

# AFRICAN DEVELOPMENT BANK



**PROJECT : ISANGI GEOGRAPHICALLY-INTEGRATED REDD PILOT PROJECT**

**COUNTRY : DEMOCRATIC REPUBLIC OF CONGO**

## APPRAISAL REPORT

December 2010

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## TABLE OF CONTENTS

	<u>Page</u>
Currency Equivalents, Fiscal Year, Weights and Measures, List of Acronyms and Abbreviations, Project Information Sheet, Executive Summary, Project Matrix, Project Implementation Schedule	i-xiii
<b>I – STRATEGIC THRUST AND RATIONALE</b> .....	1
1.1 Project Linkages with Country Strategy and Objectives.....	1
1.2 Rationale for Bank’s Involvement.....	1
1.3 Aid Coordination.....	2
<b>II – PROJECT DESCRIPTION</b> .....	2
2.1 Project Objectives.....	2
2.2 Project Components.....	2
2.3 Technical Solutions Adopted and Alternatives Explored.....	4
2.4 Project Type.....	4
2.5 Project Cost.....	4
2.6 Project Area and Beneficiaries.....	6
2.7 Participatory Approach for Project Identification, Design and Implementation.....	7
2.8 Bank Group Experience, Lessons Reflected in Project Design.....	7
<b>III. PROJECT FEASIBILITY</b>	
3.1 Economic and Financial Performance.....	8
3.2 Environmental and Social Impact.....	9
3.3 Involuntary Population Displacement.....	10
<b>IV – IMPLEMENTATION</b> .....	10
4.1 Implementation Arrangements.....	10
4.2 Monitoring and Evaluation.....	13
4.3 Governance.....	13
4.4 Sustainability.....	14
4.5 Risk Management.....	14
4.6 Knowledge Building.....	14
<b>V – LEGAL FRAMEWORK</b> .....	15
5.1 Legal Instrument.....	15
5.2 Conditions Associated with CBFF Intervention.....	15
5.3 Compliance with Bank Policies.....	16
<b>VI -RECOMMENDATION</b> .....	16
<b>ANNEXES</b>	
Appendix 1:	Socio-economic Indicators of DRC
Appendix 2:	ADB Portfolio in DRC
Annex 1:	Map of the Project Area
Annex 2:	Detailed Cost by Component and Activity in Local Currency and Foreign Exchange.
Annex 3:	Procurement Arrangements

## Currency Equivalents

*December 2010*

1 Unit of Account (UA) = Congolese Franc (CDF) 1428.161873

1 Unit of Account (UA) = EUR 1.20520

1 Unit of Account (UA) = USD 1.52578

## Fiscal Year

1 January - 31 December

## Weights and Measures

1 metric tonne	=	2 204 pounds
1 kilogramme (kg)	=	2.200 pounds
1 metre (m)	=	3.281 feet
1 millimetre (mm)	=	0.03937 inch
1 kilometre (km)	=	0.621 mile
1 hectare (ha)	=	2.471 acres

## LIST OF ACRONYMS AND ABBREVIATIONS

<b>ADB</b>	African Development Bank
<b>CARPE</b>	Central African Regional Program for the Environment
<b>CBFF</b>	Congo Basin Forest Fund
<b>CDM</b>	Clean Development Mechanism
<b>CN-REDD</b>	REDD National Coordination
<b>COMIFAC</b>	Central African Forests Commission
<b>DEP</b>	Directorate of Studies and Planning
<b>DRC</b>	Democratic Republic of Congo
<b>FAO</b>	United Nations Food and Agriculture Organisation
<b>GIS</b>	Geographic Information System
<b>GPRSP</b>	Growth and Poverty Reduction Strategy Paper
<b>ICCN</b>	Congolese Institute for Nature Conservation
<b>IFA</b>	Faculty of Agronomic Sciences ( <i>Institut Facultaire des sciences agronomiques</i> (Yangambi))
<b>INERA/Yangambi</b>	National Institute for Agronomic Studies and Research
<b>MECNT</b>	Ministry of Environment, Nature Conservation and Tourism
<b>MRV</b>	Monitoring-Reporting-Verification
<b>OCEAN</b>	Concerted Organization of Ecologists and Friends of Nature ( <i>Organisation Concertée des Ecologistes et Amis de la Nature</i> )
<b>PACEBCo</b>	Congo Basin Ecosystems Conservation Support Programme
<b>PCN</b>	<i>Protection et Conservation de la Nature</i> (NGO),
<b>PNFoCo</b>	National Forestry and Nature Conservation Programme
<b>REAFOR</b>	Project to Revive Research in Agriculture and Forestry ( <i>Projet de Relance de la Recherche en Agriculture et Foresterie</i> )
<b>REDD+</b>	Reduction of Emissions from Deforestation and Forest Degradation
<b>UCPFCN</b>	Coordination Unit of Forest and Nature Conservation Project
<b>UNDP</b>	United Nations Development Programme
<b>UNIKIS</b>	University of Kisangani
<b>WCS</b>	Wildlife Conservation Society

## PROJECT INFORMATION SHEET

### Client Information

**DONEE** : Government of DRC

**EXECUTING AGENCY** : REDD National Coordination

### Financing Plan

Source	Amount (Euro)	Instrument
CBFF	2. 298 million	Grant
Other Donors	Nil	
<b>TOTAL COST</b>	<b>2 298 215</b>	

### ADB Key Financing Information

Grant Amount	2. 298 million
Commitment Fee*	NA
Service Fee	NA
Tenor	NA
Grace Period	NA
IRR NPV	NA
ERR	NA

### Timeframe – Main Milestones (expected)

Duration: three (3) years	
Concept Note Approval	7 March 2010
Project Approval:	February 2011
Effectiveness	April 2011
Last Disbursement	October 2013
Completion	December 2013
Last Repayment	NA

## PROJECT SUMMARY

### 1. Project Overview

1.1 On instructions from the CBFF Governing Council dated 5 December 2009, a CBFF mission visited every Congo Basin country to identify government projects to be submitted to the CBFF for funding. Each Congo Basin country, including DRC, produced concept notes to that end, which were sent to the CBFF for review and approval. At its seventh ordinary session held in Tunis on 7 March 2010, the CBFF Governing Council approved the concept notes and instructed the Secretariat to assist CBFF countries to produce detailed proposals and appraise them immediately. In early April 2010, following submission of detailed proposals by the countries, the Secretariat fielded project appraisal missions in different countries which led to the preparation of this report. At its ninth session held on 15 and 16 November in Libreville, Gabon, the CBFF Governing Council approved the funding for this project for EUR 2.298 million.

1.2 The sector goal of the "Isangi Geographically-Integrated REDD Pilot Project" is to help reduce deforestation and poverty in the project area. Its specific objectives are as follows: (i) enhance the capacity of local authorities in management and planning, land use planning, land tenure security, harmonization and enforcement of laws; (ii) enhance human, technical, financial and organizational management capacity of local people for productive and sustainable exploitation of their environment; and (iii) improve the economic and social conditions of local people. The project duration is three years and its total cost is estimated at EUR 2,298,215, the entire funding of which is requested from CBFF.

1.3 The project will be implemented by a coordination unit within the Ministry of Environment, Nature Conservation and Tourism (MECNT) which, for the purpose, will seek the services of the NGO "OCEAN", whose role will focus specifically on the technical coordination of field operations, with the help of other institutions such as the National Institute of Agricultural Studies and Research (INERA) and the University of Kisangani (UNIKIS). The EUR 2.298 million CBFF grant resources will be used in financing reforestation activities to be undertaken by the population (regeneration of 20% of forests), enhancing the capacity of local communities and authorities, promoting income-generating agricultural activities (food crops, rice/fish farming, stock breeding - pigs, goats, poultry) and agro-forestry, thanks to which household budgets will increase by at least 15%. The project will also contribute to the preparation of a forest land register and improve the operation of community radio stations to be used to raise awareness on issues relating to socio-economic development in general, and activities advocated by the project in particular.

### 2. Project Beneficiaries and Impact

2.1 The project beneficiaries are: (i) direct beneficiaries, comprising local communities of the five villages targeted by the project and national experts at the provincial and local levels; and (ii) indirect beneficiaries who are the rest of the Isangi population not living in the targeted villages, and other stakeholders operating within the Isangi territory.

2.2 The project impacts are manifold: (i) environmental, with the regeneration of 90 ha of forests; (ii) economic and financial, with improved income that will be achieved through the intensification of 80 ha of crops and 5 ha of rice/fish farms, distribution of 600 sires (pigs, goats and poultry); (iii) social and communicative, with hardware support to four radio stations (Isangi, Yangambi, Tolao and Kisangani) and one television station (Kisangani); and (iv) scientific and institutional, with the establishment of five carbon stock monitoring plots, five farmers' organizing committees, five monitoring, reporting and verification mechanisms, and a monitoring mechanism within the project, as well as the micro-zoning of some 115,307 ha.

2.3 Ultimately, the project will enable a 20% increase in the forest area of the region and a 15% increase in the income of households concerned. The network of feeder roads provided by the project will open up villages, and thus offer opportunities to add value to local agricultural production through better access to markets.

### **3. Needs Assessment and Project Rationale**

3.1 The project stems from the need to reduce or stop deforestation due to uncontrolled forest exploitation, by offering people alternative activities likely to sustainably improve their living standards.

3.2 The project will contribute to achieving CBFF objectives by reducing the rate of deforestation and poverty in the DRC. It covers three CBFF thematic areas, namely: (i) forest management and sustainable practices; (ii) livelihoods and economic development; and (iii) environmental monitoring and socio-economic baseline data. It also concerns the following four main thrusts of the COMIFAC Convergence Plan: ecosystem management and forest replanting (Thrust 3); sustainable development of forest resources (Thrust 5); development of alternative activities and poverty reduction (Thrust 6); and capacity building, stakeholder participation, information and training (Thrust 7).

3.3 The project also comprises innovative aspects which include: the establishment of income-generating activities as alternatives to logging; reforestation with short-cycle species that are quickly usable; and launching of REDD dynamics at the Isangi territory level, which will help to consolidate the REDD process and/or strategy at the national level. From this perspective, it is a pilot project.

### **4. Bank's Value Added**

4.1 This project concerns a fairly new field - Reducing Emissions from Deforestation and Forest Degradation (REDD), a sector with few operations in the Bank's portfolio. Through the innovative and highly specialized knowledge required for its implementation, the project will enhance the capacity of Bank experts in the specialized area of environmental management in general, and carbon management in particular.

4.2 By contributing to the preservation of the Congo Basin rainforest which is the Earth's second "green lung" after the Amazon, the Bank will be helping to mitigate one of the fallouts of forest degradation, namely global warming with all its adverse consequences (floods, droughts, etc.). Funding for this project will increase the Bank's overall visibility in an area where it was hitherto poorly represented at the operational level.

## 5. Knowledge Management

5.1 The project will test the validity of certain REDD-related assumptions on the ground, notably acceptance of income-generating activities as alternatives to deforestation by the population, community management of natural forests, etc. The project results will be quantified and validated during a final evaluation mission that will be conducted by the CBFF Secretariat, and thereafter disseminated and utilized by the entire Bank to build staff capacity and knowledge.

5.2 At the local level, the participatory approach to be used will actively involve the population, local and traditional authorities in implementing the project. The latter can acquire new knowledge concerning forest governance and agriculture, through training sessions provided by the project and the day-to-day practice of activities advocated and supported by the project.

5.3 The inclusion of REDD projects in the Bank's portfolio will enable its technical staff to enhance their knowledge in new areas such as community forestry and REDD in moist dense forest. This experience will complement the Bank funded *Programme d'Appui à la Conservation des Ecosystèmes du Bassin du Congo (PACEBCo)* and the Forest Investment Program. The Bank is supporting DRC, Burkina Faso and Ghana in the preparation of their FIP strategy. The objective of the FIP is to promote the sustainable management of forests and to increase the investments in order to help the countries reducing emissions of greenhouse gases due to deforestation and forest degradation (REDD). All information collected by this project and similar ones will be used to enrich the skills of stakeholders in the REDD approach and good practices regarding forest management and assistance to vulnerable people.

### PROJECT MATRIX (Results-based): Isangi Geographically-Integrated REDD Project

HIERARCHY OF OBJECTIVES	EXPECTED RESULTS	REACH BENEFICIARIES /	PERFORMANCE INDICATORS AND SOURCES OF VERIFICATION	TARGETS TIME FRAME	ASSUMPTIONS, RISKS AND MITIGATIVE MEASURES
<b>Overall Objective</b>	<b>Impact / Long-term Results</b>	<b>Beneficiaries</b>	<b>Impact Indicators</b>	<b>Expected Long-term Progress</b>	<b>Assumptions, Risks and Mitigative Measures</b>
Contribute to reducing the rate of deforestation, forest degradation and poverty among the population. -	Rate of deforestation and forest degradation and scale of poverty of communities reduced.	Geographically-Integrated REDD Project area dwellers estimated at 520,000 inhabitants	-20% of forests regenerated -15% increase in income on average	Rates of deforestation and forest degradation reduced by 20% by 2017 and 20% increase in forest sector jobs by 2015	<b>Risk:</b> Political instability, non-implementation of the PRSP; innovative aspect of the project <b>Mitigation:</b> Peace-keeping with the participation of the international community can ensure medium- to long-term peace; project implementation by an NGO (OCEAN)
<b>Specific Project Objectives</b>	<b>Medium-term Results</b>	<b>Beneficiaries</b>	<b>Outcome Indicators</b>	<b>Expected MT Progress</b>	<b>Assumptions, Risks and Mitigative Measures</b>
-Enhance local government capacity on land use -Improve the socio-economic conditions of local communities	-60 local government employees (including 30% women) trained -1550 pastoral households (pigs, goats and poultry)	-The national government, local governments, local communities	Management and development policy of the pilot territory	Management plan produced in 2011 and 1550 agro-pastoral households supported in 2012	<b>Risks:</b> - Non- involvement of all stakeholders, interference of certain authorities <b>Mitigation:</b> - Sensitization of all project stakeholders
<b>Activities</b>	<b>Outcomes / Short-term results</b>	<b>Beneficiaries</b>	<b>Outcome Indicators</b>	<b>Expected Short-term Progress</b>	<b>Assumptions, Risks</b>
<b>Component A: Forest Management and Sustainable Practices</b>					
<b>A.1. Land use planning sub-component</b>		-Population of target area -Local government - Concession holders			<b>Risk:</b> - Reduction of farmland to the benefit of woodlands
A.1.1. Development of land use plans and					

HIERARCHY OF OBJECTIVES	EXPECTED RESULTS	REACH BENEFICIARIES /	PERFORMANCE INDICATORS AND SOURCES OF VERIFICATION	TARGETS TIME FRAME	ASSUMPTIONS, RISKS AND MITIGATIVE MEASURES
<p>management plans for village forests</p> <p><b>A.1.2.Sub- component: Promotion of agroforestry and reforestation (IFA and INERA)</b></p> <p><b>A.1.3.Sub- component: Information, Education and Communication for sustainable forest management (PCN)</b></p>	<p>A.1.1 Land use plan prepared and validated, with the support of participatory mapping unit of OCEAN</p> <p>A.1.1. Local technicians in handling of GPS and mapping techniques trained in target villages</p> <p>A.1.1. Micro-zoning maps of village forests are produced and recognized in the land and forest register</p> <p>A.1.1.1 Seedling production nurseries put in place</p> <p>A.1.2 Forest reforestation</p> <p>A.1.2. Agro-forestry demonstration plots established</p> <p>A.1.3. IEC Plan prepared and validated</p> <p>A.1.3. Farmers' cooperatives are formed and well-structured in the targeted villages</p>	<p>GIS Technicians</p> <ul style="list-style-type: none"> <li>- Target area population</li> <li>- GIS-researcher</li> <li>- Cartographers</li> <li>- Local communities</li> <li>- Targeted villages</li> <li>- Population of five targeted villages</li> </ul> <p>The population, local organizations, administrative and traditional authorities, radio and TV stations in the project area and Kisangani's neighbouring towns</p>	<p>A.1.1 Existence of a land use plan</p> <p>A.1.1 Number of participatory mapping workshops organized in the targeted villages</p> <p>A.1.1 Number of maps produced, with village forest management plans in targeted villages</p> <p>A.1.2 Number of forests recognized by the forest and land register</p> <p>A.1.2 Number of plantlets produced</p> <p>A.1.2 Surface area of nurseries and demonstration plots</p> <p>A.1.3 IEC plan operational in the project area</p> <p>A.1.3 Number of structured farmers' cooperatives.</p>	<p>A land use plan implemented by the district government in 2013</p> <p>Five participatory mapping workshops organized in 2011 and 2012</p> <p>Five management plans with village forest maps from 2011 and 2012</p> <p>A.1.2 At least two maps recognized by the land and forest register from 2012</p> <p>A.1.2 15,000 seedlings produced and distributed in 2012</p> <p>A.1.2 90 hectares of forests replanted with agro-forestry species, one hectare of demonstration plots with improving species in 2012.</p> <p>Local IEC plan developed and validated in 2013</p> <p>At least five farmers' cooperatives structured in 2013</p>	<p><b>Mitigative measures:</b></p> <p>-Dialogue, participatory mapping and community structuring</p>

HIERARCHY OF OBJECTIVES	EXPECTED RESULTS	REACH BENEFICIARIES /	PERFORMANCE INDICATORS AND SOURCES OF VERIFICATION	TARGETS TIME FRAME	ASSUMPTIONS, RISKS AND MITIGATIVE MEASURES
<b>Component B: Livelihoods and Economic Development</b>					
<p><b>B.1. Support to small livestock rearing (pigs, goats, poultry) (IFA and INERA).</b></p> <p><b>B.2 Sub-component: Conduct of study on sectors developed in targeted villages</b></p> <p><b>B.3. Sub-component: Support to improved food crops (maize and cassava improved species) (IFA and INERA)</b></p> <p><b>B.4. Sub-component: Community support to improved rice/fish farming (IFA and INERA)</b></p> <p><b>B.5. Sub-component: Preservation, storage, evacuation and marketing of products in targeted villages (IFA)</b></p>	<p>B.1.1 Goat, pig and poultry farmers are supported</p> <p>B.2.1. A study on sectors developed in the targeted villages conducted</p> <p>B.3.1. Training sessions are organized for the project's poultry and agro-components</p> <p>B.3.1. Three demonstration plots of food crops and seed production are located in the targeted villages at the rate of one hectare per crop</p> <p>B.4.1. A fry rearing pond and 1 ha of rice/fish pilot farm are established in Yangambi and one of the targeted villages, respectively</p> <p>B.4.2. Bottomland developed for rice cultivation</p> <p>B.4. 3. Fish farmers are supported in the targeted villages</p>	<p>Targeted villages</p> <p>Targeted villages</p>	<p>-Number of sires produced / packaged*</p> <p>Number of livestock produced</p> <p>B.2.1 Existence of economic data base on agricultural and agro-pastoral industries</p> <p>B.3.1 Number of sessions held</p> <p>B.3.1 Number of farmers and stockbreeders who have mastered cultivation and breeding methods in the targeted villages</p> <p>B.3.1 Number of tons of rice and corn seed produced</p> <p>B.3.1 Number of tons of cassava and maize produced</p>	<p>300 pig sires 100 goat sires 500 avian brood 600 head of swine provided in 2012 and 2013</p> <p>450 head of goats per year 10,000 poultry / year in 2012 and 2013 A socio-economic study report on agricultural and agro-pastoral production sectors from 2011</p> <p>2 sessions per year from 2012 At least 30 farmers have mastered agro-pastoral and poultry production methods 2 sessions per year from 2012; at least 10 farm instructors retrained in improved farming methods;</p> <p>Five hectares of bottomland developed; at least 100 farmers trained; 5 tons of seed paddy per year, 7.5 tons of maize seed per year.</p>	<p><b>Risks:</b> Animal and plant diseases - Disruption of the agricultural calendar</p> <p><b>- Mitigative measures:</b> Good veterinary prophylaxis and phyto-pathological control, setting up of a veterinary dispensary, recruitment of a part-time veterinarian.</p> <p>- Promotion of stable-feeding</p>

HIERARCHY OF OBJECTIVES	EXPECTED RESULTS	REACH BENEFICIARIES /	PERFORMANCE INDICATORS AND SOURCES OF VERIFICATION	TARGETS TIME FRAME	ASSUMPTIONS, RISKS AND MITIGATIVE MEASURES
	<p>B.5.1. Agricultural produce depots are built in the targeted villages (IFA)</p> <p>B.5.1. Sections of roads leading to the project area are rehabilitated and maintained</p> <p>B.5.1 A river transport unit (boat) is in place</p>		<p>B.4.1 Number of fry produced and distributed</p> <p>B.4.2 Number of tons of rice produced in the project's rice/fish farms</p> <p>B.4.3 Number of tons of fish produced in the rice/fish farms</p> <p>B.5.1 Number of depots built in the targeted villages</p> <p>B.5.1. Number of kilometres rehabilitated and maintained. Existence of a boat for river transport</p>	<p>600 tons of cassava per year produced, 35.5 tons of corn per year for 2011 and 2012</p> <p>- 30,000 fry produced per year (for airbreathing catfish and tilapia) in 2011 and 2012</p> <p>- 20 tons of rice per year for 2011 and 2012</p> <p>- 8 tons of fish per year for 2011 and 2012</p> <p>At least 5 depots built</p> <p>50 km of agricultural feeder roads rehabilitated in 2011 and 2012;</p> <p>A boat provided in 2012</p>	

HIERARCHY OF OBJECTIVES	EXPECTED RESULTS	REACH BENEFICIARIES /	PERFORMANCE INDICATORS AND SOURCES OF VERIFICATION	TARGETS TIME FRAME	ASSUMPTIONS, RISKS AND MITIGATIVE MEASURES
<b>Component C: Ecological and Socio-economic Monitoring and Baseline Data</b>					
<p><b>C 1. Sub-component: Capacity building of local technicians and managers on GIS and MRV</b></p> <p><b>C 2. Sub-component: Conduct of a survey in the project area</b></p> <p><b>C.3. Sub-component: Conduct of project socio-economic and environmental impact assessments (Faculty of Science, UNIKIS)</b></p> <p><b>C.4. Monitoring and evaluation of project activities undertaken by MECNT and REDD national coordination</b></p>	<p>C.1.1. Managers and technicians are trained in GIS and MRV</p> <p>C.2.1. A prospective study is conducted in the project area</p> <p>C.3.2. Carbon stock assessment mechanism is in place</p> <p>C.3.3. Area-wide baseline drawn at the scale of the territory and the project area</p> <p>C.4.1. Monitoring missions conducted in the project area</p>	<p>Local officials and communities of the project area</p> <p>Targeted villages</p>	<p>C.1.1 Modules on MRV are put together</p> <p>C.2.1 Baseline of GHG activities available and updated</p> <p>C.3. 1 Actual existence of carbon MRV system developed locally</p> <p>C.3.3 Existence of a baseline document at the territory and local level</p> <p>C.4.1 Number of missions conducted</p>	<p>-10 officers and 30 technicians are retrained to train MRV technicians in the project area</p> <p>A survey report carried in Year 1</p> <p>MRV system operational from 2011</p> <p>Two baseline scenarios for the territory and the project area produced and validated in Year 1.</p> <p>6 monitoring and evaluation missions conducted throughout the project duration</p>	<p>Risk: Non- involvement of stakeholders</p> <p><b>Mitigative Strategies:</b> Participatory selection of capacity building programs; sensitize administrative authorities for a common vision</p>

HIERARCHY OF OBJECTIVES	EXPECTED RESULTS	REACH BENEFICIARIES /	PERFORMANCE INDICATORS AND SOURCES OF VERIFICATION	TARGETS TIME FRAME	ASSUMPTIONS, RISKS AND MITIGATIVE MEASURES
<b>6. Component D: Project Management</b>					
<p>D.1 Coordination of activities on site</p> <p>D.2. Project financial management</p>	<p>D.1.1. Project technical steering unit provided with essential equipment is set up on site</p> <p>D.2. 1. The financial management tools (including accounting software) is set up to facilitate financial transactions by the fiduciary agency UCPFCN / MECNT</p> <p>D.2. 2. System for managing project funds put in place and coordinated by the Fiduciary Agency UCPFCN/MECNT</p>	<p>Key project staff</p> <p>UCPFCN</p>	<p>D.1.1 A technical steering unit is operational</p> <p>D.2.1 Equipment and materials management system</p> <p>D.2.2 Existence of an efficient financial management system</p>	<p>A project coordination unit is put in place in 2011</p> <p>Contracts provided for are executed in 2011 and 2012</p>	<p><b>Risks:</b></p> <p>- Delays in procurement, delays in disbursement of funds</p> <p><b>Mitigative Strategies:</b></p> <p>Permanent assistance of the CBFF Secretariat team; Support from the CBFF field office and the ADB Regional Office in Kinshasa</p>

## PROJECT IMPLEMENTATION SCHEDULE

ACTIVITIES		2011				2012				2013				2014			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
1	Grant approval																
2	Negotiations																
3	Project launch workshop																
4	First disbursement																
	<b>Forest Management and Sustainable Practices</b>																
5	Land-use planning and village forests management plans																
6	Promotion of agro-forestry and reforestation																
7	Information, Education and Communication for sustainable forest management																
	<b>Livelihoods and Economic Development</b>																
8	Support to small livestock (pigs, goats, poultry)																
9	Study of sectors developed in targeted villages																
10	Support to improved food crops																
	Support to rice/fish culture																
	Conservation, storage, marketing																
	<b>Ecological and Socio-economic Monitoring</b>																
	Capacity building for local officers and technicians in GIS and MRV																
	Conduct of a survey and baseline in the project area (UNIKIS )																
	<b>Project Management</b>																
11	Establishment of a coordination unit																
12	Procurement of goods, works and services																
13	Implementation of monitoring and evaluation																
14	Audit																
15	Mid-term review																
16	Final evaluation																

**REPORT AND RECOMMENDATION OF BANK GROUP MANAGEMENT TO THE  
BOARD OF DIRECTORS CONCERNING THE FINANCING OF THE ISANGI  
GEOGRAPHICALLY-INTEGRATED REDD PILOT PROJECT**

*Management hereby submits this report and recommendation for a proposal to award an EUR 2.298 million grant from CBFF resources to the Government of DRC to finance the Isangi Geographically-Integrated REDD Pilot Project*

**I. STRATEGIC THRUST AND RATIONALE**

**1.1 Project Linkages with Country Strategy and Objectives**

1.1.1 The project is a priority since it belongs to the forest sector, which the government considers crucial for the country's development. The project is in line with DRC's Growth and Poverty Reduction Strategy Paper (GPRSP) as it will contribute to implementing the following actions that are among the GPRSP pillars: poverty reduction and promotion of community dynamics.

1.1.2 At the national level, the DRC is in the process of preparing a REDD+ national strategy. The country will do so through a series of pilot operations, of which this project is part. The project not only falls within REDD dynamics, but also ties with the National Forest and Nature Conservation Programme (PNFoCo) funded by several donors. At the Regional level, the project is consistent with the COMIFAC Convergence Plan as it covers activities promoting awareness of forestry resources in the DRC, improving the livelihoods of local communities and reducing emissions from deforestation and ecosystem degradation.

**1.2 Rationale for Bank involvement**

1.2.1 Overall, the project is consistent with the Bank's 2008-2012 Growth and Poverty Reduction Strategy Paper (GPRSP), which advocates pro-poor growth. As already indicated (see Section No. 3 "Needs Assessment and Project Rationale"), although this project covers three CBFF thematic areas, it will also help to reduce the pace of deforestation and forest degradation in the Congo Basin, as well as enable beneficiaries to obtain reliable income and thus sustainably improve their living conditions. All these actions expected from the project will contribute to achieving the Bank's objectives in the areas of environment and poverty reduction.

1.2.2 Furthermore, the project and similar ones that will be funded by the CBFF in the DRC will significantly enrich the Bank's portfolio, which contains very few operations in the field of environment in general, and REDD in particular. Therefore, these operations will enable the Bank to improve its visibility in this highly specialized area, at the same time allowing its staff to consolidate their knowledge through supervision missions and information exchange with the project executing agency.

### **1.3 Aid Coordination**

1.3.1 In the country's new post-election context, donors have adopted a country assistance framework (CAP), following consultations with the Government, the private sector and civil society in 2007. This new framework, based on results from the PRGSP pillars, served as a reference and coordination framework for external assistance during the 2007-2009 period.

1.3.2 The High Level Forum on Aid Effectiveness held in Kinshasa in June 2009 engendered the "Kinshasa Agenda", which describes the status of aid, identifies constraints and makes recommendations for improved coordination and aid effectiveness. External aid is coordinated by the Ministry of Planning through "Thematic Groups". The Bank chairs the thematic group on economic statistics. The ADB Group is a leading donor in the DRC after the World Bank. Since the resumption of cooperation, its position has been further consolidated with a total approval UA 249.75 million for the public sector in the current portfolio (see Appendix 2 attached). It is worth noting that the opening of the regional office in Kinshasa (CDFO) in 2007 helped to boost and facilitate the Bank's contribution to coordination efforts with other technical and financial partners (TFP), in accordance with the Kinshasa Agenda which advocates a more rational division of labour among TFPs and the use of harmonized mechanisms for implementing operations.

1.3.3 In the forestry sector, the World Bank, the European Union, Germany, the United States and Norway are the main donors, although support comes from many other sources (Japan, France, Belgium, etc.). Cumulative operations exceed USD 347 million (October 2010). Among the major projects worth noting are: "Project to Support Ecosystem Preservation and Development of Environmental Services" for USD 94.8 million financed by several bilateral (U.S., Norway, Germany, Spain) and multilateral donors (WB, EU, UN Agencies). The Bank finances a single multinational operation in the forestry sector, namely the Congo Basin Ecosystems Conservation Support Project (PACEBCo), whose interventions largely concern the DRC. PACEBCo is ongoing.

## **II. PROJECT DESCRIPTION**

### **2.1 Project Objectives**

2.1.1 The project's sector goal is to contribute to reducing deforestation, forest degradation and poverty. Its specific objectives are as follows: (i) strengthen the capacity of local authorities on land use; and (ii) improve the socioeconomic conditions of local communities.

### **2.2 Project Components**

2.2.1 Project activities are divided into four components, briefly described in the following table:

*Table 2.1: Project Components*

No.	Component Name	Cost Estimate (EUR)	Component Description
A	<b>Forest Management and Sustainable Practice</b>	<b>736,210</b>	<ul style="list-style-type: none"> <li>• Land use planning (OCEAN)</li> <li>• Development of land use plan and management plans for village forests</li> <li>• Promotion of agro-forestry and reforestation (IFA and INERA)</li> <li>• Information, Education and Communication for sustainable forest management (PCN)</li> </ul>
B	<b>Livelihoods and Economic Development</b>	<b>714,894</b>	<ul style="list-style-type: none"> <li>• Support to small livestock farming: pigs, goats, poultry (IFA and INERA).</li> <li>• Study of developed sectors in targeted villages</li> <li>• Support to improved crops: maize and cassava (IFA and INERA)</li> <li>• Community support to improved rice/fish farming (IFA and INERA)</li> <li>• Preservation, storage, transportation and marketing of produce in the targeted villages (IFA)</li> </ul>
C	<b>Environmental and Socio-economic Monitoring</b>	<b>266,000</b>	<ul style="list-style-type: none"> <li>• Capacity building for local officers and technicians in GIS and MRV</li> <li>• Conduct of a survey in the project area and baseline (UNIKIS and partners)</li> <li>• Assessment of project's socio-economic and environmental impact (Faculty of Science, UNIKIS)</li> <li>• Monitoring and evaluation of project activities</li> </ul>
D	<b>Project Management</b>	<b>342,770</b>	<ul style="list-style-type: none"> <li>• Coordination of on-site activities</li> <li>• Project financial and accounting management</li> <li>• Audit</li> <li>• Final evaluation</li> <li>• Completion</li> </ul>

## 2.3 Technical Solutions Adopted and Alternatives Explored

The technical solutions adopted and alternatives explored are presented in the table below.

*Table 2.2: Alternatives Explored and Solutions Adopted*

<b>Components</b>	<b>Solution Adopted</b>	<b>Alternative Explored</b>	<b>Reasons for Rejection</b>
<b>A. Forest Management and Sustainable Practice</b>	Community actions through participatory approach with the assistance of technical partners	Administrative management, standalone activities	Specialized activities outside government's competence
<b>B. Livelihoods and Economic Development</b>	Actions assigned to partners (INERA and IFA) familiar with the environment	Centralized administrative management	Inadequate skills and human resources
<b>C. Environmental and Socio-economic Monitoring</b>	Basically capacity building and socio-economic assessment tasks entrusted to UNIKIS	Carried out by a public institution	Weaknesses of the administration and lack of specialized State institutions in targeted areas
<b>D. Project Management</b>	Fiduciary management of project by MECNT and technical coordination by the NGO "OCEAN" and partners (UNIKIS, INERA, IFA)	Overall project management by a single government entity	Weak capacity of the administration of a post-conflict country. Sustainability not guaranteed

## 2.4 Project Type

2.4.1 This operation is a pilot project. The project's "pilot" nature stems not only from its relatively small size and short duration, but also and above all from the fact that it aims to test assumptions designed in the form of activities on the ground, with a view to mapping out a REDD approach at the national level. To this end, the government has selected a number of pilot sites, including that of this project, to conduct activities whose results could be used to frame a REDD strategy. Project funding will be provided by a grant from the Congo Basin Forest Fund (CBFF).

## 2.5 Project Cost

2.5.1 The total project cost is estimated at EUR 2,298,215 net of taxes. All costs were calculated in local currency and then converted into Euro because the Euro is the sole currency for CBFF payments. Taxes will be paid by the State, which shall take the necessary measures for the purposes of this provision. This cost includes a 0% provision for physical contingencies on all works. The quantity of these works have been identified, since only five (5) villages are concerned (implementation of alternative activities in 5 villages, implementation of 5 agro-pastoral farms, 5 fry rearing ponds, etc.). This low physical contingency rate is also attributable to the low technology level of the works. The project cost also includes a 7% composite rate provision for price escalation, corresponding to the inflation rate estimated by the Congolese

Ministry of Finance and Budget during preparation of the fiscal 2010 State budget. The summary of cost estimates by component and expenditure category is presented in Tables 2.3 and 2.4 below.

*Table 2.3 : Summary of Cost Estimates by Component*

COMPONENTS	Local Currency (LC)	Foreign Exchange (FE)	Total	% Foreign Exchange
Forest Management and Sustainable Practice	611 402	124 808	736 210	17%
Livelihoods and Economic Development	650 294	64 600	714 894	9%
Environmental and Socio-economic Monitoring	266 000	0	266 000	0%
Project Management	330 570	12 200	342 770	4%
<b>Base cost</b>	<b>1 858 266</b>	<b>201 608</b>	<b>2 059 874</b>	<b>10%</b>
Physical contingencies	0	0	0	0%
Price escalation	223 327	15 015	238 341	6%
<b>Total cost estimate</b>	<b>2 081 593</b>	<b>216 623</b>	<b>2 298 215</b>	<b>9%</b>

*Table 2.4: Summary of Cost Estimates by Expenditure Category*

CATEGORIES	Local Currency (LC)	Foreign Exchange (FE)	Total	% Foreign Exchange
Works	257 750	0	257 750	0%
Goods	146 396	201 608	348 004	58%
Services	78 100	0	78 100	0%
Personnel	445 430	0	445 430	0%
Operating costs	930 590	0	930 590	0%
<b>Base cost</b>	<b>1 858 266</b>	<b>201 608</b>	<b>2 059 874</b>	<b>10%</b>
Physical contingencies	0	0	0	0%
Price Escalation	223 327	15 015	238 341	6%
<b>Total</b>	<b>2 081 593</b>	<b>216 623</b>	<b>2 298 215</b>	<b>9%</b>

2.5.2 Funding will be fully covered by the CBFF up to EUR 2,298,215, as shown in Table 2.5 below. It should be noted that the CBFF Governing Council (GC) at its meeting of 15 and 16 November 2010 approved the project budget as submitted, i.e. with no contribution from the Recipient. The decision of the GC represents a departure from Provision 5.2 of the CBFF Operational Procedures Manual, which provides for cost-sharing between CBFF and the Recipient.

**Table 2.5: Sources of Financing (Euro)**

Sources of Financing	LC	FE	Total	% Total
CBFF	2 081 593	216 623	2 298 215	100%
<b>Total cost estimate</b>	<b>2 081 593</b>	<b>216 623</b>	<b>2 298 215</b>	<b>100%</b>

The table below shows the expenditure schedule by component over the project period:

**Table 2.6: Expenditure Schedule by Component (Euro)**

COMPONENTS	2011	2012	2013	Total	% Base cost
Forest Management and Sustainable Practice	348 110	264 375	123 725	736 210	36%
Livelihoods and Economic Development	469 794	201 900	43 200	714 894	35%
Environmental and Socio-economic Monitoring	162 000	52 000	52 000	266 000	13%
Project Management	139 862	125 662	77 246	342 770	17%
<b>Base cost</b>	<b>1 119 766</b>	<b>643 937</b>	<b>296 171</b>	<b>2 059 874</b>	100%
Physical contingencies	0	0	0	0	
Price escalation	78 384	93 306	66 651	238 341	
<b>Total cost estimate</b>	<b>1 198 150</b>	<b>737 243</b>	<b>362 822</b>	<b>2 298 215</b>	

2.5.3 Project management costs (project staff allowances and operating costs) are relatively high (17% of the overall cost) because of the expertise required for this type of project and the costs of the fiduciary assistance to be provided by the UCPFCN.

## 2.6 Project Area and Beneficiaries

2.6.1 The project area comprises three main sectors and chiefdoms of Isangi Territory: the Liutua community, the Lukombe community and the Babelota community. This is an area experiencing high and increasing deforestation, due mainly to: (i) rising demand for wood products and coal; (ii) slash and burn farming; (iii) forest concessions alongside agricultural concessions; and (iv) misuse of natural resources (forests, farmlands and fisheries) by communities. The project will seek to reverse this trend.

2.6.2 The direct beneficiaries include: 15 local government employees (including 30% women) trained in management and farming techniques; 80 farming households per year assisted in food crop farming and reforestation plots in 5 targeted villages; 15 households rice/fish farmers in the project area; 50 households of stock farmers supported in poultry, pig and goat rearing; 30 State researchers/technicians/experts from national NGOs (IFA INERA UNIKIS, OCEAN) retrained in remote sensing, cartography and improved agricultural techniques; 50

community leaders trained in participatory mapping, ecological monitoring of forest cover and management of local development structures; and 10 journalists trained to disseminate information on sustainable forest management and REDD. The indirect beneficiaries are the political players and all the inhabitants of Isangi territory through sensitization of the territory's forestry and agricultural authorities.

## **2.7 Participatory Approach for Project Identification, Design and Implementation**

2.7.1 The promotion of alternative activities to deforestation and forest degradation is a forestry policy priority in DR Congo. As such, MECNT has had to initiate a number of studies throughout the country under the auspices of the Directorate of Studies and Planning (DEP), with assistance from the World Bank and some national and international partners. In these studies, conducted in the form of interactive surveys, people approached, including potential project beneficiaries, were free to ask questions or make proposals in relation to their expectations. Furthermore, the CBFF Secretariat fielded two missions to the DRC in April and September 2010, not only to meet representatives of beneficiaries, stakeholders and partners to discuss the project content and issues, but also to ensure that the project would not duplicate existing operations. The relevant outcome of surveys conducted by the government and the information gathered by the CBFF missions form an essential part of this report.

2.7.2 The participation of beneficiaries in project implementation will be achieved through their active involvement in alternative activities and reforestation, and training in various techniques related to the management and enhancement of the agricultural and agro-forestry sectors.

## **2.8 Bank Group Experience and Lessons Reflected in Project Design**

2.8.1 The 2009 review report indicates that DR Congo's portfolio performance is fairly satisfactory. The performance is satisfactory for the fulfilment of conditions precedent and commitments. In contrast, performance is deemed unsatisfactory with regard to procurement of goods and services, financial management and implementation of activities. The portfolio, whose disbursement rate for active public sector projects stood at 47.81% at end July 2010, faces problems such as weaknesses in the preparation and design of the first post-conflict projects approved, lack of knowledge of Bank rules, inadequate implementation monitoring and difficulties in releasing counterpart contributions to project financing.

2.8.2 Based on experience by the Bank and other donors, the following lessons have been drawn: (i) need to have a competent Project Implementation Unit for smooth execution; (ii) in defining conditions precedent to first disbursement, DR Congo's fragile State status should be taken into account; and (iii) the need to build capacity in project preparation and implementation.

2.8.3 This project has taken these lessons into account. Specifically, the government has chosen to entrust its implementation on the ground to the NGO "*Organisation Concertée des Ecologistes et Amis de la Nature (OCEAN)*", which has good expertise in forestry, but will also work with the National Institute of Agronomic Studies and Research (INERA), the Institute of

Agricultural Sciences Faculty of Yangambi (IFA), the University of Kisangani (UNIKIS) and the NGO “*Protection et Conservation de la Nature*” (PCN).

### **III. PROJECT FEASIBILITY**

#### **3.1 ECONOMIC AND FINANCIAL PERFORMANCE**

3.1.1 The project is technically feasible, given the simplicity of its activities and the expertise of technical partners that will help to implement them. Thus, the execution of alternative activities (agro-forestry, rice/fish farming) will be the responsibility of INERA and IFA. Both are very competent institutions in areas related to agriculture and livestock as they conduct extensive research in forest areas with local communities to develop simple and efficient crop management. The NGO “OCEAN” will technically steer the project on the ground, while the NGO “*Protection et la Conservation de la Nature*” (PCN) will carry out cross-cutting sensitization and local community structuring activities. All these institutions have proven expertise in their respective areas of specialization (see 4.1.2 below).

3.1.2 The economic and financial viability of the project cannot be measured by calculating an economic rate of return (ERR) as it is primarily a pilot operation designed above all to test assumptions in a natural environment which may support a national REDD strategy. Secondly, the main project outputs and results will only begin to materialize in the long term (10-20 years). Given the lengthy period and the nature of the key results (CO<sub>2</sub> capture, reduction of greenhouse gas emission), it is difficult to reliably quantify project benefits, let alone assign a financial or economic value to them. However, the project definitely has benefits and advantages, including:

- ✓ Reforestation activities which will create 20% more jobs. Demonstration projects on food crops (maize, rice, groundnuts, cassava), poultry, fish farming based on catfish and tilapia, rearing of pigs and goats, should eventually enable communities to double their yields and improve their income by about 15%, while managing agricultural production areas more rationally;
- ✓ Improved storage of agricultural products, easier access to markets through the rehabilitation of about 50 km of feeder roads and the acquisition of a boat, which will add value to products of the various sectors concerned;
- ✓ The village land development and management plan, reforestation and community forest management structures to be trained and put in place will enable economically and ecologically sustainable management of natural resources (forests, land, water) not only for the duration of project funding, but well beyond.

## **3.2 Environmental and Social Impact**

### **Environment**

3.2.1 The project is classified under Environmental Category 3 of the Bank. This categorization is based on the fact that the project has no negative effect on the environment. Instead, it will generate positive impacts. The implementation of alternative activities and reforestation will restore and protect natural forests that are rich in biodiversity and natural habitats. The use of fertility-enhancing species, notably leguminous plants in agro-forestry systems, will increase the soil fertility level without the use of chemical fertilizers. The establishment of tree nurseries and a planned reforestation system will restore degraded forests and maintain long-term natural productivity of these forests.

### **Climate Change**

3.2.2 The MRV system and safeguard measures such as alternative activities to be implemented, will not only reduce the rate of deforestation and forest degradation, but also help to maintain biodiversity and render project activities consistent with the socio-cultural life of beneficiaries. Thanks to agricultural production, livestock and agro-forestry activities that will help to sustainably boost income, people will have other alternatives to "cutting down the forest." This will mitigate stress on forests and their biodiversity, and hence help to reduce greenhouse gas emissions that contribute to global warming. The project's value added on climate change lies in the fact that it will provide a "safety net" against climate change. The additional revenue generated should enable people to cope with unexpected expenses resulting from any climate change effects, such as floods, drought, famine, etc.

### **Gender**

3.2.3 Women and youths will undergo training courses organized by the project, and will account for at least 50% of the total number of those trained to carry out alternative activities and sustainable management of multifunctional farmers' cooperatives that will be set up. Moreover, considering the multi-sector nature of activities planned and the higher involvement of women in certain specific activities (food production, production and marketing of firewood, lumber and charcoal), they will have a variety of income sources and avert their present financial predicament. Therefore, the project will generate jobs and income for the poorer population segments (youths and women), helping them to improve their living conditions.

### **Social Issues**

3.2.4 The project will have multiple social impacts, including: (i) improvement of the nutritional status of the population due to more abundant and diverse agricultural production; (ii) creation of jobs, given that most of the works concerning reforestation, construction of storage facilities, rehabilitation of rural feeder roads, etc. will be done by local people themselves; and (iii) improved income and hence a reduction in poverty as the commercial infrastructure built will help project

beneficiaries to improve product conservation, thus enabling easier access to points of sale and better prices for their commodities.

### **3.3 Involuntary Population Displacement**

3.3.1 The project involves no involuntary population displacement. Reforestation only concerns the degraded natural forest areas and will therefore entail no new clearings. Similarly, agro-forestry and agricultural activities are mainly demonstration activities concentrated not far from farmers' holdings. They concern small individual areas that will be managed according to traditional farming methods essentially involving family labour and organic manure (organic farming). The project includes no plan to distribute agro-chemical inputs harmful to the environment or to create community plantations on newly cleared plots. Therefore, there is no intention to move people to free up new space. Furthermore, micro-zoning and participatory mapping to be carried out will provide the people with planning tools that will help them to better manage rural space.

## **IV. IMPLEMENTATION**

### **4.1 Implementation Arrangements**

4.1.1 Institutional arrangements: The project executing agency is the Ministry of Environment, Nature Conservation and Tourism (MECNT) through its REDD National Coordination which will oversee execution, coordinate implementation, monitoring and evaluation. The grant protocol agreement will be signed between the Bank and the DRC Government. The CBFF grant resources will be disbursed directly to the Government, to be used in financing the activities of the agency implementing the project (the NGO "OCEAN"). To this end, the Government will sign a Memorandum of Understanding with the NGO "OCEAN" to be approved by the CBFF.

4.1.2 The project's technical management team within OCEAN will include: a Site Coordinator who will devote 100% of his time to the project, an Administrative and Financial Assistant (100%), a Logistics Officer (100%) and an IT Secretary (100%). In each component, technical managers will be appointed: a remote sensing and mapping officer (100%), an agricultural activities officer (100%), an officer for veterinary aspects and a communication officer (100%). The OCEAN task manager has already been identified; the rest of the staff will be recruited locally through an invitation for candidature (unless one is seconded by the MECNT, which currently does not have the required staff).

4.1.3 However, during implementation, the project will strengthen the capacity of existing staff within MECNT to eventually take over from the staff recruited and ensure the project's sustainability. Project financial management will be carried out by a team of experts from the Coordination Unit of the Forest and Nature Conservation Project (UCPFCN). This team will consist of a financial management expert (5%), finance and accounting unit head (5%), accountant (50%), a Cashier (5%), an Internal Auditor (5%), a Procurement expert (5%), a procurement staff (5%) with the supervision of the UCPFCN Coordinator (5%). The technical execution of the project will be monitored by the REDD National Coordination, which will also ensure proper coordination between the technical team based in Isangi and the fiduciary management team (UCPFCN) based in Kinshasa.

4.1.4 The project will be **steered** by the REDD National Committee, which is already in place. The role of this Committee will be to determine the strategic thrusts, approve work programs and annual budgets, as well as annual progress reports and annual audit reports of project accounts. It will also oversee the implementation of the recommendations of various missions, ensuring synergy with other projects and programs of different donors in accordance with the Kinshasa Agenda.

4.1.5 On the ground, the NGO OCEAN will carry out the technical implementation of the project as well as micro-zoning and participatory mapping of the project area. This NGO was chosen due to its project management experience. OCEAN currently manages a dozen projects funded, among others, by the FAO, IUCN, etc. OCEAN will be supported by the following partners:

- (i) IFA and INERA: establishment of permanent structures for reforestation, agro-forestry plantations, farmers' fields, fish farming and agro-pastoral activities, and training in the management of farmers' cooperatives. The choice of these partners is based on their central position as public institutions of higher learning and research in the field of agronomy in Orientale (Eastern) Province, and the need to strengthen these institutions to build the human capacity required for the REDD process to ultimately succeed in the DRC.
- (ii) UNIKIS: ecological and socio-economic monitoring, and establishment of baseline data. The choice of this partner is based on its recognized position as a public institution of higher learning in the natural sciences in Orientale (Eastern) Province, as well as its experience in training graduate students in the forest carbon field, notably under the REAFOR project supported by FAO.
- (iii) PCN to carry out Information-Communication-Education activities. This partner has been chosen because it is based in Isangi. It also has the requisite field experience.

4.1.6 Procurement arrangements: All goods, works and services financed from CBFF funds will be procured in accordance with Bank Rules and Procedures for the Procurement of Goods and Works (May 2008 Edition) or as appropriate, Bank Rules of Procedure for the Use of Consultants (May 2008 Edition), as modified by CBFF operational procedures, using the Bank's standard competitive bidding documents. The REDD National Coordination has prepared a 12-month procurement plan, in collaboration with OCEAN and UCPFCN. The proposed plan which was submitted to the Bank for approval prior to grant negotiations was approved and recorded. The arrangements relating to the procurement of goods, works and services are summarized in Table 4.1 below, while details are given in Annex 3.

**Table 4.1: Procurement Arrangements (in Euro)**

CATEGORIES	FFBC (EUR)				TOTAL
	LCB	PS	SL	Others*	
<b>WORKS</b>					
Farming and fish farming (fry rearing ponds, construction of storerooms, feeder roads maintenance)				104 500	<b>104 500</b>
<b>GOODS</b>	<b>232 000</b>	<b>106 004</b>			<b>338 004</b>
Vehicles	104 000				104 000
Motorcycles	28 000				28 000
Computer hardware		11 700			11 700
Office furniture		5 000			5 000
GIS software			10.000		10 000
Farm equipment	100 000				100 000
Cassava cuttings, maize and rice seedlings		13 854			13 854
Fingerlings for pilot fish ponds		2 500			2 500
Pigs, goat , chicken brood stock		8 800			8 800
Other equipment		64 150			64 150
<b>SERVICES</b>			<b>241 350</b>		<b>231 350</b>
Consultants			231 350		231 350
<b>PERSONNEL</b>				<b>445 430</b>	<b>445 430</b>
<b>OPERATING COSTS</b>				<b>930 590</b>	<b>930 590</b>
<b>BASE COST</b>	<b>232 000</b>	<b>106 004</b>	<b>241 350</b>	<b>1 480 520</b>	<b>2 059 874</b>
Not allocated					238 341
<b>TOTAL</b>					<b>2 298 215</b>

\* Contract by direct negotiation or on force account

4.1.7 **Disbursement arrangements:** The CBFF grant resources will be disbursed in accordance with ADB procedures and CBFF Operational Procedures. Two disbursement methods will be used: (i) the **direct payment** method for payment of contracts of significant amounts (over EUR 20,000) relating to works, goods and services; and (ii) the **special account** or revolving fund (RF) method for contracts for works, goods and services of small amounts (below EUR 20,000), allowances for staff involved in the project, operating costs and miscellaneous management expenses. To receive the grant resources, the Donee will open a special account in the name of the project in a commercial bank acceptable to the Bank. Disbursements will be in accordance with the Bank Disbursement Manual, and extended as an advance based on a work program and annual budget previously approved by the CBFF Secretariat. Each request for disbursement or advance will be submitted to the CBFF Secretariat for approval and will cover a maximum period of six months of operation. Replenishment of the Special Account will be made based on requests from the implementation unit, alongside supporting documents for at least 50% of the advance previously received. The first disbursement will be made after grant effectiveness and fulfilment of conditions precedent to first disbursement mentioned in the agreement. Details on the practical arrangements will be given in the disbursement letter to be appended to the protocol agreement.

4.1.8 Financial reporting and auditing: To ensure effective accounting and project budget monitoring, the UCPFCN's computerized accounting system will be used. The project financial statements and Special Account will be internally audited annually under the responsibility of MECNT, and an annual independent audit will also be conducted under the responsibility of the CBFF Secretariat. As such, based on Terms of Reference in line with the Bank's standard model, the CBFF Secretariat will hire an independent external auditor (by country or group of countries in which CBFF funds projects). The auditor will be tasked to conduct a post-audit of project financial statements and accounts. An audit report will be forwarded to the CBFF and the Government, no later than six months after the end of the fiscal year audited.

## **4.2 Monitoring/Evaluation**

4.2.1 Project monitoring/evaluation is a key management function that should enable the executing agency (OCEAN), the Government and the donor to constantly keep the project on a course consistent with its initial operating plan, ensuring the prevention and/or correction of any slippage. Therefore, the Bank and the CBFF Secretariat will organize a workshop to launch the project upon grant approval by the CBFF, to familiarize staff of the project implementation unit with project issues and Bank procurement and disbursement procedures. MECNT will be responsible for project external monitoring and evaluation. Initially, this task will be carried out by REDD National Coordination. Officers from the relevant departments of MECNT who will eventually be responsible for monitoring and evaluating projects will receive appropriate training. Thereafter, a monitoring/evaluation mechanism will be put in place within MECNT to conduct biannual missions. Internal monitoring and evaluation will be carried out by UNIKIS, which is also responsible for establishing the project baseline. OCEAN will regularly submit to the CBFF Secretariat quarterly activity reports, a mid-term review report in 2012 and a completion report in the first half of 2014.

## **4.3 Governance**

4.3.1 The DRC has for many years been among the lowest ranked countries in the World Bank "Doing Business" Report. This situation impedes investment and financing of private projects in the country. In turn, this retards growth and does not reflect the level of development commensurate with the country's immense potential. To help create a business-friendly environment, the government enacted the law authorizing the ratification of the Organization for the Harmonization of Business Law in Africa (OHADA) Treaty. Progress has been made towards greater transparency in public finance management, since a public expenditure review was conducted and a strategic plan for public finance reforms should be adopted in 2011.

4.3.2 The DRC has also benefited from debt relief of USD 12.3 billion, i.e. USD 11.1 billion under the HIPC Initiative and USD 1.2 billion under the Multilateral Debt Relief Initiative. This decision has crowned the country's efforts towards improving its macroeconomic policies and opens up greater investment capacity in the priority area of basic infrastructure. Thanks to the ongoing decentralization process, provincial governments have been set up. This will help to improve local governance as such governments play a key role in regional planning. Furthermore, the effective implementation of the new procurement code will usher in greater transparency and fairness in procurement procedures.

4.3.3 As concerns this project, the Bank's procurement rules will apply. The active involvement of Bank experts, both at the Regional Office in Kinshasa and headquarters, in checking contract dossiers and awards, will significantly reduce any slippages.

#### **4.4 Sustainability**

4.4.1 Project sustainability is underpinned by the following: (i) ownership of the project by beneficiaries who will be organized into community groups with enhanced technical capacity: farming, livestock and fishery activities will be individualized, but the use of natural resources will be based on group consensus; and (ii) the project's compliance with the national forestry policy and the DRC Government's commitment to its implementation; and (iii) enhancement of human and institutional capacity of OCEAN and its partners.

4.4.2 After project completion, OCEAN staff and project partners will continue supervising the beneficiaries in the five villages targeted by the project. At the end of CBFF funding, logistic support and staff salaries will be provided by OCEAN with resources from the Government through a national REDD fund to be set up, or through innovative carbon market-related financing mechanisms. In either case, the project's sustainability will be guaranteed, since the main constraint (continued funding) will be removed.

#### **4.5 Risk Management**

4.5.1 The key project risks and related mitigative measures are contained in the logical framework. The project's environmental risk is nil. On the contrary, it will enable reforestation of degraded forests and contribute to mitigating risks associated with climate change. The risk of political instability is diminishing a-pace with ongoing pacification actions and the gradual establishment of an enabling environment for political dialogue promoted by TFPs and the international community. The risk that could arise from a single, multifunctional entity implementing an innovative project is removed, given that the project will be implemented using the "make or buy" approach, consisting in having specialized partners, notably OCEAN, carry out specific tasks that fall within their competence. This distribution of tasks and responsibilities will help to minimize the risks associated with communication difficulties, and the socio-economic instability which are a real limiting factor in DRC

#### **4.6 Knowledge Building**

4.6.1 The direct involvement of an academic institution such as UNIKIS and research and training institutions (INERA and IFA) demonstrates the active interest in knowledge building. Indeed, capacity building activities are specifically planned for both project staff and beneficiaries. At the project team, capacity building will result in training in GIS, remote sensing and carbon MRV, which will be provided by researchers and UNIKIS. A series of training courses for technicians in the local administration, project area community leaders and NGOs is expected to improve overall stakeholder skills. These technicians will train the direct beneficiaries on the ground, enabling local people to benefit from knowledge transfer on improved farming practices as well as agro-forestry. Moreover, the results of this pilot project

and the knowledge acquired will be used by the government to build a national REDD strategy in the DRC.

4.6.2 The Government will use the results and lessons learned from this operation and other REDD projects to devise a national REDD strategy.

4.6.3 As regards the Bank, the inclusion of REDD projects in the Bank's portfolio will enable its technical staff to enhance their knowledge in new areas such as community forestry and REDD in moist dense forest. This experience will complement the Bank funded *Programme d'Appui à la Conservation des Ecosystèmes du Bassin du Congo (PACEBCo)* and the Forest Investment Program. The Bank is supporting DRC, Burkina Faso and Ghana in the preparation of their FIP strategy. The objective of the FIP is to promote the sustainable management of forests and to increase the investments in order to help the countries reducing emissions of greenhouse gases due to deforestation and forest degradation (REDD). Bank's experts will improve their capacity in managing and monitoring REDD projects through supervision missions and exchanges with projects implementation team.

## V. LEGAL FRAMEWORK

### 5.1 Legal Instrument

5.1.1 The legal framework of this project is a grant protocol agreement between the Government of the Democratic Republic of Congo and the Bank. This document will include the terms and conditions of the grant.

### 5.2 Conditions Associated with CBFF Intervention

5.2.1 The CBFF intervention is subject to the fulfilment of the following special conditions:

#### Conditions Precedent to First Disbursement

5.2.2 **The first disbursement** of the grant will be subject to submission by the Donee of evidence that the following conditions have been fulfilled:

- (i) Opening of a special account in a commercial bank acceptable to the Bank to receive the CBFF funds.
- (ii) The depositary bank has provided confirmation in a form acceptable to the Bank that funds from the special account will be separated and treated as a special deposit to be used exclusively for the purpose for which the grant was awarded.
- (iii) The relevant agreements have been signed between the DRC and NGOs, and between OCEAN and the other partners (IFA, INERA, UNIKIS and PCN).

### **5.3 Compliance with Bank Policies**

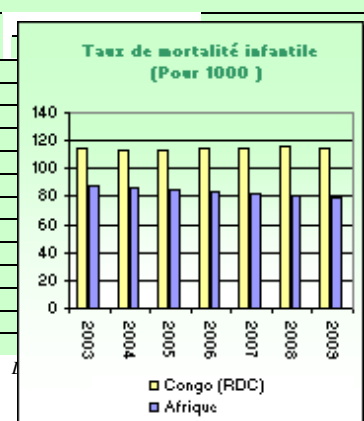
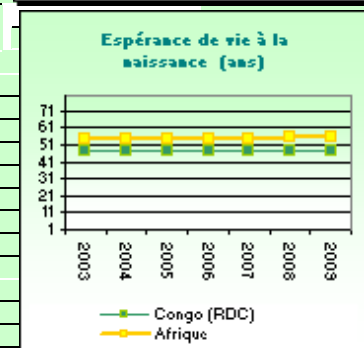
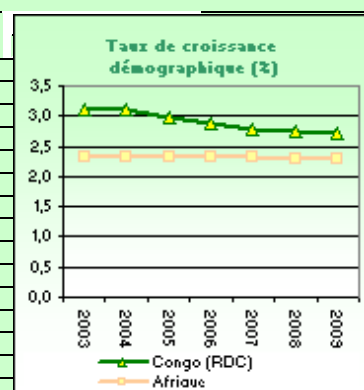
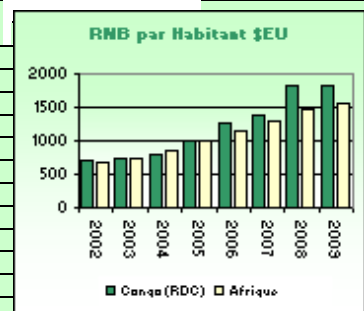
5.3.1 The project is consistent with the objectives of CBFF and applicable Bank policies, especially: (i) the Bank's Country Strategy Paper for the DRC; (ii) the Bank's 2008-2012 Medium-Term Strategy; and (iii) the Bank's Policy on the Environment.

## **VI. RECOMMENDATION**

Management recommends that the Board of Directors approve the proposal to award a CBFF grant in an amount not exceeding EUR 2.298 million to the DRC Government, to be used to implement the project as designed and described in this report, subject to the conditions specified in the Grant Protocol Agreement.

## APPENDIX 1 SOCIO-ECONOMIC INDICATORS OF DRC

	YEAR	Congo (DRC)	Africa	Developing Countries	Developed Countries
<b>Basic Indicators</b>					
Area ('000 Km <sup>2</sup> )		2 345	30 323	80 976	54 658
Total Population (millions)	2009	66,	1 008	5 629	1 069
Urban Population (% of Total)	2009	34,6	39,6	44,8	77,7
Population Density (per Km <sup>2</sup> )	2009	28,2	3,3	66,6	23,1
GNI per Capita (USUSD)	2009	1 830	1 550	2 780	39 688
Labor Force Participation - Total (%)	2009	37,6	41,2	45,6	54,6
Labor Force Participation - Female (%)	2009	38,5	41,2	39,8	43,3
Gender-Related Development Index Value	2005	0,398	0,525	0,694	0,911
Human Develop. Index (Rank among 169 countries)	2010	168	n.a	n.a	n.a.
Popul. Living Below USD 1 a Day (% of Population)	2006	59,2	50,8	25,0	...
<b>Demographic Indicators</b>					
Population Growth Rate - Total (%)	2009	2,7	2,3	1,3	0,7
Population Growth Rate - Urban (%)	2009	4,6	3,4	2,4	1,0
Population below 15 years (%)	2009	46,7	56,0	29,2	17,7
Population 65 years and above (%)	2009	2,6	4,5	6,0	15,3
Dependency Ratio (%)	2009	97,3	78,0	52,8	49,0
Sex Ratio (per 100 female)	2009	98,2	100,7	93,5	94,8
Female Population 15 to 49 years (% of total population)	2009	22,5	48,5	53,3	47,2
Life Expectancy at Birth - Total (years)	2009	47,8	55,7	66,9	79,8
Life Expectancy at Birth - Female (years)	2009	49,4	56,8	68,9	82,7
Crude Birth Rate (per 1,000)	2009	44,3	35,4	21,5	12,0
Crude Death Rate (per 1,000)	2009	16,8	12,2	8,2	8,3
Infant Mortality Rate (per 1,000)	2009	114,9	80,0	49,9	5,8
Child (Mortality Rate (per 1,000)	2009	195,3	83,9	51,4	6,3
Total Fertility Rate (per woman)	2009	5,9	4,5	2,7	1,8
Maternal Mortality Rate (per 10,000)	2008	670,0	683,0	440,0	10,0
Women Using contraception (%)	2005	...	0,0	61,0	75,0
<b>Health &amp; Nutrition Indicators</b>					
Physicians (per 100,000 people)	2004	10,2	42,9	78,0	287,0
Nurses (per 100,000 people)	2004	50,6	120,4	98,0	782,0
Births attended by Trained health Personnel (%)	2007	74,0	50,5	63,4	99,3
Access to Safe Water (% of population)	2008	46,0	64,0	84,0	99,6
Access to Health Services (% of population)	2005	...	61,7	80,0	100,0
Access to Health Care (% of population)	2008	23,0	38,5	54,6	99,8
Percent.. of Adults (aged 15-49) Living with HIV/AIDS	2005	3,2	4,5	1,3	0,3
Incidence of Tuberculosis (per 100,000)	2005	3,2	313,7	161,9	14,1
Child Immunization Against Tuberculosis (%)	2008	74,0	83,0	89,0	99,0
Child Immunization Against Measles (%)	2008	67,0	74,0	81,7	92,6
Underweight Children (% of Children under 5 years)	2003	71,0	25,6	27,0	0,1
Daily Calorie Supply per Capita	2007	1 605	2 324	2 675	3 285
Public Expenditure on Health (as % of GDP)	2006	1,3	5,5	4,0	6,9
<b>Education Indicators</b>					
Gross Enrolment Ratio (%)					
Primary School - Total	2008	90,4	100,2	106,8	101,5
Primary School - Female	2008	82,2	91,7	104,6	101,2
Secondary School - Total	2008	34,8	35,1	62,3	100,3
Secondary School - Female	2008	24,7	30,5	60,7	100,0
Primary School Female Teaching Staff (% of Total)	2008	26,5	47,5	...	...
Adult Literacy Rate - Total (%)	2008	33,4	35,2	19,0	...
Adult Literacy Rate - Male (%)	2008	22,5	26,0	13,4	...
Adult Literacy Rate - Female (%)	2008	43,9	44,1	24,4	...
Percentage of GDP Spent on Education	2005	...	4,5	0,0	5,4
<b>Environmental Indicators</b>					
Land Use (Arable Land as % of Total Land Area)	2008	3,0	6,0	9,9	11,6
Annual Rate of Deforestation (%)	2005	...	0,7	0,4	-0,2
Annual Rate of Reforestation (%)	2005	...	10,9	...	...
Per Capita CO2 Emissions (metric tons)	2008	0,0	1,1	1,9	12,3



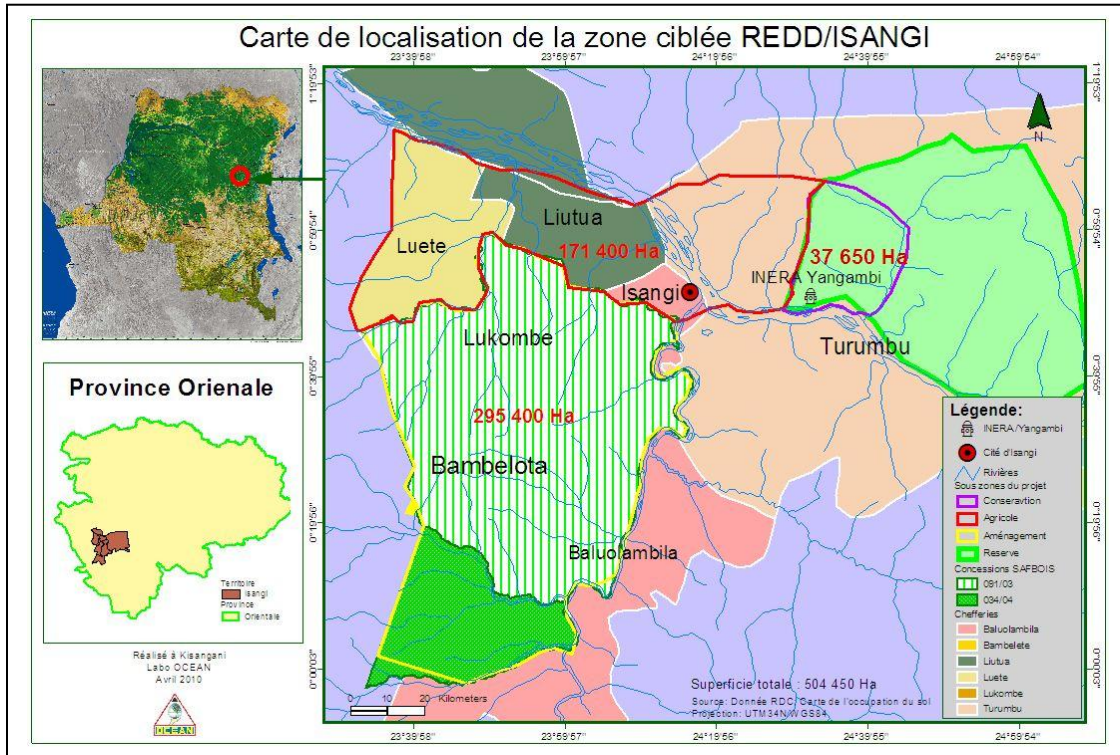
Source : ADB Statistics Department Data Bases;  
World Bank WDI; UNAIDS; UNSD; WHO, UNICEF, WRI,  
UNDP, Country Reports

Notes: n.a. : Not Applicable; ... : Data Not Available.

**APPENDIX 2  
BANK PORTFOLIO IN DRC**

<b>Project Portfolio in DRC</b>			<i>Source of Financing</i>	<i>Closing Date</i>	<i>Approval Date</i>	<i>Loan/Grant Amount</i>	<i>Disbursement Rate</i>	<i>Age</i>
		<b>National Projects</b>						
1	OWAS.1	RURAL DWSS PROGRAMME	ADF public	31-Jul-12	6-Jun-07	70.00	25.76%	3.69
2	OWAS.1	Multisector Socio-economic Rehabilitation Project (PMURIS)	ADF public	31-Jul-10	20-Dec-02	27.00	92.19%	8.17
3	ONEC.1	INGA Dist. Hydro-electric Rehabilitation Project (PMEDE)	ADF Public	31-Dec-14	18-Dec-07	35.70	0.00%	3.16
4	ONEC.1	Urban and Peri-urban Electrification Project	ADF/FSF	31-Dec-15	15-Dec-10	69.69	0.00%	0.15
5	OITC.1	Nsele-Lufi Road Rehabilitation Project	ADF Public	31-Dec-15	15-Sep-10	31.64	0.00%	0.40
6	OITC.1	Priority Air Safety Project	ADF Public	31-Dec-15	27-Sep-10	88.60	0.00%	0.37
7	OPSM.4	ADVANS Bank (Congo)	ADB	30-Jun-11	4-Feb-08	0.61	53.19%	3.02
8	OPSM.2	Tenke Copper Cobalt	ADB	31-Dec-11	3-Oct-07	65.97	0.00%	3.37
9	OSAN.3	Agricultural Sector Rehabilitation Support Project	ADF Public	31-Mar-11	19-May-04	25.00	54.00%	6.75
10	OSAN.3	Agricultural Sector Study	ADF Public	30-Jun-11	28-Jun-06	1.85	56.87%	4.63
11	OSAN.3	Agricultural and Rural Sector Rehabilitation in 3 K. Provinces	ADF Public	31-Jan-13	12-Dec-05	35.00	63.89%	5.18
12		Lake Tanganyika Development Project	ADF Public	31-Jan-12	17-Nov-04	6.79	11.63%	6.25
13	OSHD.1	Support to Post-Conflict Socio-economic Reintegration	ADF Public	30-Jun-11	24-Jul-07	15.00	9.65%	3.56
14	OSHD.3	Health I Support to PDDS in Orientale (Eastern) Province	ADF Public	31-Mar-12	17-Mar-04	25.00	28.00%	6.92
		<b>Multinational Projects</b>						
1	OITC.1	Ketta-Djoum Road	ADF Public	31-Dec-18	25-Sep-09	61.90	0.00%	1.38
2	OITC.1	Kinshasa/Brazzaville Road-Rail Bridge Study	ADF Public	30-Jun-11	3-Dec-08	3.59	0.00%	2.19
		<b>Total</b>				<b>563.34</b>	<b>24.70%</b>	<b>3.70</b>

ANNEX 1: PROJECT AREA SITE MAP



**ANNEX 2: DETAILED PROJECT COST**

**EXPENDITURE SCHEDULE BY COMPONENT AND BY ACTIVITY- Base Cost in EUR**

<b>No.</b>	<b>COMPONENT</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Total</b>
<b>A</b>	<b>Forest Management and Sustainable Practice</b>	<b>348 110</b>	<b>264 375</b>	<b>123 725</b>	<b>736 210</b>
A1	Preparation of the Isangi land-use plan (OCEAN)	59 700	34 700	16 600	111 000
A2	Participatory micro-zoning and mapping in 5 targeted villages in the project area (OCEAN)	174 610	137 725	73 925	386 260
A3	Support to agro-forestry in 5 targeted villages (IFA and INERA)	30 600	28 750	6 600	65 950
A4	Information, Education and Communication on sustainable management of resources (PCN)	83 200	63 200	26 600	173 000
<b>B</b>	<b>Livelihoods and Economic Development</b>	<b>469 794</b>	<b>201 900</b>	<b>43 200</b>	<b>714 894</b>
B1	Capacity building and assistance to local communities in agro-pastoral alternatives (IFA, INERA and PCN)	291 854	52 200	27 600	371 654
B2	Promotion of small livestock farming as livelihood alternatives in five targeted villages (IFA and INERA)	44 200	13 200	6 600	64 000
B3	Promotion of rice/fish farming in 5 targeted villages (IFA and INERA)	46 500	500	0	47 000
B4	Conservation, storage, evacuation and marketing produce in 5 targeted villages (IFA and PCN)	87 240	136 000	9 000	232 240
<b>C</b>	<b>Ecological and Socio-economic Monitoring</b>	<b>162 000</b>	<b>52 000</b>	<b>52 000</b>	<b>266 000</b>
C1	Capacity building for local officers and technicians in MRV and GIS (UNIKIS)	12 500	0	0	12 500
C2	Conduct of a prospective and analytic study in the project area (OCEAN, IFA, INERA, UNIKIS, PCN and MECNT)	30 000	0	0	30 000
C3	Evaluation of baseline (UNIKIS)	30 000	0	0	30 000
C4	Development of MRV system for carbon stock monitoring (UNIKIS)	49 500	12 000	12 000	73 500
C5	Monitoring and Evaluation of activities (MECNT)	40 000	40 000	40 000	120 000
<b>D</b>	<b>Project Management</b>	<b>139 862</b>	<b>125 662</b>	<b>77 246</b>	<b>342 770</b>
D1	Goods	14 200	0	0	14 200
D2	Personnel	109 602	109 602	61 226	280 430
D3	Operating cost	16 060	16 060	16 020	48 140
<b>BASE COST</b>		<b>1 119 766</b>	<b>643 937</b>	<b>296 171</b>	<b>2 059 874</b>
Physical contingencies		0	0	0	0
Price escalation (7% composite)		78 384	93 306	66 651	238 341
<b>TOTAL COST</b>		<b>1 198 150</b>	<b>737 243</b>	<b>362 822</b>	<b>2 298 215</b>

**EXPENDITURE CATEGORIES (Base cost in EUR)**

CATEGORIES	YEAR			TOTAL	Local Currency	Foreign Exchange
	2011	2012	2013			
<b>1 WORKS</b>	<b>62 000</b>	<b>21 500</b>	<b>21 000</b>	<b>104 500</b>	<b>104 500</b>	<b>0</b>
Works (agricultural, fish farming, feeder roads)	62 000	21 500	21 000	104 500	104 500	0
<b>2 Goods</b>	<b>314 204</b>	<b>23 200</b>	<b>600</b>	<b>338 004</b>	<b>146 396</b>	<b>191 608</b>
Vehicles	104 000	0	0	104 000	0	104 000
Motorcycles	28 000	0	0	28 000	0	28 000
Computer hardware	11 700	0	0	11 700	0	11 700
Office equipment	5 000	0	0	5 000	2 000	3 000
Farm equipment	100 000	0	0	100 000	100 000	0
Cassava cuttings, Maize and rice seeds	13 854	0	0	13 854	13 854	0
Fry for pilot fry rearing fish ponds	2 500	0	0	2 500	2 500	0
Pig, goat and chicken brood stock	8 800	0	0	8 800	8 800	0
Other equipment	40 350	23 200	600	64 150	19 242	44 908
<b>3 SERVICES</b>	<b>70 000</b>	<b>128 025</b>	<b>53 325</b>	<b>231 350</b>	<b>231 350</b>	<b>0</b>
Consultants	60 000	128 025	53 325		78 100	0
<b>4 PERSONNEL</b>	<b>175 602</b>	<b>175 602</b>	<b>94 226</b>	<b>445 430</b>	<b>445 430</b>	<b>0</b>
<b>5 OPERATING COSTS</b>	<b>497 960</b>	<b>305 610</b>	<b>127 020</b>	<b>930 590</b>	<b>930 590</b>	<b>0</b>
<b>BASE COST</b>	<b>1 119 766</b>	<b>643 937</b>	<b>296 171</b>	<b>2 059 874</b>	<b>1 858 266</b>	<b>201 608</b>
Physical contingencies	0	0	0	0	0	0
Price escalation	78 384	93 306	66 651	238 341	223 327	15 015
<b>TOTAL</b>	<b>1 198 150</b>	<b>737 243</b>	<b>362 822</b>	<b>2 298 215</b>	<b>2 081 593</b>	<b>216 623</b>

### ANNEX 3: PROCUREMENT ARRANGEMENTS

1.1 All goods, works and services financed from CBFF funds will be procured in accordance with Bank Rules and Procedures for the Procurement of Goods and Works (May 2008 Edition) or as appropriate, Bank Rules of Procedure for the Use of Consultants (May 2008 Edition), as modified by CBFF operational procedures, using the Bank's standard competitive bidding documents.

1.2 **Works:** The implementation of alternative activities to deforestation and forest degradation; establishment of agro-pastoral farms, fry rearing ponds, nurseries, agro-forestry fields and pilot demonstration fields used for teaching farmers, mastery and production/acclimatization of organic inputs, construction of warehouses and rehabilitation of rural roads, will be on force account. Such minor works are scattered and located in areas of difficult access. There is little chance of having qualified contractors bid for them at reasonable prices.

1.3 **Goods:** The contract for the supply of rolling stock estimated at EUR 132,000 and the agricultural equipment contract estimated at EUR 100,000 will be concluded through LCB. These supplies will be grouped into three separate lots comprising: (1) vehicles for EUR 104,000; (2) motorcycles for EUR 28,000; and farm equipment for EUR 100,000. The contract for the supply of computer and office equipment for EUR 16,700, farm equipment, improved rice and maize seeds, inputs for agro-forestry and food crops, and various other facilities amounting to EUR 189,304 will be acquired through local shopping. All these goods are available on the local market and there are sufficient suppliers in the country capable of delivering them at competitive prices.

1.4 **Services:** Consultancy services will be provided by consulting firms and/or NGOs and individual consultants. Such services include: (1) individual consultants for specific and occasional services for periods not exceeding six months; (2) survey and mapping, survey and demarcation of plots, establishment of a rural land register and preparation of land ownership certificates for an estimated EUR 231,350; and (3) establishment of a Geographic Information System (GIS, including supply, installation of software and training on its use) for an estimated EUR 10,000. The selection process for consulting firms/NGOs will be based on shortlists. The bid appraisal method will be based on the quality and cost (QCBS) for all offices. However, for individual consultants, the selection method will be based on the Bank's procedure for the selection of individual consultants.

1.5 For contracts whose equivalent in Euro is estimated at below UA 200,000 (consulting firms) and UA 50,000 (individual consultants), the Donee may limit the publication of the Notice for Expression of Interest to national and regional newspapers. However, any consultant who wishes to provide the requested services may express its intention to be shortlisted. For contracts whose equivalent in Euro is estimated at over UA 200,000 (consulting firms) and UA 50,000 (individual consultants), the Notice for Expression of Interest will be published on the Bank's website and UNDB online.

1.6 **Miscellaneous:** Expenses on travel, allowances for experts and staff assigned to the project, contracts for operating costs such as supplies, equipment maintenance, communication, fuel etc. and other miscellaneous expenses related to project operations will be procured in accordance with the Administrative and Financial Procedures Manual prepared by the project and approved beforehand by CBFF.

### **Prior-review**

1.7 The following documents are subject to review and approval by the Bank prior to publication: general procurement notice, bid invitation notices, bid dossiers or requests for proposals to consultants, bid appraisal reports on bids by contractors/suppliers with recommendations for contract awards or bid appraisal reports on technical proposals from consultants, bid appraisal reports on financial proposals from consultants with award recommendations, accompanied with the minutes of negotiations and the initialled draft contract; draft contracts for goods/works, if modified and different from draft contracts in bid dossiers.

### **Ex-post Review**

1.8 Given the number of small contracts to be processed through local shopping, procurement of goods to a maximum of EUR 20,000 will be subject to retroactive review by the Bank. The executing agency will establish and maintain an effective system of registration and filing of all records and correspondence, including requests for price lists, appraisal and contract award sheets relating to such procurements, for periodic review by Bank missions or by any auditor engaged in the audit of project financial statements. The post-audit of procurement, which aims to verify whether the procurement activities were correctly handled, will be undertaken during the first supervision mission following the end of the procurement. The review will determine whether to make changes to the terms of procurement. The executing agency will collect data on the procurement process and include them as part of quarterly progress reports for submission to the CBFF Secretariat.

### **National Laws and Regulations**

1.9 The review of national laws and regulations on procurement in the Democratic Republic of Congo (the laws date back to 1969 and are still in force), has revealed major shortcomings: (i) no public announcement of opportunities and no publishing of the outcome of public procurements; (ii) no proven unhindered access to public procurement; (iii) lack of an effective recourse mechanism for bidders; (iv) evaluation criteria not mentioned in procurement documents; (v) lack of provisions relating to fraud and corruption, etc.

1.10 A new Public Procurement Code was adopted and promulgated on 27 April 2010 by the Head of State. An action plan has also been developed for the effective implementation of the law which provides for: (i) preparation and promulgation of implementing instruments and standard documents; (ii) establishment of the institutional mechanism, comprising the Procurement Regulatory Agency (ARMP), the Directorate General of Public Procurement (DGP), the Public Procurement Management Committee (CGMP); and (iii) staffing of these bodies. This process is supposed to be implemented over a period of five (5) months ending late

September 2010. The Bank, through CDFO, is closely monitoring this process, mainly with a view to harmonizing the implementation provisions of the text with those of development partners in order to optimize the procurement timeframe. As the newly promulgated code is not yet applicable, all contracts under the project financed with CBFF resources will be awarded in accordance with Bank rules and procedures.

### **Executing Agency**

1.11 The UCPFCN will be responsible for managing project procurement operations. The resources, capacity, expertise and experience of UCPFCN were analyzed and deemed acceptable for undertaking procurement activities required under the project. However, coaching (training, working sessions, upgrading, etc.) in the use of Bank rules of procedure on procurement will be provided before the project is launched by the Bank.

### **Procurement Plan**

1.12 The REDD National Coordination in conjunction with OCEAN and UCPFCN has prepared a procurement plan and submitted to the Bank before negotiations. The Bank has reviewed it and found that it is in compliance with the grant protocol agreement and with its relevant rules. The approved procurement plan covers an initial period of at least 12 months and will be updated by the Donee every six months or as needed, but always over the subsequent 12 months during the project implementation period. Any proposal to revise the procurement plan will be submitted to the Bank for prior approval.