name	Landscape Approach to Forest Restoration and Conservation (LAFREC) (P131464)
Region	AFRICA
Country	Rwanda
Sector(s)	Forestry (80%), Flood protection (10%), Irrigation and drainage (10%)
Theme(s)	Biodiversity (20%), Other environment and natural resources management (35%), Climate change (24%), Natural disaster management (21%)
Lending Instrument	Specific Investment Loan
Project ID	P131464
GEF Focal Area	Multi-focal area
Borrower(s)	MINECOFIN
Implementing Agency	SPIU - Rwanda Environmental Management Authority (REMA)
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	27-May-2014
Date PID Approved/Disclosed	09-Jun-2014
Estimated Date of Appraisal Completion	03-Jun-2014
Estimated Date of Board Approval	25-Aug-2014
Decision	

I. Project Context

Country Context

1. Rwanda, a small, landlocked and mountainous country, is subject to some of the highest demographic pressures in Sub-Saharan Africa, with a population estimated at 11 million, growing at 2.6% p.a., while only 52% of its land is arable. Mean landholdings are very small: 60% of households cultivate less than 0.7 ha, and more than 25% less than 0.2 ha, typically divided between tiny, scattered plots. Rwanda remains among Africa's poorest countries, despite having made significant progress in the past decade. In 2012, GDP per capita stood at \$620 (\$1,332 measured at (PPP). Despite impressive growth rates averaging 5.4% between 2008 and 2012, poverty remains deep and pervasive, with the poverty headcount ratio at \$1.25 a day (PPP) sitting at 63.2% in 2011. More than 90% of the poor live in rural areas. In recent years, ODA reached 26% of GDP, or \$64 per capita, driven by severe need, but also by impressive results in improving indicators of social well-being. From 2005 onwards, the OECD has consistently rated Rwanda as one of the countries that uses aid most effectively. Recent political events have severely impacted

the reliability of some forms of donor support, however.

2. Much of Rwanda's economy depends directly upon its land, water and biodiversity resources – that is on its landscapes. The agricultural sector accounts for about 32.7% of GDP (2012), 80% of employment, and in 2010, 45% of foreign exchange earnings (mostly from tea and coffee). Around 50% of power generation comes from (small-scale) hydropower, and 85% of the domestic energy supply in the country is from wood fuels. In addition to ecological services supporting these sectors, biodiversity makes a substantial direct contribution to the economy through tourism, which was Rwanda's largest foreign exchange earner (at \$251m) in 2011. Leisure tourism is almost exclusively nature-based, with gorilla-watching in Volcanoes National Park being the flagship, but with other protected areas, especially Nyungwe and Akagera National Parks growing in importance.

3. Steep terrain and the highest population density in sub-Saharan Africa make sustainable land and landscape management strict necessities for Rwanda's natural-resource-dependent sectors. Between 2000 and 2011, the agricultural sector accounted for 31-47% of the national GDP and 71% of export revenues. It is also the main source of income for 87% of Rwandans. Agricultural productivity is low, with yields of several key crops lagging behind other sub-Saharan African countries. About 40% of Rwanda is classified as being at very high risk to high erosion, 75% is classified as "highly degraded" by FAO, and the country has one of the highest negative nutrient balances in sub-Saharan Africa with more than 14 million tons of soil being lost each year.

4. Almost two thirds of forests have been lost since independence, and currently the country has about 20% forest cover. Remote sensing completed in 2007 indicates that forests (natural montane forests, savannah forests, and tree plantations) cover about 330,576 ha (of which 215,739 ha are natural forests and 114,837 ha tree plantations). Other forest resources (small wood lots, agroforestry trees) account for another 222,520 ha, bringing total forest cover to 553,098 ha. Forest ecosystems in Rwanda are primarily contained within the protected transboundary areas of Akagera National Park, Nyungwe National Park, and Volcanoes National Park, and within the former Gishwati Forest Reserve, Iwawa Island Forest Reserve and Mukura Forest Reserve. Protected areas have been encroached and reduced in size through successive re-gazetting. In addition to these protected forest areas, Rwanda also contains remnant terrestrial ecosystems that have resulted from the fragmentation of former larger ecosystems. In order to reverse deforestation, the government has embarked on a vigorous afforestation program, aiming to achieve 30% forest cover by 2020.

5. Forests in Rwanda provide wood fuel, food, construction materials and medicinal herbs to local communities. Forests also support a series of economic activities in the agriculture, tourism and energy industries. Their ecological roles include acting as a biodiversity repositories, groundwater and stream recharge, flood control and regulators of regional and microclimates.

6. The average temperature in Rwanda has increased over the last twenty years, while rainy seasons are becoming shorter with higher intensity. Climatic factors, exacerbated by loss of forest and vegetation cover, steep slopes and high dependence on traditional rain-fed agriculture, are causing a variety of impacts. The eastern and southeastern regions (Umutara, Ngoma, Bugesera and Mayaga) are most affected by prolonged drought, while the northern and western regions (Musanze, Rubavu, Nyamagabe and Huye) experience abundant rainfall that causes erosion, flooding and landslides. These extreme climate events have adverse impacts on agricultural

productivity. For instance, 2008 harvests were negatively affected by serious droughts that came at the beginning of both planting seasons.

Sectoral and institutional Context

7. Rwanda's long-term development vision articulated in the Rwanda Vision 2020 document is to become a lower-middle income economy operating as a knowledge-based service hub by 2020. Within this long-term vision, the first Economic Development and Poverty Reduction Strategy (EDPRS) focused on growth and governance. EDPRS II (2013-2018) highlights four thematic areas: (i) economic transformation, including green growth; (ii) rural development; (iii) productivity and youth employment; and (iv) accountable governance. It also identified environment and climate change, and disaster management as cross-cutting issues to be mainstreamed throughout all sectors. The proposed project is aligned with the thematic areas under specific programs, such as intensification of sustainable agriculture systems, rehabilitation of ecosystems, enhancing cross-sectoral coordination and implementation through local government, and use of local labor.

8. A number of sectoral strategies further elaborate goals germane to the project, many of which are also reflected in the Environment and Natural Resources Sector Strategic Plan (ENRSSP, 2009), and programs of agricultural intensification through terracing and a comprehensive national land titling program form part of the Agriculture Sector Strategic Plan. Rwanda's National Adaptation Plan of Action (NAPA, 2006) identifies the Northern and Western provinces in Rwanda as priority areas due to risks of floods and landslides, which led to the choice of the Gishwati-Mukura landscape as the main focus for implementation of adaptation investments under the proposed project. There are also a number of recent and current projects in related sectors, including the World Bank-financed Land Husbandry, Water Harvesting and Hillside Irrigation Project (LWH – which is investing in terracing), the Lake Victoria Environmental Management Project (LVEMP – which aims to improve the health of the Lake Victoria basin), and a UNEP / UNDP LDCF grant focused on enhancing community resilience to climate shocks in the Nile-Congo Crest area. The latter two are implemented by the Rwanda Environment Management Authority (REMA) (see Annex 2 for more details).

9. Rwanda has a relatively comprehensive and progressive legislative framework, and has established agencies to work cross-sectorally to support natural resource management, notably REMA and the Rwanda Natural Resources Authority (RNRA) within the Ministry of Natural Resources (MINIRENA). In addition, a National Fund for Environment and Climate Change (FONERWA) has been established to address cross-sector financing needs. Rwanda also recognizes the importance of engaging multiple stakeholders and has established mechanisms including regular cross-sectoral planning meetings and the Joint Action Development Forums (JADF), consultative platforms used for promoting cooperation between the private sector, civil society and the public sector. Nevertheless, in the face of extremely high pressure on land and inevitable trade-offs required in land use, effective collaboration is still a challenge. A 2011 international stakeholder consultation on forest landscape restoration in Rwanda organized by IUCN and MINIRENA revealed: conflicting targets and indicators between sectors; inadequate appreciation of environmental issues and capacity amongst non-environment sectors (e.g. infrastructure) resulting in limited use of existing coordination platforms; and a need to broaden civil society, private sector and, in particular, vulnerable groups in evidence-based planning and decision-making processes.

II. Proposed Development Objectives

The project development and the global environmental objective is to demonstrate landscape management for enhanced environmental services and climate resilience in one priority landscape.

III. Project Description

Component Name

Component 1: Forest-friendly and climate-resilient restoration of Gishwati-Mukura landscape

Comments (optional)

This Component will support the application of the landscape approach to forest restoration and conservation for the improvement of ecosystem functions and services in the former Gishwati Forest Reserve and the area stretching down to Mukura Forest Reserve. It aims to arrest and eventually reverse the ongoing land conversion in the area through forest restoration (to the extent feasible) and agro-forestry approaches in a manner that will maximize ecological connectivity and hydrological function in the landscape.

Component Name

Component 2 – Research, monitoring and management

Comments (optional)

The project aims to demonstrate the potential and inform future implementation of forest-friendly land rehabilitation approaches to leverage the much larger land husbandry investment programs being led by the agriculture sector, as well as any potential future investment programs in the water resources or forestry sectors that may also be interested in adopting the approach. To this end, support for applied research and systematic impact evaluation that goes beyond the immediate needs of the project is a sound investment.

IV. Financing (in USD Million)

Total Project Cost:	12.18	Total Bank Financing:	0.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
Borrower			2.65
Global Environment Facility (GEF)			5.49
Least Developed Countries TF for Climate Change Activities			4.05
Total			12.18

V. Implementation

5. At the national level, the project will be implemented through MINIRENA. A Project Coordination Team responsible for day-to-day implementation will be based within the SPIU housed in REMA, which coordinates all current donor projects under REMA. REMA is the national environmental regulatory authority, but its mandate extends beyond the regulatory function to include environmental coordination, mainstreaming and monitoring. It also has a direct implementation mandate in specific areas that require cross-sectoral collaboration, including climate change and biodiversity. However, LAFREC requires the active involvement of all arms of MINIRENA, and is therefore established as a project of the Ministry, which REMA will administrate on its behalf.

6. An additional accountant will be hired under the project, and a senior procurement officer, planning and M&E specialist, and community development specialist will be shared between the

LAFREC and LVEMP projects. Services provided by the existing SPIU staff to the project will include oversight, GIS and communications. A Project Implementation Manual will provide guidance on the formats for planning, reporting, monitoring and evaluation, and fiduciary management procedures. Memoranda of Understanding (MoUs) will be signed with partner agencies where those institutions will be in charge of implementation.

7. Project activities on the ground will be implemented through the Districts under MoUs in accordance with national decentralization policies. A District Project Coordination Team of sector experts will be established in each participating District to coordinate participatory planning for land management and livelihoods activities. Two project field environmental officers will provide support and oversight, and local teams of project assistants and service providers will bolster the capacity of District and Sector staff. Due to the significant time required for these interactions, they will be supported by local service providers.

8. A Steering Committee consisting of senior representatives of key ministries, agencies, and non-governmental organizations will provide overall strategic direction and ensure political support. Options will be assessed to integrate this Committee with the steering committee of an existing and related project. A Gishwati Integrated Landscape Planning Working Group will integrate existing land use and development plans from various sectors, and agree on future coordination structures.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
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

Comments (optional)

VII. Contact point

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