



AFRICAN DEVELOPMENT BANK



REPUBLIC OF GABON

PROJECT: Support to Sustainable Forest Resource Management in Gabon

PROJECT APPRAISAL REPORT

December 2010

| | | |
|-----------------------|--|------------------|
| Appraisal Team | Team Leader: Pierre NGUINDA, Forest and Climate Expert, CBFF | Ext 2646 |
| | Sector Manager: C. MOLLO NGOMBA | CBFF Ext. 3219 |
| | Sector Director: Aly ABOU-SABAA | OSAN Ext. 2037 |
| | Regional Director: M. KANGA | ORCE Ext. 2251 |
| Peer Review | Messrs. A. Dagamaïssa, Forestry Expert | OSAN Ext. : 2495 |
| | J.M Meng Lihinag, Agroeconomist | OSAN Ext. : 3968 |
| | K. Lamine, Agroeconomist | OSAN Ext. : 2559 |
| | R. Shalaby, Environmentalist | OSAN Ext.: 3006 |

TABLE OF CONTENTS

Page

Currency Equivalents, Fiscal Year, Weights and Measures, List of Acronyms and Abbreviations, Project Information, Executive Summary, Project Matrix, Project Implementation Schedule. i-ix

| | |
|--|-----------|
| I. STRATEGIC THRUST AND RATIONALE | 1 |
| Project Linkages with Country Strategy and Objectives | 1 |
| Rationale for CBFF Involvement..... | 1 |
| Donor Coordination | 1 |
| II. PROJECT DESCRIPTION | 2 |
| Project Objectives | 2 |
| Project Component..... | 3 |
| Technical Solutions Retained and Alternatives Explored | 4 |
| Project Type | 4 |
| Project Cost..... | 4 |
| Project Area and Beneficiaries..... | 6 |
| Participatory Approach for Project Identification, Design and Implementation | 6 |
| Bank Group Experience Reflected in Project Design..... | 7 |
| Key Performance Indicators | 7 |
| III. PROJECT FEASIBILITY | 7 |
| 3.1 Technical, Economic and Financial Performance | 7 |
| 3.2 Environmental and Social Impact..... | 8 |
| IV. IMPLEMENTATION | 9 |
| Implementation Arrangements..... | 9 |
| Monitoring/Evaluation..... | 13 |
| Governance | 13 |
| Sustainability..... | 14 |
| Risk Management | 14 |
| Knowledge Building | 14 |
| V. LEGAL FRAMEWORK | 15 |
| Legal Instrument | 15 |
| Conditions Associated with Bank's Intervention | 15 |
| Compliance with Bank's Policies | 15 |
| VI. RECOMMENDATION | 15 |

Annex 1: Map of Project Area

Annex 2: Bank Portfolio in Gabon

Annex 3: Detailed Costs by Component and Activity, in Local Currency and Foreign Exchange.

Currency Equivalents*December 2010*

UA 1 = CFAF 769.995

UA 1 = EUR 1.17385

EUR 1 = CFAF 655.957

UA 1 = USD 1.52578

Fiscal Year

1 January - 31 December

Weights and Measures

| | | |
|-------------------|---|--------------|
| 1 metric tonne | = | 2204 pounds |
| 1 kilogramme (kg) | = | 2.20 pounds |
| 1 metre (m) | = | 3.28 feet |
| 1 millimetre (mm) | = | 0.03937 inch |
| 1 kilometre (km) | = | 0.62 mile |
| 1 hectare (ha) | = | 2.471 acres |

LIST OF ACRONYMS AND ABBREVIATIONS

| | |
|----------|---|
| ADB | African Development Bank |
| AFD | French Development Agency |
| ATEF | Water Resources and Forestry Technical Assistant |
| CBD | Convention on Biological Diversity |
| CBFF | Congo Basin Forest Fund |
| CENAREST | National Scientific and Technological Research Centre |
| COMIFAC | Central African Forests Commission |
| DDICB | Directorate for Development of Timber Industries and Trade |
| DED | Directorate of Studies and Documentation |
| DFC | Directorate of Wildlife and Hunting |
| DGEF | General Directorate of Water Resources and Forestry |
| DGENEF | General Directorate of the National Institute of Water and Forestry |
| DIARF | Directorate of Forest Inventory, Regeneration and Management |
| DPF | Directorate of Forest Production |
| DPFo | Directorate of Personnel and Training |
| ENEF | National Institute of Water and Forestry |
| EU | European Union |
| FESP | Forestry and Environment Sector Programme (World Bank) |
| FFEM | French Global Environment Facility |
| GEF | Global Environment Fund |
| GPRSP | Growth and Poverty Reduction Strategy Paper |
| IEF | Water and Forest Engineer |
| INC | National Institute of Cartography |
| IRAF | Agronomy and Forestry Research Institute |
| ITTA | International Tropical Timber Agreement |
| ITTO | International Tropical Timber Organization |
| MAEDR | Ministry of Agriculture, Livestock and Rural Development |
| MEFEDD | Ministry of Water and Forestry, Environment and Development |
| NGO | Non-Governmental Organization |
| PAPFFG | Project for the Development of Small Forestry Licences in Gabon |
| PMT | Project Management Team |
| PR/MEF | Office of the President/Ministry of Water Resources and Forestry |
| SFM | Sustainable Forest Management |
| UNFCCC | United Nations Framework Convention on Climate Change |

PROJECT INFORMATION

Client Information

DONEE: REPUBLIC OF GABON

EXECUTING AGENCY: Ministry of Water Resources and Forestry

Financing Plan

| Source | Amount (EUR) | Instrument |
|-------------------------------------|----------------------|------------|
| CBFF | 5,989,000 | Grant |
| Government of the Republic of Gabon | 452,000 | |
| TOTAL COST | EUR 6,441,000 | |

ADB Key Financing Information

| | |
|----------------|----------------------|
| Grant Amount | EUR 5,989,000 |
| Commitment Fee | N.A |
| Service Charge | N.A |
| Tenor | N.A |
| Grace Period | N.A |
| IRR NPV | N.A |
| ERR | N.A |

Timeframe – Main Milestones (Expected)

| | |
|-----------------------|---------------------|
| Duration: | 3 years (36 months) |
| Concept Note Approval | March 2010 |
| Project Approval | April 2011 |
| Effectiveness | April 2011 |
| Last Disbursement | April 2014 |
| Completion | April 2014 |
| Last Disbursement | N/A |

EXECUTIVE SUMMARY

1. Overview

1.1 On Governing Council instructions dated 5 December 2009, a CBFF mission was fielded in all the countries of the Congo Basin to identify government projects to be submitted to the CBFF for financing. Each country, including Gabon, produced a concept note for consideration and approval by the CBFF. At its seventh ordinary meeting held in Tunis on 7 March 2010, the Governing Council approved the concept notes and directed the CBFF Secretariat to assist the countries in producing detailed proposals, and to appraise such proposals as soon as possible. In early April 2010, following the submission of the detailed proposals, the Secretariat embarked on a project appraisal mission in various countries, which led to the preparation of this report. At its ninth meeting held on 15 and 16 November in Libreville, Gabon, the CBFF approved the financing of this project to the tune of EUR 5,989,000.

1.2 The overall goal of the Project to Support Sustainable Forest Resource Management in Gabon is to reduce deforestation and poverty in the country. The specific objectives are to: (i) formulate a Land Allocation Plan and conduct an inventory of national forest resources; (ii) regenerate protected forest tree species through plantation; (iii) reforest degraded savannah areas on forest edges; and (iv) develop community agroforestry in degraded areas. The total cost of the project is six million four hundred and forty-one thousand Euros (EUR **6,441,000**). The CBFF will provide financing amounting to EUR 5,989,000 (93%) and the Government of the Republic of Gabon EUR 452,000 (7%). Implementation of the project will cover a 3-year period. The Ministry of Water Resources and Forestry is the Donee.

2. Project Impact on Beneficiaries

2.1 The direct beneficiaries of the project will be: (i) about 30,000 rural dwellers (52% women) who will reap the benefits of agroforestry activities; (ii) economic operators and farmers in forest areas following the reduction of conflicts and rational allocation of lands; and (iii) the Government of Gabon through better forest governance and enhancement of the wood and wildlife potential of its forest ecosystems.

2.2 Ultimately, the project will contribute to poverty reduction in the savannah areas of Gabon and a better harnessing of forest resources for the country's socioeconomic development.

3. Needs Assessment and Project Rationale

3.1 Gabon has no national land allocation plan - a necessary decision-making tool for rational natural resource planning. Savannah areas have suffered considerable degradation; their population is poor and often engages in slash-and-burn itinerant farming, the primary cause of deforestation and source of greenhouse gas emissions. Furthermore, there is increased forest degradation in the country's seven provinces.

3.2 This project addresses the concerns of the Forest and Environment Sector Programme, which has identified five priority intervention areas namely: (i) organizing the forest territory; (ii) sustainable forest management; (iii) increased industrialization of the timber sub-sector; (iv) restoration and conservation of ecosystems; and (v) involvement of rural communities in sustainable forest management and redistribution of income from the exploitation of local forests.

3.3 The project covers two CBFF issue areas namely: (i) forest management and sustainable practices; and (ii) ecological and socioeconomic monitoring of baseline data. Furthermore, the project is consistent with the main thrusts of the COMIFAC Convergence Plan, and notably Pillars 2, 6 and 9 identified by the CBFF as priorities.

4. Value Added for the Bank

4.1 The project will not only help to improve the Bank's cooperation with Gabon, but will also give it greater exposure in the specific area of land zoning, including geomatics (geospatial technology) and the Geographic Information System (GIS).

4.2 In contributing to the sustainable management of Gabonese forest resources, the second largest forest ecosystem in the Congo Basin, the Bank will contribute to better management of natural resources in the Basin and, consequently, a reduction of the harmful effects of deforestation (greenhouse gas emission, water erosion of catchment areas, etc.) which, were it to continue, could jeopardize the operation of this major world heritage.

5. Knowledge Management

5.1 The project covers relatively new fields (zoning and agricultural sedentarisation). From this perspective, the Bank's experience in project management and initiatives in new areas (African Water Facility, Africa Green Fund, ClimDev, PACEBCo, etc.), constitutes a valuable source of knowledge for implementing this project.

5.2. Furthermore, the Bank will draw on its experience acquired over the years in the new thematic areas treated in this project (climate change, zoning of lands and restoration of plant cover in degraded areas) for the benefit of local stakeholders involved in project implementation.

PROJECT TO SUPPORT SUSTAINABLE FOREST RESOURCE MANAGEMENT IN GABON
PROJECT MATRIX (Result-Based)

| Hierarchy of Objectives | Expected Results | Reach (Target Population) | Performance Indicators | Indicative Targets and Schedules | Assumptions/Risks |
|--|---|---|---|---|--|
| <p><u>1. Goal</u></p> <p>1.1 Reduce deforestation and poverty in the Congo Basin</p> | <p><u>Impact</u></p> <p>1.1.1 Reduce annual average deforestation rate from 0.19 to 0.10% starting from 2020.</p> <p>1.1.2 Improve the income of local communities derived from exploiting biological or genetic resources in 2020.</p> <p>1.1.3 50% increased employment in forestry sector by 2020.</p> <p>1.1.4 Forest areas allocated to and managed by local communities increase by 25% by 2017.</p> | <p><u>Beneficiaries</u></p> <ul style="list-style-type: none"> - Population of Congo Basin member countries. - All forestry sector stakeholders. - The international community in terms of contribution to stability of global climate. | <p><u>Impact Indicators</u></p> <p>1.1.1 Poverty reduction percentage.</p> <p>1.1.2 Average rate of deforestation and forest degradation.</p> <p>1.1.3 Increase in forestry sector jobs derived from sustainable activities.</p> | <p><u>Indicative Targets and Long Term Schedules</u></p> <p>1.1.1 Rural poverty rate declines from 75% in 2009 to 50% in 2025.</p> <p>1.1.2 The average rate of deforestation and forest degradation drops from 0.19 to 0.10% by 2020.</p> <p>1.1.3 The number of jobs in the sector grows by 50% by 2017.</p> | <p><u>Assumption:</u> The Government of Gabon contributes to reducing deforestation and poverty in the Congo Basin</p> <p><u>Risk:</u> national sector policies are not harmonized with those of the sub-region (COMIFAC).</p> <p><u>Mitigation:</u> Sensitization and lobbying of the Gabonese Government by COMIFAC.</p> |
| <p><u>2. Project Objectives</u></p> <p>2.1 Overall Objective: Manage national forest resources sustainably and reduce poverty.</p> <p>2.2 Specific Objectives:</p> <p>2.2.1. Formulate a land allocation or zoning plan and take stock of national forest resources;</p> <p>2.2.2. Regenerate protected forest tree species through plantation;</p> <p>2.2.3. Reforest degraded savannah areas located on forest edges;</p> <p>2.2.4. Develop community agroforestry in areas degraded as a result of slash-and-burn farming.</p> | <p><u>Outcomes</u></p> <p>General outcome: poverty reduction and increase in forest area</p> <p>2.2.1. Land Allocation Plan</p> <p>2.2.2. Acreage of regenerated forest plantations</p> <p>2.2.3. Acreage of reforested savannah areas</p> <p>2.2.4. Acreage of agroforestry plantations established</p> | <p><u>Beneficiaries</u></p> <ul style="list-style-type: none"> - Communities in project forest areas - All forestry sector stakeholders | <p><u>Outcome Indicators</u></p> <p>Rate of increase of community income</p> <p>2.2.1. Report on Land Allocation Plan and forest inventory</p> <p>2.2.2. Acreage of regenerated forest plantations.</p> <p>2.2.3. Acreage of reforested savannah plantations.</p> <p>2.2.4. Acreage of agroforestry plantations established.</p> | <p><u>Medium-term Indicative Targets and Timeframe</u></p> <p>Income of target communities increases by 30% by 2013 and 6000 ha of forest and savannah plantations restored by 2013</p> <p>2.2.1. Land Allocation Plan and forest inventory produced in 2013</p> <p>2.2.2. 1,000 ha of forest plantations restored in 2013</p> <p>2.2.3. 2000 ha of savannah reforestation in 2013</p> <p>2.2.4. 3000 ha of agroforestry plantations created in 2013</p> | <p><u>Assumption Statements</u></p> <p><u>Assumption:</u> The Government is fully involved in the fight against deforestation and poverty reduction</p> <p><u>Risk:</u> Grassroots communities are not associated with the process initiated by the Government</p> <p><u>Mitigation:</u> Sensitization and advocacy by COMIFAC with Government and local communities</p> |

| 3. Activities and Inputs | Outputs | Beneficiaries | Indicators | Short-term Indicative Targets and Timeframe | Assumptions |
|--|--|--|---|---|--|
| 3.1 Component 1: Production of a Land Allocation Plan and inventory in protected areas | | | | | |
| <p><u>Preparation of a land allocation plan</u></p> <p>3.1.1. Development of a forest geomatics laboratory</p> <p>3.1.2.. Mapping of forest territories</p> <p>3.1.3. Land allocation proposal</p> <p><u>Forest Inventory</u></p> <p>3.1.4 Reconnaissance inventory of forest stands and sensitization of local communities</p> <p>3.1.5. Production of sampling plans, setting up of teams and start-up</p> <p>3.1.6. Forest inventory (path opening and counting)</p> <p>3.1.7. Data capture, processing, analysis and mapping</p> | <p>3.1.1 Geomatics laboratory established and operating.</p> <p>3.1.2 22 million ha of forest territory mapped</p> <p>3.1.3 A zoning plan is proposed</p> <p>3.1.4 Forest stands are identified and communities sensitized.</p> <p>3.1.5 A sampling plan is produced and teams created</p> <p>3.1.6 A forest inventory is conducted</p> <p>3.1.7 Maps are produced</p> | <p>- Gabonese administration</p> <p>- Forest and savannah communities in project area</p> <p>- All forest and savannah stakeholders in the project area</p> <p>- International community</p> | <p>3.1.1 Equipment acceptance report</p> <p>3.1.2 Maps of forest estates</p> <p>3.1.3 Zoning map</p> <p>3.1.4 Inventory reports</p> <p>3.1.5 Sampling plans</p> <p>3.1.6 Forest inventory.</p> <p>3.1.7 Maps</p> | <p>3.1.1. The geomatics laboratory is equipped and operating in 2012</p> <p>3.1.2. Maps are available in 2013</p> <p>3.1.3. A zoning map is established in 2013</p> <p>3.1.4. Forest reconnaissance inventory report established in 2013 and 10 awareness workshops organized in 2012</p> <p>3.1.5. The implementation of the sampling plan and teams start functioning in 2013</p> <p>3.1.6. Forest inventories are completed in 2013</p> <p>3.1.7. Map production in 2013</p> | <p>Assumption: The Government undertakes the production of the Land Allocation Plan and the forest inventory in protected areas</p> <p>Risk: lack of familiarity by project staff with mapping and forest inventory techniques</p> <p>Mitigation: Use of staff from appropriate national technical services (DIARF)</p> |
| 3.2. Component 2: Reforestation of Forest Areas | | | | | |
| <p>3.2.1. Mobilization of actors</p> <p>3.2.2. Development of forest nurseries</p> <p>3.2.3. Building local capacity</p> <p>3.2.4. Plantation in savannah areas</p> <p>3.2.5 Development of forest nurseries</p> <p>3.2.6: Plantations</p> | <p>3.2.1 Six mobilization and consultative workshops conducted and a task distribution plan is adopted</p> <p>3.2.2 2000.000 seedlings produced</p> <p>3.2.3 500 farmers trained</p> <p>3.2.4 1000 ha degraded areas restored</p> <p>3.2.5 3,000,000 seedlings produced</p> <p>3.2.6 2000 ha reforested</p> | <p>- Forest and savannah communities in project area</p> <p>- All forest and savannah sector stakeholders in project area</p> | <p>3.2.1 Stakeholders are identified and tasks distributed</p> <p>3.2.2 Number of seedlings produced:</p> <p>3.2.3 Number of farmers trained.</p> <p>3.2.4 Acreage of planted plots</p> <p>3.2.5 % of Stakeholders identified and tasks distributed</p> <p>3.2.6 Acreage of planted plots</p> | <p>3.2.1. Task distribution completed in 2011</p> <p>3.2.2. 2 million seedlings are produced in 2012</p> <p>3.2.3. 500 planters are trained by 2013 (50% in 2012 and 50% in 2013)</p> <p>3.2.4. 500, 300 and 200 ha reforested in 2012, mid-2013 and end 2013, respectively</p> <p>3.2.5. Mobilization of task distribution completed in 2011</p> <p>3.2.6. 1000 ha, 500 ha et 500 ha reforested in 2012, mid-2013 and end 2013, respectively</p> | <p>Assumption: The Government is fully engaged in forest plantation development</p> <p>Risk: Unexpected bush fires destroy young plantations</p> <p>Mitigation: Sensitization prior to establishment of plantations and development of fire breaks</p> |

| 3.3. Component 3: Agroforestry | | | | | | | | | |
|--------------------------------------|---|-------|---|--|-------|--|--------------|--|---|
| 3.3.1 | Sensitization and mobilization of communities concerned | 3.3.1 | The communities in the areas concerned are sensitized and mobilized. Tasks are defined and 6 consultative workshops organized | The communities in the project forest areas | 3.3.1 | Sensitization and task distribution reports | 3.3.1 | Awareness workshops are conducted in 2012 | Assumption: The Government is involved in agroforestry development Risk: Seedlings destroyed through wind erosion Mitigation: Sensitization and development of wind breaks |
| 3.3.2: | Development of agroforestry nurseries and fruit trees | 3.3.2 | 2,223,000 seedlings produced | | 3.3.2 | Number of seedlings produced | 3.3.2 | 2,223,000 seedlings are produced by 2012 | |
| 3.3.3: | Local capacity building | 3.3.3 | 1000 farmers trained | | 3.3.3 | Number of farmers trained | 3.3.3 | 1000 farmers are trained by 2012 | |
| 3.3.4: | Plantations. | 3.3.4 | 2400 ha of agroforestry plots created | | 3.3.4 | Acreage of plantations created | 3.3.4 | 500 ha of plots; 1000 ha of plots, and 900 ha of plots created by 2012, mid-2013 and end 2013, respectively | |
| 3.4. Component 4: Project Management | | | | | | | | | |
| 3.4.1. | Setting up of Project Management Unit (PMU) | 3.4.1 | The PMU is in place and operating. | - PMU - Various committees - Local communities | 3.4.1 | Decision setting up the PMU | 3.4.1 | PMU established in 2011 and produces 12 quarterly reports, 6 half-yearly reports; 3 annual reports and 1 final report. A start-up workshop is organized in 2011. | Assumption: The project team is committed and implements the project Risk: Sudden transfer of project staff. Mitigation: Sensitization of national authorities by the CBFF |
| 3.4.2. | Procurement of PMU office equipment | 3.4.2 | The PMU has been provided with vehicles, office equipment, accounting software and a procedures manual. | | 3.4.2 | Vehicle and equipment acceptance report, accounting software and procedures manual | 3.4.2 | Three vehicles procured and offices equipped at end 2011; accounting software procured and procedures manual developed at end 2011. | |
| 3.4.3 | Creation of local committees (LCs) in various project areas | 3.4.3 | Local committees are created | | 3.4.3 | Local committee meeting reports | 3.4.3 | The LCs created in 2011; 12 reports/year (36 consultative meeting reports at the end of the project) | |
| 3.4.4 | Putting in place of a technical committee (CT) at the PMU | 3.4.4 | A committee of experts is put in place | | 3.4.4 | Decisions creating and appointing expert committee members | 3.4.4 | The CTE created in 2011; 2 reports/year | |
| 3.4.5. | Creation of a steering committee at the ministry | 3.4.5 | A steering committee is created | | 3.4.5 | Decisions creating and appointing steering committee members | 3.4.5 | The SC created in 2011; 1 report / year making 3 reports for the entire project duration and 1 end of project report | |

REPORT AND RECOMMENDATIONS OF THE BANK MANAGEMENT TO THE BOARD OF DIRECTORS CONCERNING THE PROJECT TO SUPPORT SUSTAINABLE FOREST RESOURCE MANAGEMENT IN GABON

Management hereby submits this report and recommendation on a proposal to award a CBFF grant of EUR 5.989 million to the Government of the Republic of Gabon to finance the Project to Support Sustainable Forest Resource Management in Gabon.

I. STRATEGIC THRUST AND RATIONALE

1.1 Project Linkages with Country Strategy and Objectives

1.1.1 The Project to Support Sustainable Forest Resource Management in Gabon is based on the provisions of the Forestry Code, particularly areas related to sustainable management, restoration and conservation of forest ecosystems. Furthermore, this project derives its objectives from the Forestry and Environmental Sector Programme (FESP) validated in 2003. It is consistent with Gabon's Growth and Poverty Reduction Strategy Paper (GPRSP), in light of its expected contribution to poverty reduction and promotion of community dynamics (key features of the GPRSP pillars).

1.2 Rationale for CBFF Involvement

1.2.1 The project, which falls within the context of the Bank's PRSP for Gabon, is in line with the Bank's corporate policy on environmental protection since it will ultimately help to reduce deforestation. Furthermore, it covers three major thematic areas of the CBFF namely: (i) forest management and sustainable practices; (ii) ecological and socioeconomic monitoring and baseline data; and (iii) poverty reduction. It follows the key areas of the COMIFAC Convergence Plan duly ratified by Gabon, notably Pillars 2, 6 and 9 established by the CBFF as priorities and relating respectively to knowledge of the resource, sustainable forest management and development of financing mechanisms as well as income-generating activities for rural communities. Furthermore, the project will enable the CBFF to enhance its exposure and the role it has assigned itself in poverty reduction through the sustainable management of forest resources in Central Africa.

Donor Coordination

1.3.1 With respect to donor coordination for which the Prime Minister's Office has responsibility, tangible progress has been made in terms of sharing information and harmonizing the programming cycles of the technical and financial partners (TFPs), with the GPRSP as the focal point. This general coordination process was enhanced in March 2010 with the appointment of an Advisor to the Prime Minister to serve as the interlocutor of the TFPs, and the signing in May 2010 of a decree defining the foreign aid coordination, harmonization and monitoring process. In addition, six Thematic and Sector Groups covering all TFP intervention areas are also operational. As Gabon's lead financial partner, the Bank actively participates in this harmonization process and is a member of several thematic groups on governance and aid effectiveness/harmonization.

1.3.2 Two thematic groups for the Infrastructure and Natural Resources/Biodiversity sectors were put in place by the TFPs and constitute an effective framework for joint consultation coordinated by the European Union and the Bank. At the sector level, the Bank

and the World Bank have supported the Forestry, Fisheries and Environment Sector Programme through the Fisheries and Aquaculture Sector Support Project.

1.3.3 Therefore, there is formal coordination of sustainable forest management issues among all active TFPs in Gabon. This consultative and information-sharing space fosters the development of synergy for implementing various initiatives. In particular, the WB, FAO, EU, AFD, FFEM, Spain and the ADB (PACEBCo) develop activities geared towards sustainable forest management. There is coordination among these donors to foster synergy across various interventions. Through this project, the CBFF will form part of that coordination. Ongoing operations by other partners in the Gabonese forestry sector may be summarized as follows:

| Partner | Theme | Budget |
|----------------|---------------------------------------|----------------------|
| World Bank | Public Natural Resource Management | USD 6 million |
| World Bank | Sustainable Forest Management Support | CFAF 29 million |
| Spain | Reforestation | EUR 59 996 |
| European Union | ECOFAC | CFAF 2,107.7 million |
| FFEM | Environmental Protection Support | CFAF 716 million |
| UNDP | Environmental Protection Support | CFAF 1,782.3 million |
| AFD | Environmental Protection Support | CFAF 2,977.7 million |
| AFD | Environmental Protection Support | CFAF 1,404 million |

II. PROJECT DESCRIPTION

2.1 Project Objectives

2.1.1 The overall objective of the project is to reduce deforestation and poverty in Gabon. The specific objectives seek to: (i) formulate a Land Allocation Plan and make an inventory of forest resources in the project areas; (ii) regenerate protected forest species through tree planting; (iii) reforest degraded savannah areas on the edge of forests; and (iv) develop community agroforestry in degraded areas to curb slash-and-burn farming.

2.2 Project Component

2.2.1 This project comprises four components as described in the table below:

Table 2.1: Project Component

| No. | Component | Estimated Base Cost (EUR) (excl. Contingencies) | Description of Components |
|-----|--|--|---|
| 1 | Preparation of a Land Allocation Plan and multi-resource inventory | 1,902,498 | <p>The purpose of this component is to formulate a national Land Allocation Plan which will identify forest areas allocated to State's permanent estate.</p> <p>To this end, activities to be undertaken are: 1.1: biophysical and socioeconomic reconnaissance of the area; 1.2: analysis of development constraints; 1.3: determination of production areas (agriculture, protection, forest production etc.). These activities will be undertaken by the technical departments of the Ministry. In addition, a consultant will undertake: 1.4: an analysis of the data and land allocation mapping.</p> <p>Following the land allocation exercise, experts from the ministry will conduct: 1.5: an inventory of priority protected areas over a total area of 450,000 hectares. This inventory will entail the collection, analysis, synthesis and collation of all the data needed to formulate development plans for protected areas, including environmental parameters such as fauna, botanic peculiarities, specific nature of some socio-cultural and economic issues.</p> |
| 2 | Reforestation | 2,271,500 | <p>This component involves restoring and enriching the forest heritage through the reforestation of savannahs and degraded forests. This will entail regeneration of patches in forest concessions through planting of protected forest species and reforestation of degraded savannah areas on forest edges. To this end, three key activities will be undertaken: 2.1: sensitization and capacity building of local stakeholders. This activity will be conducted by a consultant to ensure the success of the project and ownership of actions carried out; 2.2: reforestation of 1 000 ha of forest areas; and 2.3: reforestation of 2 000 ha of savannah land. These two activities will be carried out by a consultant.</p> |
| 3 | Community agroforestry in degraded areas | 1,108,250 | <p>The aim will be to develop community agroforestry in areas degraded by slash-and-burn farming. This activity will be conducted with the participation of local communities.</p> <p>The main activities are: 3.1: sensitization of communities; 3.2: choice of sites and production of plans; 3.3: setting up of a reforestation plan for identified sites; and 3.4: plantation works on 3 000 ha. These works will be carried out by the local communities on their own lands</p> |
| 4 | Project management | 852,541 | <p>The main activities of this component will entail: 4.1: setting up of a project implementation unit (PIU); 4.2: procurement of the PIU's office equipment; 4.3: Creation of local committees in various areas; and 4.4: Creation of a steering committee (SC) at the ministry.</p> |

2.3 Technical Solutions Retained and Alternatives Explored

| Component | Solution Retained | Solution Explored | Reasons for Rejection |
|---|---|---|--|
| 1. Preparation of a Land Allocation Plan and multi-resource inventory | Sub-contracting of tasks to specialized organizations and consultants | Implementation by staff of the ministry | Lack of adequate capacity, a new theme. |
| 2. Forest plantations | Sub-contracting to specialized NGOs | Implementation by staff of the ministry | Insufficient quality human resources to cover this large scale operation |
| 3. Community agro-forestry in degraded areas | Sub-contracting to specialized community-support NGOs | Implementation by staff of the ministry | Insufficient quality human resources to cover this operation |
| 4. Project management | Project managed by staff of the ministry | Management by a private firm recruited at random. | Additional cost and non-ownership |

2.4 Project Type

2.4.1 The project entails support for the implementation of the Gabonese Government's Forest Environment Sector Programme (FESP). The pillars of the FESP retained under this project relates to reforestation, community agroforestry and development of a national Land Allocation Plan.

2.5 Project Cost

2.5.1 The total cost of the project is EUR **6,441,000**, of which EUR 2,478,483 in foreign exchange and EUR 3,962,517 in local currency. The foreign exchange share constitutes 38.5% of the total cost net of taxes and the local currency portion 61.5%. The relatively high local currency portion is attributable to the fact that the project essentially comprises goods and services produced locally. A 5% provision for price escalation based on the August 2010 inflation rate was applied to all the components. Tables 2.5 and 2.6 below present a summary of the costs by component and expenditure category:

Table 2.5
Summary of Cost Estimates by Component (in EUR)

| COMPONENT | Local Currency | Foreign Exchange | Total | % F.E. |
|------------------------|------------------|------------------|------------------|-------------|
| Land Allocation Plan | 761 498 | 1 141 000 | 1 902 498 | 60,0 |
| Reforestation | 1 705 097 | 565 875 | 2 270 972 | 24,9 |
| Agroforestry | 738 845 | 369 405 | 1 108 250 | 33,3 |
| Project Management | 568 361 | 284 180 | 852 541 | 33,3 |
| Base Cost | 3 773 801 | 2 360 460 | 6 134 261 | 38,5 |
| Physical contingencies | 0 | 0 | 0 | 0 |
| Price escalation (5%) | 188 716 | 118 023 | 306 739 | 38,5 |
| Total | 3 962 517 | 2 478 483 | 6 441 000 | 38,5 |

Table 2.6
Summary of Cost Estimates by Expenditure Category (in EUR)

| CATEGORY | Local Currency | Foreign Exchange | Total | % Base Cost |
|------------------------|------------------|------------------|------------------|-------------|
| Goods | 1 357 634 | 849 901 | 2 207 535 | 36,0 |
| Services | 2 077 451 | 1 298 518 | 3 375 969 | 55,0 |
| Miscellaneous | 338 716 | 212 041 | 550 757 | 9,0 |
| Base Cost | 3 773 801 | 2 360 460 | 6 134 261 | 100 |
| Physical contingencies | 0 | 0 | 0 | |
| Price escalation (5%) | 188 716 | 118 023 | 306 740 | |
| Total | 3 962 517 | 2 478 483 | 6 441 000 | |

2.5.2 The CBFF will cover 93% of the total (i.e. EUR **5,989,000**) and the Government of the Republic of Gabon 7% (EUR **452,000**). A breakdown of the costs by source of financing and expenditure category is presented in Table 2.7 below.

Table 2.7
Sources of Financing (in EUR)

| Sources of Financing | L.C. | F.E. | Total | % Total |
|----------------------|------------------|------------------|------------------|------------|
| CBFF | 3 510 517 | 2 478 483 | 5 989 000 | 93 |
| Government of Gabon | 452 000 | 0 | 452 000 | 7 |
| Total | 3 962 517 | 2 478 483 | 6 441 000 | 100 |

2.5.3 The expenditure schedule by component is presented in Table 2.8 below:

Table 2.8
Expenditure Schedule by Component (in EUR)

| COMPONENT | 2011 | 2012 | 2013 | Total | % Base Cost |
|------------------------|------------------|------------------|----------------|------------------|-------------|
| Land Allocation Plan | 650 459 | 786 249 | 465 790 | 1 902 498 | 31 |
| Reforestation | 1 149 000 | 1 012 472 | 109 500 | 2 270 972 | 37 |
| Agroforestry | 398 500 | 544 250 | 165 500 | 1 108 250 | 18 |
| Project Management(°) | 485 370 | 183 585 | 183 586 | 852 541 | 14 |
| Base Cost | 2 683 329 | 2 526 556 | 924 376 | 6 134 261 | 100 |
| Physical contingencies | 0 | 0 | 0 | 0 | |
| Price escalation (5%) | 134 166 | 126 254 | 46 319 | 306 739 | |
| Total | 2 817 495 | 2 652 810 | 970 695 | 6 441 000 | |

(°): The 14% of the budget earmarked for project management is justified by the procurement of items for the operation of the project team and the substantial number of missions for inventory monitoring, agroforestry and forest plantation development over the three years

2.6 Project Area and Beneficiaries

2.6.1. The project covers all the seven forest provinces estimated at 22 million ha; seventeen forest concessions estimated at 4.5 million ha for reforestation of patchy areas; 15% of the national territory made up of the savannahs of the South-Central Province and 3 000 ha in six provinces (Estuaire, Moyen Ogoué, Ngounié, Nyanga, Woleu and Ntem) for community agroforestry.

2.6.2. The short-term beneficiaries of the project will be the 30 000 inhabitants of the Estuaire, Moyen Ogoué, Ngounié, Nyanga, Woleu and Ntem Provinces, thanks to agroforestry operations (a significant source of income for farmers). In the medium and long term, the beneficiaries will be the communities in the 17 forest concessions (based on the positive effects of the forest conservation effort) and the country's entire population of 1.5 million who will ultimately enjoy sustainable management of lands and resources through reforestation and rational land allocation, based on the Land Allocation Plan.

2.7 Participatory Approach for Project Identification, Design and Implementation

2.7.1. A participatory approach was used for project identification and design. In 2009, for instance, experts from key technical ministries held consultations and conducted frequent missions to the project sites. These mission teams established contacts and organized discussion sessions with the traditional authorities and local communities to address their needs and sensitize them about project objectives and activities as well as their expected participation in its implementation.

2.7.2. In April 2010, the CBFF organized a meeting with project stakeholders to prepare the project. This mission provided an opportunity to better define project objectives, activities and expected results. Furthermore, it enabled the local actors to contribute to project preparation.

2.7.3 The project implementation phase will involve all stakeholders who participated in the identification and preparation process, notably the inter-ministerial experts identified, the CBFF and Bank experts, key project partners and specialized NGOs to be recruited on the basis of Bank Rules of Procedure. The local communities will be directly involved at the operational level through the development of agroforestry plantations and forest inventories.

2.8 Bank Group Experience Reflected in Project Design

2.8.1. The Bank's portfolio in Gabon comprises six (6) operations amounting to UA 371 million and covering the following sectors: multi-sector, public utilities, transport, education and agriculture. A review of the Bank's portfolio undertaken in September 2010 highlighted weaknesses and made pertinent recommendations for future projects. These relate to: (i) the relatively long time preceding project effectiveness, ratification and establishment of project management organs, (ii) the weak project implementation capacity at the local level, (iii) inadequate familiarity of executing agencies with Bank rules and procedures, especially regarding procurement and financial management; (iv) the need to strengthen the executing agency's technical, administrative and financial monitoring; and (v) the need to improve investment programming with a view to ensuring the mobilization of the counterpart contribution.

2.8.2. Project design took these lessons into account. Furthermore, the design made necessary provisions to ensure better project implementation from the very beginning. Furthermore, since the Bank has financed several forestry development operations in the sub-region, it tapped from that expertise while reviewing documents concerning this project.

2.9 Key Performance Indicators

2.9.1. The key performance indicators (see details in the project matrix), comprise, among other things: mapping of 22 million ha of forest, preparing a Land Allocation Plan, the area and number of plantations established in forest areas, number of tree planters trained, the acreage of agroforestry created, the average rate of reduction of deforestation and degradation of forests, number of jobs created and the rate of increase of the income of the population living below the poverty line.

2.9.2. The project executing agency will establish the baseline case through basic indicators in the "without project" situation at project start-up. These will be compared with the results generated in the "with project" situation to assess actual project performance. Relevant data will be collected and checked as part of the monitoring/evaluation mechanism to be put in place under the project.

III. PROJECT FEASIBILITY

3.1 Technical, Economic and Financial Performance

3.1.1. Technical feasibility: The technical implementation of the project is not expected to encounter any difficulties. The project will be executed by the Ministry of Water Resources and Forestry which has qualified human resources with the appropriate knowledge and technical skills to conduct the proposed activities. These technical activities are part and parcel of the official activities of the Ministry which has experienced specialists, engineers and technicians in water resources and forestry. The Ministry will be technically assisted by specialized NGOs that will participate in implementing specific field activities (agroforestry, forest plantations, etc.). The project will last thirty-six months.

3.1.2. Economic and financial rates of return: At the economic level, the major project benefits will mainly stem from the significant increase in agroforestry and farm production, thanks to the community agroforestry experiment in Gabon. With the dissemination of new technological packages for forest dwellers, particularly in the area of agroforestry, the project should build synergy between forest exploitation and agricultural development that will yield medium- and long-term benefits.

3.1.3. From a financial perspective, the main beneficiaries will be the various forest operators in all the 7 forest regions of the country whose activities will be protected and improved through sustainable forest resources and preparation of the Land Allocation Plan. Through the project, Government tax revenue will be enhanced with: (i) the resumption of logging controls following the multi-resource inventory; (ii) an increase in revenue resulting from higher taxation of unprocessed export products; and (iii) a slight rise in revenue following the increased production of various wood species, hitherto unexploited, and non-wood forest products.

3.1.4. Furthermore, the 30 000 inhabitants of the Estuaire, Moyen-Ogooué, Ngounié, Nyanga, Woleu and Ntem Provinces will reap direct benefits from the project through the increase in yields following the adoption of new technological packages distributed by the supervisory structure under the project. In view of the ecological and environmental nature of the project, no specific analysis of the financial viability for the forest dwellers was conducted. The project will mainly compile forest inventories aimed at gaining better knowledge of resources and formulating a Land Allocation Plan to objectively determine the most suitable farming and forestry activities, for better management.

3.2 Environmental and Social Impact

Environmental Impact

3.2.1. In accordance with the recommendations of the Bank's ORQR Department, this project is classified under Environmental Category 3 based on the Bank's criteria. This categorization is justified by the fact that the project has no significant negative impact on the environment. On the contrary, the increase in forest and agro-forest acreage will help to increase the area of wooded zones in Gabon. This will actually generate a positive impact on the environment.

Climate Change

3.2.2. The creation of new forests in savannah areas, reforestation in the forest zone and increase in the plant cover through agroforestry will help to raise the forest cover rate and curb deforestation. Thus, the increase in forest areas will raise the carbon stock and, consequently, mitigate climate change.

Social Impact

3.2.3. The project will enable rural communities to undertake agroforestry, which will encourage them to adopt agricultural sedentarisation in place of slash-and-burn shifting cultivation. In turn, this will enable them to improve their farm yields and income.

Gender

3.2.4. Women who account for an estimated 51% of the national population will benefit as much as men from jobs created under the project. Indeed, they will be particularly involved in the establishment and maintenance of nurseries - tasks for which they have a comparative advantage since they are well versed in farming activities. Training and technical assistance for the development of community agroforestry will be provided to both women and men without discrimination. Forest and farm activities (nurseries and agroforestry) will help women to increase their income.

Involuntary Population Displacement

3.2.5. The project will not entail any involuntary population displacement. All project activities essentially aim at settling the population, particularly through agroforestry. The proposed forest and agroforestry plantations will be established on uninhabited lands (degraded forests that will see their plant cover improve).

IV. IMPLEMENTATION

Implementation Arrangements

Institutional Arrangements

4.1.1. Gabon's Ministry of Water Resources and Forestry will be responsible for project implementation, with the technical assistance of some specialized NGOs to be selected in accordance with Bank procedures. The mission of the Ministry of Water Resources and Forestry is to implement forest sector activities at the national level by virtue of Decree 01746/PR/MEF of 20 December 1983. The ministry has acquired extensive experience in project management with international organizations, notably the International Tropical Timber Organization (ITTO), the World Bank, the French Development Agency, the Global Environment Facility and the European Union. It has quality human resources with sound experience in project management. Several large scale projects have been managed by its technical directorates, the most recent of which are: the Forest and Environment Project, the Forestry and Environment Sector Programme, the Small Gabonese Forest Resource Licence Management, etc.

4.1.2 A project management team (PMT) made up of staff from the ministry will cater for the day-to-day execution of the project. The team will comprise: a project officer, an accountant and an assistant. PMT members will be selected based on their skills and working experience in forestry and project management, after obtaining the Bank's non-objection. The PMT activities will involve the preparation of work plans and budgets, monitoring of field activities, project administrative, accounting and financial management, and production of activity reports. Local grassroots management committees aimed at involving the local communities in project management will be created in the project areas.

4.1.3. A steering committee will also be set up at the ministry. It will comprise representatives from the Ministries in charge of Forestry, Agriculture, Livestock, Territorial Administration, Land Affairs, Water Resources, Environment, Rural Development and the relevant national department (DIARF). The committee will serve as an organ for guiding and facilitating the PMT.

Procurement Arrangements

4.1.4. The method for procuring goods and services covered with CBFF resources will be governed by Bank Group Rules of Procedure for the Procurement of Goods and Works (2008 edition) and Rules of Procedure for the Use of Consultants (2008 edition), as modified by CBFF operational procedures. The Ministry in charge of forest will prepare a procurement plan for the first 18 months of project implementation which it will submit to the CBFF Secretariat for approval prior to grant negotiations. This procurement plan will be updated on an annual basis

4.1.5 The procurements of goods whose value is less or equal to UA 20.000 UC (about 24.000 €), as well as contract services of an amount equal or less than UA 20.000 UC (about 24.000 €) will be approved by the Ministry of Waters and Forests and post-reviewed by the CBFF Secretariat. For that purpose, the Implementing Agency capacities will be strengthened through training in procurement and contract management. The first five (05) procurements will be prior-reviewed by the CBFF Secretariat before the setting-up of the post-review process. The procurement arrangements for goods, works and services are summarized in Table 4.1 below.

Table 4.1
Procurement Arrangements (in EUR)

| ITEM | AOI | AON | CF | LISTE RESTREINTE (LR) | Autre (marché de gré à gré) | TOTAL |
|---|----------------------|----------------------|--------------------------|--------------------------|-----------------------------|--------------------------|
| 1. Goods | | | | | | 2 207 535 (2 053 008) |
| 1.1 Vehicles | | 251 523 (233 916) | | | | |
| 1.2 Equipements | 300 262 (279 244) | | | | | |
| 1.3 Other goods (inputs, smoke houses, seeds, etc.) | | | 1 655 750 (1 539 847) | | | |
| 2. SERVICES | | | | | | 3 376 498 (3 140 143) |
| 2.1 Short-term consultancy | | | | 1 673 498 (1 556 353) | | |
| 2.2. Long Term Consultancy/ Sub-contracting | | | | 1 218 000 (1 132 740) | | |
| 2.3 Training | | | | 485 000 (451 050) | | |
| 3.MISCELLANEOUS ITEMS | | | | | | 550 757 (512 204) |
| 3.1 PMU honoraria and allowances | | | | | 197 562 (183 732) | |
| 3.2 Operating expenses | | | | | 216 000 (200 880) | |
| 3.3 Travel and missions | | | | | 137 195 (127 591) | |
| TOTAL | 300 262 (279 244) | 251 523 (233 916) | 1 655 750 (1 539 847) | 3 376 498 (3 140 143) | 550 757 (512 203) | 6 134 790 (5 705 353) |
| Contingencies (5%) | | | | | | 306 210 (283 647) |
| General Total | | | | | | 6 441 000 (5 989 000) |

(...): Bank's Contribution

4.1.6. Goods: the procurement of a set of satellite images on forests for a total budget of Euro 279 244 will be carried out through International Competitive Bidding (ICB). The

procurement of a set of three vehicles for the monitoring of the project's activities for an amount not exceeding Euro 233 910 will be made through National Competitive Bidding (NCB). This latest procurement mode is preferred because there is a considerable number of a potential supplier in the local market. The forestry and the agro- forestry plants and others agricultural inputs will be procured under the shopping procurement method with a budget not to exceed Euro 1.655.750. The maximum contract price for these plants and other agricultural inputs should not exceed Euro 50 000. This mode of acquisition is appropriate because there are many potential suppliers to assure competitive prices.

4.1.7. Services: support services for the development of a geomatic laboratory will be procured for a total budget not exceeding Euros 1 556 353. These services include: i) the technical assistance recruited on a shortlist (SL) basis for a budget not exceeding Euro 250.000 using the Quality and Cost based selection (QCBS) for the selection of the consulting firms; ii) the assistance to the development of survey design recruited on a SL basis in line with the Bank's rules and procedures for the selection of the individual consultants for a budget not exceeding Euro 150.000; iii) the technical assistance to the production of a the Land Occupancy Plan, recruited on a shortlist basis for a budget not exceeding Euro 80.000 (using QCBS); iv) The identification of forestry massifs and sensitization of neighboring populations (under shortlist procedure), for a budget not exceeding Euro 50.000 using the QCBS; v) the assistance to the field data processing recruited under QCBS, for a budget not exceeding Euro 150 000; vi) the forests trailing and numbering procured through the SL using QCBS for a budget not exceeding Euro 571.580 and vii) the strengthening of the farmers' capacities and the local actors called upon to execute forestry activities selected on a SL basis for a budget not exceeding Euro 371.918 euro.

4.1.8. For this latest procurement (point vii), local NGO will be contacted for that purpose because of their knowledge of the field and the environment, and the QCBS method will be used. Other long-term consultants will be recruited on a SL basis for a total budget not exceeding Euro 1 132 740, for the studies for the development of forestry and agro forestry plantations. Finally, consultants to carry out training activities will be recruited on of a shortlist basis for a budget not exceeding Euro 451 050. For these last two procurements, the QCBS method will be applied.

4.1.9. For contracts amounting less than UA 200.000 or its equivalent in Euro awarded to consulting firms and of UA 50.000 or its equivalent in Euro awarded to individual consultants, the Implementing Agency can limit the publication of the call for interest to national and regional newspapers. However, any eligible consultant, whether he is regional or not, who wishes to provide the sought services can express his willingness to be shortlisted.

4.1.10. For contracts whose value is more than UA 200.000 or its equivalent in Euro for consulting firms and UA 50.000 or its equivalent in Euro for individual consultants, the call for interest must be published in UNDB on-line and in the Bank's website.

4.1.11. "Miscellaneous" items includes EGP staff's allowances, for a total budget not exceeding Euro 183 732, operating costs pertaining to the project management for a total budget not exceeding Euro 200 880, as well as travel and mission expenses, not exceeding Euro 127 591. Procurements for operating expenditures (maintenance, furniture, transport, etc.) will be carried out through shopping.

4.1.12. The following documents are subject to the Bank's review and approval before their publication: General Procurement notice, Call for tender notice, Call for interest notice, Bidding documents or Request for proposals, Bid evaluation reports including recommendations for contract awards (goods) or Consultant technical proposal evaluation reports, draft contracts for goods and services provided that they are modified and different from the original form attached to the tender documents, Consultant financial proposal evaluation reports including contract award recommendations alongside with minutes of the negotiations and the signed draft contract.

4.1.13. Post review: The procurements of goods and services whose value is less or equal to UA 20.000 or its equivalent in Euro and works of an amount not exceeding UA 50.000 or its equivalent in Euro will be approved by the Implementation Agency and post-reviewed by the Bank, after a review in priori satisfactory of the five (05) first contracts by the Bank.. The tender documents, including price quotations, bid evaluation and contract award reports will be kept by the Implementing Agency for periodical reviews by CBFF supervision missions.

4.1.14. Implementing Agency: The Ministry of Waters and Forests will be in charge of the procurement of goods / works / consultant services / training services. The resources, the capacities, the know-how and the experience of the Implementing Agency were analyzed and judged adequate to carry out procurement activities required within the framework of the project/study

4.1.15. Procurement plan: The Bank will examine actions taken by the Implementing Agency with regard to the bidding process within the framework of the procurement plan, to ensure their conformity with the grant agreement and its relevant Rules. The procurement plan will cover an initial period of at least 18 months. The Implementing Agency will update the said plan on an annual basis or as needed, but always for the following 18 months during the project's implementation period. Any revision proposal of the procurement plan will be submitted to the Bank's prior approval.

Disbursement Arrangements

4.1.16. The project Donee will be the Ministry of Water Resources and Forestry. The resources of the CBFF grant will be disbursed in accordance with ADB rules of procedure and CBFF operational procedures. The following two disbursement methods will be used: (i) direct payment method for the settlement of project goods and services contracts above EUR 24 000; (ii) the special account or revolving fund (RF) for goods and services contracts below EUR 24 000 and to cover operational costs, project staff allowances and various management expenses.

4.1.17. To receive the grant resources, the Donee (Ministry of Water Resources and Forestry) will open a **special account** in the name of the project with a commercial bank acceptable to the ADB. Disbursements will be subject to the provisions of the Bank's Disbursement Manual and in the form of advances, based on a work programme and annual budgets previously approved by the CBFF Secretariat. Each disbursement request, which will be submitted to the CBFF for approval, will cover a maximum period of six months of activities. The special account will be replenished on request from the Ministry, backed by the justification of at least 50% of the previous advance.

Financial and Audit Reporting

4.1.18. Budgetary accounting and monitoring will be based on accounting software used by the Ministry of Finance. Project and special account financial statements will be audited yearly, under the responsibility of the CBFF Secretariat. To this end, the Secretariat will recruit an external auditor based on the Bank's model terms of reference. The auditor will conduct ex-post evaluation, review the supporting documents and audit the project.

4.2 Monitoring/Evaluation

4.2.1. The Ministry of Water Resources has a department that monitors all its projects. The department will be responsible for project monitoring/evaluation using the relevant reference documents, particularly the project activity reports. The Project Implementation Unit at the Ministry will produce quarterly and annual activity reports on the status of the project, procurement undertaken, the level of execution of expenditures, implementation difficulties encountered and corrective measures taken or envisaged to improve project management. Furthermore, the Ministry will prepare annual work and budget plans to be submitted to the CBFF Secretariat.

4.2.2. Furthermore, the project will be supervised yearly by the CBFF Secretariat in collaboration with the Bank (especially with the assistance of its Regional Office in Libreville, Gabon), to verify project achievements on the ground, provide guidance and make recommendations for improved management effectiveness. The CBFF Operations Officer based in Yaoundé will closely monitor the project.

4.2.3. At the end of the project, the Ministry of Water Resources and Forestry will prepare a project completion report which it will submit to the CBFF Secretariat. The latter will conduct a final mission to validate project achievements and performance, and outline lessons learned in order to establish a list of best practices for future operations.

4.3 Governance

4.3.1 The Government of the Republic of Gabon also benefited from debt relief under the HIPC Initiative and from the Paris Club, which enabled it, with the support of France and Brazil, to embark on a vast programme to develop a centre of excellence for monitoring forest dynamics in Gabon and Central Africa. The policy of the new Government which promotes transparent public management constitutes leverage for good governance.

4.3.2 The Ministry of Water Resources and Forestry (the Donee) has a long experience in managing development projects with the International Tropical Timber Organization, the World Bank, the French Development Agency, the Global Environment Fund and the European Union. Most of these projects were satisfactorily audited by audit firms in line with international standards. Furthermore, Gabon signed up to several regional and international conventions that make governance a priority. Consequently, the Forest Law Enforcement, Governance and Trade (FLEGT) principles are well known in Gabon and enforced in forestry management.

4.3.3 The Bank's rules will apply to all matters concerning managing this project, especially the procurement rules. The involvement of Bank experts both in the Regional Office in Libreville and at headquarters in reviewing files and contract awards will help to significantly reduce possible slippages.

4.4 Sustainability

4.4.1 The project sustainability relates primarily to its consistency with the priorities of the national policy and strategies formulated by the Government for forestry sector development. Other elements that guarantee project sustainability include: (i) the integrated participatory approach that will facilitate full ownership of the project by the various actors: ministry officials will manage the project and the local communities will be stakeholders in the forestry and agroforestry plantations. This will guarantee the ownership of operations; (ii) the inventory that enables better knowledge of the resource as well as the Land Allocation Plan that will determine the potential of each zone will contribute to better decision making by the Government and guarantee the sustainability of achievements.

4.4.2 The positive impact generated by community agroforestry practices, particularly increased income of the communities, improvement of agricultural yields and agricultural sedentarisation constitute an impetus for revitalizing and sustaining the activities initiated by the project.

4.4.3 The Land Allocation Plan prepared under this project will serve as a decision-making tool that the Gabonese Government will use to better plan and manage lands and forestry resources.

4.5 Risk Management

4.5.1 The project matrix indicates the major risks and mitigative measures recommended. Table 4.5 below indicates the major risks and adequate alternatives:

Table 4.5
Risks and Mitigative Measures

| Risks/Levels | Mitigative Measures |
|--|--|
| National sector policies are not harmonized with those of the sub-region (COMIFAC). | Sensitization and lobbying of the Gabonese Government by COMIFAC |
| The grassroots communities are not associated with the government process to control deforestation and poverty | Sensitization of the Government and local communities, advocacy by COMIFAC |
| Unexpected bush fires destroy young plantations | Sensitization prior to establishing the plantations and development of fire breaks |
| Wind erosion resulting in the destruction of young plants | Sensitization and development of windbreaks |
| The staff assigned to the project is not conversant with mapping and inventory techniques | Use of competent professionals from national technical departments (DIARF) |
| Staffs maintained in the project team are unexpectedly transferred at the end of the project. | Sensitization of national authorities by the CBFF |

4.6 Knowledge Building

4.6.1. The experience acquired by the Bank over the years in managing nascent fields and addressed in this project (climate change, zoning of lands and restoration of the plant cover in degraded areas) will be applied for the benefit of local stakeholders during project implementation. This will enable the Bank to improve its role in these fields and its presence in the region.

4.6.2. The project entails building the capacity of project beneficiaries at the local level. This will translate into sensitization and enhanced familiarity with good practice for agricultural sedentarisation, and banning of slash-and-burn shifting cultivation (the primary source of greenhouse gas emissions).

V. LEGAL FRAMEWORK

5.1. Legal Instrument

5.1.1 The legal framework of this project is a protocol agreement between the Government of Gabon and the Bank. The agreement will contain the terms and conditions of the grant.

5.2 Conditions Associated with Bank's Intervention

5.2.1 The Bank's intervention is subject to the fulfilment of the following special conditions:

A. Conditions Precedent to Grant Effectiveness

5.2.2 The effectiveness of the Grant Protocol is subject to its signature by the Donee and the Bank.

B. Conditions for First Disbursement

5.2.3 The first disbursement of Grant resources will be subject to the fulfilment by the Donee of the following specific conditions:

- i) Evidence of opening a special account with a bank deemed acceptable by the ADB to receive the resources of the Congo Basin Forest Fund (CBFF) (cf. 4.10).
- ii) Evidence of appointing a project officer, an accountant and an administrative and financial assistant, whose qualifications and working experiences must have been approved beforehand by the Bank (cf. 4.1.2).

5.3 Compliance with Bank's Policies

5.3.1 The project is consistent with applicable Bank policies notably: (i) the Country Strategy Paper; (ii) the Medium-Term Strategy 2008-2012; and (iii) the Policy on the Environment.

VI. RECOMMENDATION

In view of the foregoing, it is recommended that a CBFF Grant not exceeding **EUR 5 989 000** be awarded to the Government of the Republic of Gabon for use in implementing the project as formulated and described in this report, subject to the fulfilment of conditions set forth in the Grant Protocol Agreement.

Annex 1: Map of Project Area



Annex 2: Bank Portfolio in Gabon

| Project Name / Project SAP Code | Code SAP | Date of Approval | Date of signature | Date of Entry into Force | Age (Years) | Amount Approved | Amount Disbursed | Disbursement Rate |
|--|--------------|------------------|-------------------|--------------------------|-------------|-----------------|------------------|-------------------|
| 1. Projet d'ap. sect. pêches & aquaculture | P-GA-AAF-002 | 27.07.2005 | 28.10.2005 | 15.11.2006 | 5 | 14.874 | 0.841 | 5.65% |
| 2. Siat gabon agricultural expansion proj | P-GA-AAG-002 | 12.09.2007 | 19.02.2008 | 30.06.2008 | 3 | 8.799 | 8.948 | 101.69% |
| 3. Programme routier i | P-GA-D00-001 | 17.09.2007 | 25.10.2007 | 08.05.2009 | 3 | 225.498 | 45.180 | 20.04% |
| 4. Assainissement de Libreville | P-GA-EB0-002 | 10.06.2009 | 01.02.2010 | # | 1 | 1.419 | 0.000 | 0.00% |
| 5. Enquête nationale sur emploi et chômage | P-GA-I00-001 | 04.06.2009 | 29.01.2010 | 26.04.2010 | 1 | 0.499 | 0.000 | 0.00% |
| 6. Education III | P-GA-IAE-001 | 11.12.1997 | 13.01.1998 | 01.12.1998 | 12 | 21.571 | 8.216 | 38.09% |
| 7. Amélioration services ens. sup | P-GA-IAZ-003 | 22.07.2009 | 11.03.2010 | Pas encore | 1 | 98.588 | 0.000 | 0.00% |
| Moyenne/total | | | | | 4 | 371.248 | 63.185 | 17.02% |

Detailed Project Budget

| BUDGET | | | | | | | | | | |
|---|--|---------------|---------------|---------------|--------------------|------------------|---------------------|---------------------|---------------------|-------------------|
| Components/Activities | Input | Year 1 | Year 2 | Year 3 | Total Units | Unit Cost | Total Year 1 | Total Year 2 | Total Year 3 | Total Cost |
| COMPONENT 1: PROJECT MANAGEMENT | | | | | | | | | | |
| 1.1 PMT members allowances | | | | | | | | | | |
| Bonus: EUR 1524.39 x 36 months | Project Officer | 12 | 12 | 12 | 36 | 1524.39 | 18293 | 18293 | 18293 | |
| EUR 1143.29 x36 months | Chief Accountant | 12 | 12 | 12 | 36 | 1143.29 | 13720 | 13720 | 13720 | |
| EUR 533.54 x 36 months | Accounting Assistant | 12 | 12 | 12 | 36 | 533.54 | 6402 | 6402 | 6402 | |
| EUR 762.20 x 36 months | Assistant | 12 | 12 | 12 | 36 | 762.20 | 9146 | 9146 | 9146 | |
| EUR 457.32 x 36 months | Driver/mechanic | 12 | 12 | 12 | 36 | 457.32 | 5488 | 5488 | 5488 | |
| EUR 304.88 x 36 months | Driver | 12 | 12 | 12 | 36 | 304.88 | 3659 | 3659 | 3659 | |
| EUR 381.1 x 72 months for 2 secretaries | Secretary | 24 | 24 | 24 | 72 | 381.10 | 9146 | 9146 | 9146 | |
| 1.2. Procurement of goods | | | | | | | | | | |
| Computer, printers, photocopying machines | Vehicles | 3 | | | 3 | 83841.00 | 251523 | | | |
| | Computer hardware | 1 | | | 1 | 12152.00 | 12152 | | | |
| Furniture (tables, chairs, bookshelves) x EUR 38 110 | Office equipment (chairs & tables) | 1 | | | 1 | 38110.00 | 38110 | | | |
| 1.3. Operation (PIU, Steering Committee, experts) | | | | | | | | | | |
| | | 12 | 12 | 12 | 36 | 6000.00 | 72000 | 72000 | 72000 | |
| 1.4. Mission | | | | | | | | | | |
| | Lump sum | 12 | 12 | 12 | 36 | 3810.98 | 45732 | 45732 | 45732 | |
| Sub-total 1 | | | | | | | 485370 | 183585 | 183585 | 852541 |
| COMPONENT 2: PREPARATION OF A LAND ALLOCATION PLAN | | | | | | | | | | |
| <i>Preparation of a Land Allocation Plan</i> | | | | | | | | | | |
| 2.1. Development of a forest geomatics laboratory | | | | | | | | | | |
| | 1 batch of laboratory equipment at EUR 250000 | 1 | | | 1 | 250000.00 | 250000 | | | |
| 2.2. Mapping of forest territories | | | | | | | | | | |
| | Lump sum of EUR 300 000 for the procurement of satellite imaging | 1 | 1 | | 2 | 300000.00 | 300000 | 300000 | | |
| 2.3 Proposal for land allocation | | | | | | | | | | |
| | Lump sum EUR 80 000 for printing of plans | | | 1 | 1 | 80000.00 | | | 80000 | |

| BUDGET | | | | | | | | | | |
|---|--|---------|---------|--------|-------------|-----------|--------------|--------------|--------------|------------|
| Components/Activities | Input | Year 1 | Year 2 | Year 3 | Total Units | Unit Cost | Total Year 1 | Total Year 2 | Total Year 3 | Total Cost |
| <i>Forest Inventory</i> | | | | | | | | | | |
| 2.4. Survey of forests and sensitization of local communities | Organization of seminars | 1 | 1 | | | 25000.00 | 25000 | 25000 | | |
| 2.5. Production of sampling plans, setting up of teams and start-up | Printing of plans 75459 x 2 lots | 1 | 1 | | | 75459.00 | 75459 | 75459 | | |
| 2.6. Forest inventory (paths construction and tree counting) | Field labour | | 1 | 1 | 2 | 285790.00 | | 285790 | 285790 | |
| 2.7. Data capture, processing and analysis and forest mapping, | Printing contract EUR 100 000 x 2 lots | | 1 | 1 | | 100000.00 | | 100000 | 100000 | |
| Sub-total 2 | | | | | | | 650459 | 786249 | 465790 | 1902498 |
| COMPONENT 3: REFORESTATION | | | | | | | | | | |
| 3.1. Mobilisation of Actors | | 1 | 1 | 1 | 3 | 3500.00 | 3500 | 3500 | 3500 | |
| 3.2. Development of forest nurseries | Seedling procurement 2 000 000 seedlings x EUR 0.25 per unit | 1000000 | 1000000 | | 2000000 | 0.25 | 250000 | 250000 | | |
| 3.3. Strengthening of actors involved | 500 trained x EUR 110 per trainee | 250 | 250 | 0 | 500 | 110.00 | 125000 | 125000 | | |
| 3.4. Plantation | Sub-contracting cost 1000 ha x EUR 180 per 1 ha | 300 | 500 | 200 | 1000 | 180.00 | 300000 | 90000 | 36000 | |
| 3.5. Development of forest nurseries | Seedling procurement 2 000 000 seedlings x EUR 0.30 per unit | 1000000 | 1000000 | 0 | 2000000 | 0.30 | 300000 | 300000 | | |
| 3.6. Strengthening of stakeholders | 1000 trained x EUR 125 per trainee | 500 | 500 | 0 | 1000 | 125.00 | 62500 | 62500 | | |
| 3.7. Plantation | Sub-contracting cost 2 000 ha x EUR 180 per 1 ha | 600 | 1000 | 400 | 2000 | 180.00 | 108000 | 180000 | 72000 | |
| Sub-total 3 | | | | | | | 1149000 | 1011000 | 111500 | 2271500 |
| COMPONENT 4: AGROFORESTRY | | | | | | | | | | |
| 4.1. Sensitization and mobilization of communities concerned | | 1 | 1 | 1 | 3 | 3500.00 | 3500 | 3500 | 3500 | |
| 4.2. Development of forest and fruit tree nurseries | Seedling procurement 2 230 000 seedlings x EUR 0.25 per unit | 1000000 | 1223000 | 0 | 2223000 | 0.25 | 250000 | 305750 | 0 | |
| 4.3. Capacity building | 1 000 trained x EUR 110 per trainee | 500 | 500 | 0 | 1000 | 110.00 | 55000 | 55000 | | |

| BUDGET | | | | | | | | | | |
|------------------------------|--|---------------|---------------|---------------|--------------------|------------------|---------------------|---------------------|---------------------|-------------------|
| Components/Activities | Input | Year 1 | Year 2 | Year 3 | Total Units | Unit Cost | Total Year 1 | Total Year 2 | Total Year 3 | Total Cost |
| 4.4 Plantation | Sub-contracting cost 2 500 ha x EUR 180 per 1 ha | 500 | 1000 | 900 | 2500 | 180.00 | 90000 | 180000 | 162000 | |
| Sub-total 4 | | | | | | | 398500 | 544250 | 165500 | 1108250 |
| Total | | | | | | | 2683329 | 2525084 | 926375 | 6134789 |