



AFRICAN DEVELOPMENT BANK

PROJECT : Multi-Resource Forest Inventory for Preparation of a Land Allocation Plan

COUNTRY: Republic of Congo

PROJECT APPRAISAL REPORT

September 2011

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Currency Equivalents

(September 2011)

UA 1 = CFAF 730.566

UA 1 = EUR 1.11374

EUR 1 = CFAF 655.957

UA 1 = USD 1.60936

Fiscal Year

1 January – 31 December

Weights and Measures

1 metric ton	=	2204 pounds
1 kilogram (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
CBFF	Congo Basin Forest Fund
CNIAF	National Centre for Forest and Fauna Inventory
COMIFAC	Central African Forest Commission
FAO	Food and Agriculture Organization
GIS	Geographic Information System
ITTO	International Tropical Timber Organization
MDDEFE	Ministry of Sustainable Development, Forest Economy and Environment
MDG	Millennium Development Goal
MRV	Monitoring, Reporting and Verification
NGO	Non-Governmental Organization
NLFP	Non-Ligneous Forest Product
PACEBCo	Congo Basin Ecosystems Conservation Support Programme
PAFN	National Forestry Action Plan
PAGEF	Congo Forests Sustainable Management Support Project
PNAE	National Environmental Action Plan
PRSP	Poverty Reduction Strategy Paper and its national action plan
REDD	Reducing Emissions from Deforestation and Forest Degradation

Project Brief

DONEE : Republic of Congo

EXECUTING AGENCY : National Centre for Forest and Fauna Inventory (CNIAF)

Financing Plan

Source	Amount (EUR)	Instrument
CBBF	2,415,674	Grant
Republic of Congo	500,206	
TOTAL COST	2,915,880	

ADB Key Financing Information

Grant Amount (in EUR)	2,415,674
Commitment fee	NA
Service commission	NA
Tenor	NA
Grace period	NA
IRR NPV	NA
ERR	NA

Timeframe – Main Milestones (expected)

Duration	Two and a half years (30 months)
Concept Note Approval	March 2010
Project Appraisal	April 2010
Project Approval	November 2011
Effectiveness	November 2011
Completion	May 2014
Last Disbursement	June 2015
Last Repayment	NA

PROJECT SUMMARY

1. Overview

1.1 On instruction from the Congo Basin Forest Fund (CBFF) Governing Council dated 5 December 2009, the CBFF Secretariat proceeded to identify government and regional projects liable for CBFF financing in the ten COMIFAC member countries belonging to the Congo Basin. The Secretariat fielded an identification mission to Congo in January 2010, following which the Congolese Government submitted a concept note that was considered and approved by the Governing Council at its seventh ordinary session held in Tunis on 7 March 2010. Thereafter, the Governing Council instructed the CBFF Secretariat to assist the country to produce a detailed proposal. Based on that proposal, the Secretariat undertook a project appraisal mission in April 2010 that helped in preparing this appraisal report. At its ninth session held in Libreville, Gabon, on 15 and 16 November 2010, the CBFF Governing Council approved EUR 2,415,674 for financing this project.

1.2 The general objective of the Multi-Resource Forest Inventory for Preparation of a Land Allocation Plan is to contribute to the sustainable management and use of Congo's forest ecosystems and improved well-being of the local population. Specifically, the project will help to: (i) build knowledge on the national forestry resource; and (ii) better protect and allocate land to boost agricultural productivity. The project is scheduled to take thirty months (or two and a half years) for a total cost evaluated at EUR 2,915,880, including a contribution from CBFF estimated at EUR **2,415,674** (83% of the total project cost) and the Republic of Congo estimated at EUR 500,206 (17% of the total project cost).

1.3 The linkages between multi-resource forest inventory and preparation of a land allocation plan within the project context are justified by the fact that the national multi-resource forest inventory will involve the geo-referencing of bio-physical and socio-economic resources based on a permanent sampling mechanism that incorporates district and local representation. The combination of geographic coordinates with biophysical and socio-economic resource data will allow for a concerted mapping of the whole national territory. Such mapping of the forest potential will help to revise the national forestry policy in line with climate change imperatives correlative to a change in the national economic model in the forestry sector. The right conditions will finally be in place to register and allocate land in consultation with all parties involved in the sustainable management of Congo's forest ecosystems.

1.4 The project's direct beneficiaries are mainly forest resource information users and actors, natural resource managing sectors, the local population, associations, NGOs, the private sector and international partners. Other direct beneficiaries comprise categories of persons who will supply temporary labour, namely: 100 Geographic Information System (GIS) operators; 200 technicians/team leaders and 4,500 inventory takers. Congo's entire population estimated at 3.8 million (2007 census) will be the final project beneficiaries, thanks to good forestry sector planning, rational and sustainable use. The project will indirectly benefit the Central African region and the entire planet due to the role played by Congo Basin forests in curbing climate change.

1.5 The project has environmental, climatic and socio-economic impact. Environmentally, it will allow for a thorough assessment of forest resources, land occupation and use. Therefore, it

offers an opportunity to reformulate the national forestry policy and its related strategies to guarantee sustainable forest management and conservation. It will also help in the on-going evaluation of national forest resources based on a permanent sampling mechanism. In terms of climate, the REDD+ Project still awaits the results of the national forest inventory to develop the national Monitoring, Reporting and Verification (MRV) system capable of estimating carbon stock in Congo's forests and greenhouse gas emissions from deforestation and forest degradation. Although the analysis of the economic rate of return cannot apply to this project, given the nature of its activities (collection, analysis and processing of forest inventory data, establishment of a permanent forest resource tracking system), it has economic and financial benefits as reflected in: (i) income of nearly CFAF 300 million to be paid each year by the project as remuneration to 4,500 inventory takers hired as additional labour for compiling the national forest inventory (corresponding roughly to CFAF 5,500/month/person); (ii) the development of the NLFP production and processing sub-sector fostered by quantifying ligneous and non-ligneous forest products; and (iii) rural, regional and national development based on better forest resource planning and improved land allocation, with higher agricultural productivity as the long-term impact. Socially, the project will strengthen the capacity of 100 GIS operators and 200 technicians, and create jobs for 4,500 people (inventory takers).

2. Needs Assessment

2.1 Despite the size of Congo's forestry sector (forest cover estimated at 22.5 million hectares, approximately 2/3 of the total area), no exhaustive forest resource inventory has been conducted to date. The existing data is incomplete, unreliable, fragmented, and dispersed among various players and national institutions. This situation impedes strategic planning of the forestry sector and an assessment of its economic, social and environmental impact. Such an inventory will provide the State with necessary information to sustainably manage its forest heritage and incorporate it in national economic planning. As the bulk of land in the Republic of Congo is under forest cover (including agricultural land) and no land allocation plan exists, the national forest inventory to be conducted will be a multi-resource (multi-sector) inventory, as it will take into account all other uses of forest land. Thus, the project will provide an opportunity to identify various types of land occupation (according to use) and stakeholder interests.

2.2 CBFF's contribution to project financing will help in the strategic planning of existing forest resources, with a view to their sustainable management and better assessment of their economic, social and environmental impact. Furthermore, the quantification of ligneous and non-ligneous forest products will promote the development of the NLFP production and processing sub-sectors. The impact in the medium and long term will be higher income and better living conditions for the local people. The project will also provide useful elements to answer REDD concerns in Congo in terms of permanent forest cover monitoring and carbon stock determination. Consequently, the project will help to achieve CBFF objectives, covering three of the Fund's intervention areas: (1) forest management and sustainable practice; (2) ecological and socio-economic monitoring and baseline data; and (3) carbon market benefits and ecosystem service payment. Moreover, the project will contribute to implementing the COMIFAC Convergence Plan through the correlative link between its activities and Thrusts 2, 6 and 9 of the Plan concerning knowledge of the resource, development of alternative activities, poverty reduction and development of financing mechanisms.

3. Value Added for the Bank

The Bank's experience in sustainable natural resource management is value added. Through this project, the Bank will contribute not only to improving the management of Congo Basin natural resources but also to the Congo Basin Ecosystem Conservation Support Programme (PACEBCo).

4. Knowledge Management

4.1 The project will improve the knowledge of CNIAF executives and technicians in mapping, data collection and processing, database creation and management, and the design and management of a permanent forest resource tracking system. The project will also help to acquire new knowledge in areas dealing with the design of a carbon stock Monitoring, Reporting, Verification (MRV) and determination system.

4.2 The knowledge acquired during this project will add to that of other climate change, sustainable natural resource management and environmental protection projects or initiatives financed by the Bank. Lessons learned and knowledge acquired will be capitalized in annual reports, completion reports and project performance appraisal reports.

RESULTS LOGICAL FRAMEWORK

Country and project name : Republic of Congo - Multi-Resource Forest Inventory for preparation of land allocation plan

Purpose of the project: Contribute to sustainable management and use of national forest ecosystems and improved well-being of the local people.

	RESULTS CHAIN	PERFORMANCE INDICATORS		MEANS OF VERIFICATION	RISKS/MITIGATION MEASURES	
		Indicator (including CSI)	Baseline			Target
IMPACT	<p><u>Impact 1</u> : Better knowledge and good management of all resources</p> <p><u>Impact 2</u> : Fairer distribution of space, higher income and better living conditions of the local population</p>	<p>All national forest resources are quantified and compiled into a reference document</p> <p>Land allocated to the local population is identified and registered through consensual mapping</p>	<p>Absence of a suitable legal, institutional and technical framework for the sustainable and integrated management of Congo's forest ecosystems.</p> <p>Absence of a formal framework local people's involvement in the management of forest ecosystems.</p>	<p>A suitable legal, institutional and technical framework for the sustainable and integrated management of Congo's forest ecosystems is prepared and functional</p> <p>The local people's involvement in the management of forest ecosystems is formalized</p>	<p>Map and inventory report</p>	<p>Risk Indicator: The people's capacity to perceive and understand the importance and benefits of the project.</p> <p>Mitigative Strategy: Sensitization session at project start-up involving local administrative authorities; on-going capacity-building and retraining of process stakeholders; creation of a permanent national forest resource monitoring/evaluation network based on the organization of local and district branches.</p>
OUTCOMES	<p><u>Outcome 1:</u> Ligneous and non-ligneous forest resources are known.</p> <p><u>Outcome 2:</u> The national territory is sub-divided according to abilities and uses.</p>	<p>Number of forest ha inventoried</p> <p>Land Allocation Plan prepared</p>	<p>Inadequate distribution of specific and necessary for each socio-economic sector development</p> <p>Absence of a definition of Permanent forest land</p> <p>Absence of the basis of designing sector-based development master plans</p>	<p>Each socio-economic sector is endowed with land necessary for its development.</p> <p>Permanent forest land is defined</p> <p>The basis of designing sector-based development master plans is laid</p>	<p>Multi-resource forest inventory report; map of land occupation and use; land allocation map.</p>	<p>Risk Indicator: Non availability of development master plans of the different socio-economic sectors</p> <p>Mitigative Strategy: Prior identification of the stakeholders in forest resource and land management; Stakeholder sensitization and training; Support the design of sector-based socio-economic development master plans.</p>

OUTPUTS	<p>Component 1 : Forest Management and Sustainable Practice</p> <p><u>Output 1.1</u> : A national forest inventory covering at least 1,800 data collection parcels is conducted.</p> <p><u>Output 1.2</u> : A countrywide land occupation and use mapping is prepared.</p> <p><u>Output 1.3</u> : A National Land Allocation Plan is prepared.</p>	<p>1.1. Availability of a database, databank and models on ligneous and non-ligneous forest products, land parcels and their use.</p> <p>1.2.1. Land use and occupation map</p> <p>1.2.2. Land area sub-divided according to use</p> <p>1.2.3. Resource potential Map by sector of activity</p> <p>1.3. Land Allocation Map</p>	<p>Absence of a database on the stratification of National Forest Land</p> <p>Absence of a land use and occupation map.</p> <p>Absence of the sub-division of the 34.2 million hectares available.</p> <p>Absence of a Resource potential Map by sector of activity</p> <p>Absence of a Land Allocation Map</p>	<p>A Database on the stratification of national forest land is available.</p> <p>A land use and occupation map is available.</p> <p>34.2 million hectares are sub-divided, based on land use</p> <p>A resource potential map by sector of activity is available</p> <p>The National Land Allocation Plan is available.</p>	<p>Baseline study reports; Inventory report; Progress report; Forest estate stratification map; Forest potential map by type of forest resource.</p>	<p>Risk Indicator: Absence of formalized national mechanisms for conducting the national forest inventory</p> <p>Mitigative Strategy: Initiate and formalize decentralized mechanisms (legal, institutional, technical and economic) for on-going conduct of the national forest inventory.</p>
	<p><u>Output 1.4</u> : Capacity of CNIAF technicians and GIS operators strengthened</p>	<p>1.4. Number of CNIAF technicians and GIS operators trained</p>	<p>0</p>	<p>200 CNIAF technicians and 100 GIS operators trained</p>	<p>Training reports; List of persons trained</p>	

<p>Component 2 : Ecological and Socio-economic Monitoring and Baseline Data</p> <p><u>Output 2.1</u> : A permanent forest resource monitoring system (national MRV system) is developed.</p>	<p>2.1.Number of monitoring sampling plots</p>	<p>Absence of permanent sampling plots</p>	<p>450 permanent sampling plots are set up and monitored periodically each year from project completion.</p>	<p>Reports ; Work programme ; Scientific protocol ; Monitoring/evaluation standards.</p>	<p>Risk Indicator: National forest inventory not effective throughout the country.</p> <p>Mitigative Strategy: - A continuous watch is established at each stage of implementation of the national forest inventory. -All technical, organizational and financial arrangements are made for the success of the inventory.</p>
<p>Component 3 : Carbon Market Benefits and Ecosystem Service Payments</p> <p><u>Output 3.1</u> : A Database is created and its efficient management helps in quantifying the forest carbon stock.</p>	<p>3.1. Carbon quantity known</p>	<p>Absence of quantification of the forest carbon stock over 22.4 million hectares of forest.</p>	<p>The forest carbon stock is quantified over 22.4 million hectares of forest.</p>	<p>Reports</p>	<p>Risk Indicator: Poor stakeholder mobilization</p> <p>Mitigative Strategy: -Sensitization and training of all stakeholders in the REDD process - All technical, organizational, institutional and financial arrangements are made for the success of the REDD process</p>

KEY ACTIVITIES	<p>Component 4 : Project Management</p> <p><u>Output 4.1:</u> Project team has the necessary equipment and means to operate.</p> <p><u>Output 4.2 :</u> The procurement/contract plan is implemented following the procurement methods indicated in the Grant Agreement</p> <p><u>Output 4.3 :</u> The administrative and financial management of the project is effectively performed.</p>	<p>4.1. Equipment and operating resources are in place</p> <p>4.2. Procurements/contracts implemented as planned</p> <p>4.3. A computerized accounting and financial management system is installed and functional</p>	<p>0</p> <p>A Procurement plan is available</p> <p>Absence of a computerized accounting and financial management system</p>	<p>Project team is equipped and operational</p> <p>Procurements/contracts are implemented within the expected timeframes</p> <p>A computerized accounting and financial management system is installed and functional</p>	<p>Equipment and operating resources in place</p> <p>Procurements/contracts implemented</p> <p>Financial Reports</p>	<p>Risk Indicators: Delays in procurements.</p> <p>Mitigative Strategies: Team’s continuous assistance by the CBFF Secretariat; Close support by the CBFF agency and ADB Field Office in Kinshasa.</p>
	COMPONENTS					INPUTS
	<p>Component 1 : Forest Management and Sustainable Practice</p> <p>1.1. Conduct of national forest inventory</p> <p>1.2. Design of land occupation and use map</p> <p>1.3. Training of CNIAF technicians and GIS operators</p> <p>1.4. Design of a national land allocation plan</p> <p>Component 2 : Ecological and Socio-economic Monitoring and Baseline Data</p> <p>2.1. Organization of a permanent forest resource monitoring system</p> <p>Component 3 : Carbon Market Benefits and Ecosystem Service Payments</p> <p>3.1. Creation and management of a database to better quantify forest carbon stock</p> <p>Component 4 : Project Management</p> <p>4.1. Setting up of project team</p> <p>4.2. Procurement of goods and services</p> <p>4.3. Administrative and financial management</p> <p>4.4. Audits (under CBFF responsibility)</p> <p>4.5. Mid-term review</p> <p>4.6. Final appraisal</p>				<p>Component 1 : 1,841,564</p> <p>Component 2 : 261,948</p> <p>Component 3 : 136,371</p> <p>Component 4 : 675,997</p>	

PROJECT IMPLEMENTATION SCHEDULE

No.	ACTIVITES	2011				2012				2013				2014
		1	2	3	4	1	2	3	4	1	2	3	4	1
1	Negotiations													
2	Grant approval													
3	First disbursement													
4	Project start-up workshop													
	Forest Management and Sustainable Practices													
5	Conduct of national forest inventory													
6	Design of land occupation and use map													
7	Training of CNIAF technicians and GIS operators													
8	Design of a national land allocation plan													
	Ecological and Socio-economic Monitoring and Baseline Data													
9	Organization of a permanent forest resource monitoring system													
	Carbon Market Benefits and Ecosystem Service Payments													
10	Creation and management of a database to better quantify forest carbon stock													
	Project Management													
11	Setting up of project team													
12	Procurement of goods and services													
13	Administrative and financial management													
14	Audits (under CBFF responsibility)													
15	Mid-term review													
16	Final appraisal													

REPORT AND RECOMMENDATIONS OF THE BANK'S MANAGEMENT CONCERNING THE MULTI-RESOURCE FOREST INVENTORY FOR PREPARATION OF A LAND ALLOCATION PLAN IN THE REPUBLIC OF CONGO

Management hereby submits this report and recommendation concerning a proposal to award an EUR 2.416 million CBFF grant to the Government of the Republic of Congo to finance the Multi-resource Forest Inventory for Preparation of a Land Allocation Plan.

I. STRATEGIC THRUST AND RATIONALE

1.1 Project Linkages with Country Strategy and Objectives

1.1.1 The national forestry policy is based on the Forestry Code adopted in 2000. Forest land management is founded on universally recognized principles governing the sustainable management of forest ecosystems, especially biodiversity. It is underpinned by several strategies, including: (i) improving knowledge of forest ecosystems and promoting their development based on a multi-resource approach; (ii) reconstituting and planting forests; (iii) strengthening national human resource and material capacity; and (iv) developing sub-regional, regional and international cooperation.

1.1.2 Project activities are in line with strategies designed to implement Congo's forestry policy described above. These activities aim mainly to: (i) conduct the national forest inventory, (ii) design a national land allocation plan; (iii) build the capacity of staff of the National Centre for Forest and Fauna Inventory (CNI AF); (iv) create and manage a database to better quantify the forest carbon stock; and (v) organize a permanent forest resource monitoring system.

1.1.3 The project will also help to implement the Central African Forest Commission (COMIFAC) Convergence Plan, especially Thrusts 2, 6 and 9 aimed at knowing the resource, developing alternative activities, reducing poverty and developing financing mechanisms. COMIFAC brings together 10 Central African countries: Burundi, Cameroon, Central African Republic, Congo, Gabon, Equatorial Guinea, the Democratic Republic of Congo, Rwanda, Sao-Tome & Principe and Chad. The COMIFAC Convergence Plan defines the priority intervention areas of forestry management and conservation in the Commission's ten member countries, with sub-regional, cross-border and national actions. This Plan, comprising ten (10) strategic thrusts, is recognized as the reference document to guide activities and financing in COMIFAC member countries.

1.1.4 The project is in line with the Bank's 2008-2012 Results-based Country Strategy Paper (RBCSP) which aims to help reduce poverty and achieve the MDGs. In fact, the project's objectives will contribute to improving the local peoples' well-being through: (1) knowledge and better management of forest resources; and (2) the protection and better allocation of land to boost agricultural productivity. The project linkage with the Bank's assistance strategy is also established because information furnished by the multi-resource forest inventory on ligneous and non-ligneous products, land and its uses, will be useful during the national economic planning process. Furthermore, through its capacity-building activities targeting staff of CNI AF technical services and branches, the project is linked to the 2001-2015 Regional Integration Strategy Paper (RISP) and especially the Pillar to build institutional and human capacity.

1.2 Rationale for CBFF's Involvement

1.2.1 This project will contribute to achieving CBFF's objectives since its activities cover three CBFF intervention areas: (1) forest management and sustainable practice; (2) ecological and socio-economic monitoring and baseline data; and (3) carbon market benefits and ecosystem service payment. CBFF's contribution to project financing will allow for better planning and management of existing forest resources and more accurate assessment of their economic, social and environmental impact. Furthermore, a quantification of ligneous and non-ligneous forest products (NLFP) will favour the development of NLFP production and processing sub-sectors and, in the medium or long term, result in higher income and better living conditions for the local population. The project will also provide a cogent response to REDD concerns in terms of constantly monitoring Congo's forest cover and determining the carbon stock. The project treats the three COMIFAC Convergence Plan thrusts targeted primarily by CBFF, namely Thrusts 2, 6 and 9 concerned with knowledge of the resource, developing alternative activities and reducing poverty, and developing financing mechanisms.

1.2.2 Moreover, the project is in line with the innovative nature of projects eligible for CBFF financing. The project has innovative aspects, seen in: (i) a permanent national forest cover assessment system; (ii) an integrated and participatory methodological approach during data collection; (iii) cogent elements in response to REDD concerns related to forest cover monitoring, carbon stock determination, land occupation and use.

1.3 Aid Coordination

1.3.1 Financial support from technical and financial partners (TFP) is managed in a distinct manner by each donor. The World Bank, FAO and AFD are the key technical and financial partners operating in Congo's forestry sector. Since December 2008, a technical and financial partners' consultative framework (CCPTF) exists, comprising representatives of the key bilateral and multilateral TFPs resident in Congo, under UNDP leadership. The CCPTF meets every three months. Thirteen Thematic/Sector Groups were also created within CCPTF, including the forestry/environment sector TFP coordination committee, with AFD as the lead agency. This committee has a dual advantage: it helps to avoid loss-incurring duplication of activities and creates synergy among different initiatives.

TFP Financing by Sector, 2001-2006							
(in USD million)							
	Agriculture	Governance	Macro-stability	Social	Infrastructure	Demobilization	Total
World Bank		7	41	39		17	104
European Union		6.2	43.3	12.7	65	14.4	141.7
UNDP		8.7		1.2	1.6		11.4
AFD		9.7	34.7	9.2			53.6
IFAD	13						13
ABEDA				6.4			

TFP Financing by Sector, 2008-2012							
(in USD million)							
	Infrastructure	Social	Governance	Justice	Others	Total	
World Bank	48.5	39.6	18.1		20 (Forests)	126.2	
European Union	178.9	24.5	13.2	19.8	15.1	251.4	
AFD	8.2	9.9	0	0	8.9 (including the Environment)	27	

Source: Ministry of Economy, Planning, Spatial Planning and Integration (MEPAT); Ministry of Finance, Budget and Public Portfolio (MFBPP); OECD.

II PROJECT DESCRIPTION

2.1 Project Objectives

The overall objective of the project is to contribute to the sustainable management and exploitation of Congo's forest ecosystems and improve the well-being of the local population. The project has the following specific objectives: (1) knowledge of the national forest resource; and (2) protection and better allocation of land to boost agricultural productivity.

2.2 Project Components

2.2.1 Project activities are grouped into four components briefly described in the table below:

Table 3.2: Project Components

No.	Component Name	Estimated Cost (EUR)	Description of Components
A	Forestry management and sustainable practice	1,841,564	<ul style="list-style-type: none"> ▪ Compilation of the national forest inventory that will provide information on ligneous and non-ligneous forest products, land and its uses; Design of a harmonized resource monitoring/evaluation approach; Training of national staff; Training of field teams; National workshop on the forest resource monitoring methodology; Field work for data collection; Database construction and development; data input and processing; Preparation of reports; Workshop on project outputs and Definition of future actions. ▪ Mapping of land occupation and use at country level ▪ Capacity-building for staff of the CNIAF technical services and branches in mapping, data collection and processing, and database management. ▪ Design of a national land allocation plan and set up of consultative committees for managing conflicts related to land use.
B	Ecological and socio-economic monitoring and baseline data	261,948	<ul style="list-style-type: none"> ▪ Organization of a permanent forestry resource monitoring system to enable the availability of permanent geo-referenced sampling plots, the training and operationalization of monitoring teams and knowledge of the rate of variation of forest resources. The following actions will be undertaken: design of a manual for the permanent monitoring of forest resources; capacity-building for local decentralized structures

			per district; training of local staff and field teams; local workshop on the methodology for evaluating tree and forest resources; field work to collect data; database development; data input and processing; preparation of reports; design of procedures; institutional and organizational arrangements of the national forest resource monitoring system.
C	Carbon market benefits and ecosystem service payment	136,371	<ul style="list-style-type: none"> ▪ Creation and management of a database to better quantify the forest carbon stock. The inventory will help to assess the country's forestry training programmes. The relevant data will help to set baseline levels as part of the national base case and to set up an appropriate measurement, reporting and verification (MRV) system. These two instruments are necessary for the decision to help in better engaging the country in carbon market negotiations.
D	Project management	675,997	<ul style="list-style-type: none"> ▪ Set up the project team ▪ Procurement of goods and services ▪ Project administrative and financial management.

2.3 Technical Solutions Adopted and Alternatives Explored

Table 2.2: Comparison of Technical Options Explored and Solutions Adopted

Solution Adopted	Solution Explored	Reason for Rejection
Compilation of the land allocation inventory, mapping and plan by national technical services.	A specialized NGO conducts land allocation inventories, mapping and plan	Lack of ownership and sustainability. Option was also more costly.
Monitoring of forest cover dynamics by national technical services.	An international consultant sets up permanent sampling plots and monitors forest cover dynamics	Lack of project ownership by national experts and risk of unsustainability. Option was also more costly.
Development by the national technical services of a database on forest dynamics and a pilot national MRV system.	An international consultant develops a database on forest dynamics and a pilot MRV system.	Lack of ownership and sustainability. Option was also more costly.

2.4 Project Type

The operation considered is a project. It is a vital phase in the REDD process in Congo and an essential basis for future decisions to combat climate change. It will provide a cogent response to REDD concerns related to forest cover tracking, carbon stock determination, land occupation and use. Better resource utilization will make for good economic development planning.

2.5 Project Cost

2.5.1 The total cost of the project is estimated at EUR 2,915,880, net of taxes and customs duties. All costs are calculated in local currency and converted into EUR. Customs duties and taxes will be borne by the State. A composite provision of 4% for price escalation was applied to all components (the inflation rate was provided by the Congolese Ministry of Finance and Budget). The cost does not include physical contingencies since the nature of the project is to collect data and analyse activities and whose execution uncertainties in physical terms are practically low compared to other projects that include, for example, planting or engineering, or requiring complex equipment and materials. A summary of estimated costs by component and expenditure category is presented in Tables 2.3 and 2.4 below:

Table 2.3: Estimated Cost by Component

COMPONENTS	L.C.	For. Exch.	Total	% For. Exch.
Forest management and sustainable practices	1,426,244	313,073	1,739,297	18
Ecological and socio-economic monitoring and baseline data	25,677	207,193	232,870	89
Carbon market benefits and ecosystem service payments	127,633	0	127,633	0
Project management	629,348	630	629,978	0.1
Base cost	2,208,882	520,896	2,729,778	19
Physical contingencies	0	0	0	0
Price escalation (composite 4%)	155,739	30,363	186,102	16
Total estimated cost	2,357,621	551,259	2,915,880	19

Table 2.4: Estimated Cost by Expenditure Category

CATEGORIES	L.C.	For. Exch.	Total	% For. Exch.
Goods	63,433	462,939	526,372373	88
Services	328,424	57,957	386,381	15
Staff	438,468	0	438,468	0
Operating costs	1,137,685	0	1,137,685	0
Miscellaneous management costs	240,872	0	240,8572	0
Base cost	2,208,882	520,896	2,729,778	19
Physical contingencies	0	0	0	0
Price escalation (composite 4%)	155,739	308,363	186,102	16
Total	2,364,621	551,259	2,915,880	19

2.5.2 The project financing will be borne by the Congo Basin Forest Fund (CBFF) and the Congolese Government. CBFF will contribute EUR **2,415,674** representing 83% of the project cost. The Congolese Government's contribution is estimated at EUR 500,206 (or 17% of the total project cost), representing the salaries of staff of the National Centre for Forest and Fauna Inventory (CNI AF) involved in project implementation, office rental, office furniture and bank charges.

Table 2.5: Sources of Financing

Sources of Financing	L.C.	For. Exch.	Total	% Total
CBFF	1,856,983	558,771	2,415,674	83
Congolese Government	500,206	0	500,206	17
Total estimated cost	2,357,109	558,771	2,915,880	100

2.5.3 The expenditure schedule is as indicated below:

Table 2.6: Expenditure Schedule by Component (in EUR)

COMPONENTS	2001	2002	2003	Total	% Total
Forest management and sustainable practice	1,232,507	640,369	262,638	1,841,564	63
Ecological and socio-economic monitoring and baseline data	0	0	261,948	261,948	9
Carbon market benefits and ecosystem service payment	58,430	60,768	17,173	136,371	5
Project management	266,237	269,579	140,181	675,997	23
TOTAL COST	1,556,694	677,246	681,940	2,915,880	100

2.5.4 The “project management” component, which represents 23% of the project’s total cost, includes the bulk of expenditure under the Government’s counterpart contribution and mainly the salaries of national staff (equivalent to EUR 410,689). Expenditure financed by CBFF under this component represents only 6% of the total cost (or EUR 175,791) and concerns: the procurement of accounting software, training in the use of the software, design of an administrative and financial procedures manual, and office supplies.

2.6 Project Impact Area and Beneficiaries

2.6.1 Congo has twelve (12) administrative districts, all concerned by the project. Therefore, its reach is national. The project’s final beneficiaries are mainly the population of Congo, estimated at 3.8 million. In particular, the project will benefit local authorities, civil society organizations, the private sector and State structures involved in forest sector planning and regional development. The project will serve as a framework of effective consultation and collaboration among forestry and environment sector actors. It will enable decision-makers to strengthen information gathering, analysis and management capacity at the national level.

2.6.2 During the project implementation phase, some categories of people will receive salaried jobs, thus becoming the project’s direct beneficiaries. These are: 100 Geographic Information System (GIS) input operators, 40% of them women; 200 technicians/team leaders, 20% of them women; and 4,500 people temporarily employed to undertake the multi-resource forest inventory (70% of them drawn from among the local population and indigenous people).

2.7 Participatory Approach for Project Identification, Design and Implementation

2.7.1 During the project identification and design phases, one national seminar and two workshops were organized: (i) one national information and experience-sharing seminar bringing together all project actors and partners concerned with forest resource management and environmental issues (the population, civil society, NGOs, State institutions, cooperation partners); (ii) a national workshop bringing together forest inventory specialists to discuss and finalize the approach and method for conducting long-term evaluation and monitoring of the status of forest resources and the environment; (iii) a workshop to define the scope of information to be collected during national forest resource evaluation and to finalize the national list of biophysical and socio-economic variables on forest resources, non-forest trees and biodiversity.

2.7.2 During project design and evaluation, the CBFF Secretariat undertook two missions to Congo Brazzaville, in January and April 2010, to discuss the project stakes with stakeholders. The ideas expressed and themes treated during these meetings were compiled and summarized in this appraisal report. Bank experts were involved in the project appraisal process through their comments aimed at improving the quality of this report.

2.7.3 The following participatory approaches are advocated during the project implementation phase: collaboration of the local population in data collection; organization of a workshop bringing together forestry officials to review and validate the inventory and evaluation outputs; organization of a meeting bringing together forestry sector and regional development actors to share and widely disseminate the outputs achieved; and organization of sensitization, information and consultative campaigns at district and national levels in the context of the land allocation process.

2.8 Bank Group Experience and Lessons Reflected in Project Design

2.8.1 Since the normalization of relations with Congo end 2004, the Bank finances a portfolio of seven operations (including regional ones) for a total UA 94.525 million. Congo has also received an allocation of UA 3.22 million as targeted technical assistance under the Fragile States Facility. The sectors covered include multi-sector for UA 2.55 million (2.7%); public utilities for UA 12.75 million (13.5%); social sector for UA 14.8 million (15.6%); transport sector for UA 63.315 million (67%); agricultural sector for UA 1 million (1.1%); and the private sector for UA 114,000 (0.1%). In the forestry sector, the Congo Basin Ecosystem Conservation Support Programme (PACEBCo) is the only operation financed lately by the Bank in the sub-region. This programme started in 2009 and its implementation period is 5 years. It covers six (6) of the twelve (12) ecological landscapes of the Congo Basin. Its beneficiaries include the population of the ten member countries of the Central African Forest Commission (COMIFAC), including Congo. The programme aims to contribute to the sustainable and concerted management of forest resources and protected areas representative of the biodiversity of the Central African sub-region, for the well-being of the population and the planet's ecological balance. Projects financed by CBFF will be complementary to PACEBCo. In their design, all projects submitted to CBFF must synergize with this programme, especially as far as intervention thrusts are concerned. In a bid to always ensure such synergy, the Coordinator of CBFF sits on the PACEBCo Steering Committee.

2.8.2 The portfolio review conducted by the Bank in September 2009 deemed portfolio performance satisfactory overall. The average disbursement rate for national projects is 9.43% (28.56% without regional operations). The Government honoured its commitments by budgeting and disbursing the counterpart contribution. In cases such as the PACDIP Project, the counterpart contribution was fully disbursed (100%) whereas ADF disbursement was approximately 34.71%. Recent experience with other donors shows that Congo's contribution was four times higher than the amount of donor financing and that the Government has already released a sizeable portion of its contribution to the first disbursement. The main problem affecting the portfolio is the national colleagues' lack of familiarity with Bank procedures and coordination difficulties (consequences of the long suspension of cooperation with the Bank).

2.8.3 Despite its little experience with the Bank, CNIAF benefited from the outputs of other projects financed by other donors. These include: the Geomatics Project (financed by ITTO) that enabled CNIAF to own the remote sensing tool and GIS and to strengthen its digital mapping capacity; the project's pilot phase on forest resource evaluation conducted with FAO that helped to adapt a national

manual for integrated field data survey; the procurement of technical data collection and processing equipment during the training and retraining of 45 data collection team leaders (currently, 130 Sampling Units are covered on the ground). Thus, within the context of this project, the specifications of technical equipment to be renewed are known, data collection and processing manuals have been procured, and a core group of data collection and processing team leaders is ready.

2.9 Key Performance Indicators

2.1.1 The key performance indicators feature in the project logical framework and can be summarized as follows: a land occupation and use map; a land allocation plan; forest carbon stock quantified on an area of 22.4 million ha of forest; the land area sub-divided according to use; a database on ligneous and non-ligneous forest products, land and land use.

III PROJECT FEASIBILITY

3.1 Technical Feasibility

3.1.1 The effectiveness of project implementation rests on CNIAF's capacity, reflected in the expertise displayed by staff assigned to the project, and the Centre's approach that favours close supervision. CNIAF has a technical unit of fifteen (15) forestry engineers. These engineers upgraded their knowledge during FAO's National Forest Inventory Initiative. Forty-five (45) certified but unemployed forestry technicians will be recruited and given additional training to fill data collection and input team leader positions. The field teams will be supplemented by guides, botanists, compass operators and other support staff recruited and trained in each locality where there is work. Moreover, to guarantee supervision and on-going skills transfer, teams will be accompanied on the field by a field supervisor to correct any possible practical weaknesses. The knowledge of guides will be used to reach data collection units. Local and district authorities will be regularly consulted to facilitate the reception and movement of teams in study zones.

3.2 Economic and Financial Performance

3.2.1 The analysis of economic rate of return is not applicable to this project since its main activities during the financing period are to collect, analyse and process forest inventory data, as well as set up a permanent forest resource tracking system. However, the project has a number of economic and financial benefits: (i) income of nearly CFAF 300 million yearly will be paid as salaries to inventory operators providing additional labour for the national forest inventory; (ii) the quantification of ligneous and non-ligneous forest products will favour the development of NLFP production and processing sub-sectors; (iii) rural, regional and national development will be based on better forest resource planning and land allocation, the long-term impact being higher agricultural productivity. The quantification of carbon stock and the permanent tracking of forest resources are factors that will favour Congo's participation in the REDD+ process, enabling it in the long run to enjoy carbon market benefits and ecosystem service payment.

3.3 Environmental and Social Impact

Environment

3.3.1 The project is classified under Environmental Category 3, based on Bank criteria. This classification stems from the fact that the project has no negative impact on the environment. Rather, it

will induce a positive impact on the environment because it will identify issues linked to biodiversity and suggest necessary solutions to preserve natural habitats, depending on their level of degradation. For the first time in Congo, the project will thoroughly assess forest resources and land occupation and use. Therefore, it will offer the possibility to review the forestry policy and its related strategies, thus guaranteeing sustainable forest management and conservation. Project outputs will enable the conduct of constant assessments of national forest resources based on the permanent sampling mechanism, making it easier to monitor and control the risk of possible degradation and to intervene rapidly.

Climate Change

3.3.2 Although this project has no direct impact on climate change, it constitutes an indispensable basis for future decisions on climate change control. The REDD+ Project awaits the results of the national forest inventory to estimate Congo's forest carbon stock and greenhouse gas emissions due to deforestation. The project will indirectly benefit the Central African sub-region and the whole planet because of the role played by Congo Basin forests in climate change.

Gender

3.3.3 Special attention will be paid to gender during the recruitment of technicians and inventory operators. With equal competence, preference will be given to young women during in recruitments. The approach during the pilot forest resource evaluation phase implemented by FAO will still be used during this project (out of a staff of 20, three are women engineers and 3 others are trainee engineers).

Social

3.3.4 The project will produce results which will, in turn, have a positive impact on the rural dwellers' local environment and the sustainability of their resources. It will highlight the full spectrum of ligneous and non-ligneous resources and services alongside their economic, social and environmental importance. The national NLFM sustainable management strategy in Congo will have baseline data for its development. The project will be an efficient collaborative and consultative framework for forestry and environment sector stakeholders. The national forest inventory will help to prepare the national land allocation plan that will help to boost agricultural productivity, through greater people participation.

3.3.5 The project will help to build local capacity and create jobs. The 15 CNIAM engineers will receive additional training to supervise field teams, 100 GIS data input operators will be technically trained, 150 technicians/team leaders will be trained to conduct forest resource monitoring and evaluation, while 4,500 more jobs will be created to conduct the multi-resource forest inventory throughout the country.

Involuntary Population Displacement

3.3.6 The nature of project activities will cause no population displacement (research type activities: collection, analysis and preparation of maps and other documents).

IV IMPLEMENTATION

4.1 Implementation Arrangements

Institutional Arrangements

4.1.1 The project will be implemented by the National Centre for Forest and Fauna Inventory (CNIAF), an autonomously managed public administrative legal entity. CNIAF is placed under the supervision of the Ministry of Sustainable Development, Forestry Economy and the Environment (MDDEFE) and tasked with implementing the national policy on forestry and wildlife resource inventory and development.

4.1.2 The choice of CNIAF as project executing agency stems mainly from the fact that it is the national structure in charge of implementing the national forestry and wildlife inventory and development policy. Besides, CNIAF has technical capacity linked to its forest inventory expertise and a team of qualified engineers. CNIAF's expertise was also enhanced during FAO's National Forest Inventory Initiative, previously managed by this structure.

4.1.3 The project implementation team will comprise: 1 national coordinator (CNIAF Director), 1 head of forest inventory service, 1 technical supervisor, 1 national counterpart in procurement and 1 accountant. This team will be supported by: 1 secretary, 2 driver-mechanics, 50 field technicians (team leaders) and 150 operatives. Field teams will be supplemented by guides, botanists, compass operators and other support staff recruited and trained in each locality and work zone. To guarantee supervision and permanent knowledge transfer, these teams will be accompanied on the field by an operations supervisor to remedy any possible practical weaknesses. The guides' knowledge will be used to access data collection units. Local and district authorities will be regularly consulted to facilitate the reception and movement of teams inside the study zone.

4.1.4 Consulting firms will be recruited for the production of maps and the development of land occupation plan. In addition, individual consultants will be recruited for the follow-up of inventory teams and permanent plots, technical assistance in procurement, the elaboration of the manual of administrative and financial procedures and the training of the project accountant. An Agreement through direct negotiation will be signed with FAO pertaining to inventory data processing and analysis and the elaboration of inventory reports.

4.1.5 A Project steering committee (PSC) will be set up following the signature of the Grant Protocol Agreement. It will be chaired by the Director of Cabinet of the Ministry of Forestry. Other PSC's members will include the Inspector-General of the Ministry of Sustainable Development, Forestry Economy and the Environment; three advisers of MDDEFE (Forestry, Wildlife and Protected Areas, Sustainable Development and the Environment); the Director-General of Forestry Economy; the Director-General of the Environment; the Director-General of Sustainable Development; the Director of Forestry; the Director of Wildlife and Protected Areas; the Director of Forest Resource Development; the Director of the Forestry Fund/Congo; the Director of Studies and Planning; the Inspector of Forestry; the Inspector of Wildlife and Protected Areas; 1 representative of the Ministry of Land Tenure and Public Land; 1 representative of the Ministry of Interior and Decentralization; 1 representative of the Ministry in charge of Regional Development, 2 representatives of development NGOs, 3 representative of prefectures, 3 representatives of village committees, 1 representative of the

National Center for Statistics and Economic Studies Centre (CNSEE) and 1 representative of the REDD++ National coordination. The steering committee meets twice yearly in ordinary session as convened by the Chair. However, it can meet in extraordinary session as and when necessary. The project coordinator will perform secretarial duties during steering committee sessions. The steering committee will: (i) analyse and approve the annual work plan and budget, and (ii) analyse and validate the project's annual progress reports, monitoring/evaluation reports and completion report.

Procurement Arrangements

4.1.6 The Bank (ORPF.1) has ordered a study, which is currently underway, on the opportunity for using national procedures in order to determine how they dovetail with global, standard acquisition procedures. While awaiting the conclusion of the study, all procurement of goods, works, and consulting services financed under CBFF resources will be in accordance with the Bank's Rules of Procedure for Procurement of Goods and Works (May 2008 edition) or, as appropriate, Rules of Procedure for the Use of Consultants, as amended by CBFF Operational Procedures, using the relevant Bank Standard Bidding Documents. The CNIAC will be responsible for the procurement of goods, works, consulting services and other (accordingly, as detailed in Annex 2). CNIAC's resources, capacities, know-how and experience are detailed in Annex 2.

4.1.7 The post-review procedure is allowed under the specific conditions defined in Annex 2.

Disbursement Arrangements

4.1.8 CBFF grant resources will be disbursed in line with Bank Rules of Procedure and CBFF Operational Procedures. The following two disbursement methods will be used: (i) the direct payment method for works, goods and services contracts above EUR 24,000; (ii) the special account or revolving fund (RF) method for goods and services contracts below EUR 24,000 and for operating costs, project staff allowances and sundry management costs.

4.1.9 To receive grant resources, CNIAC will open a special account bearing the project name in a commercial bank acceptable to the ADB. Disbursements will be in line with the provisions set forth in the Bank's Disbursement Manual and in the form of advance payments tied to an annual work programme and budget approved beforehand by the CBFF Secretariat. Each request for disbursement or advance payment will be submitted to the CBFF Secretariat for approval and will cover a period of activity not exceeding six months. The special account will be refinanced based on CNIAC requests, accompanied with supporting documents for at least 50% of the advance previously received.

Financial Management and Audit

4.1.10 Project accounts will be autonomous and distinct from those of the executing agency, CNIAC. The mechanism in place in CNIAC will be strengthened and arrangements made for satisfactory financial management of the project by setting up a mechanism, details of which are in Annex 5. An administrative, financial and accounting procedures manual will be prepared to clearly define the duties of each stakeholder in project implementation. A computerized accounting system (software to be procured and configured) will be installed to ensure the regular and timely production of financial statements and administrative management reports. However, the risk related to financial management remains substantial. The project will be subject to two on-site supervision missions each year to ensure that the system stays operational throughout the project period. This number of yearly supervision could

be reduced to one if the risk level drops. The mechanism described based on information furnished will be reviewed during project start-up.

4.1.11 As with the counterpart account, the project's consolidated annual financial statements will be audited yearly by independent external auditors, acceptable to the Bank and recruited by CBFF. The auditor will be recruited on a competitive basis through the shortlist procedure. The shortlist will comprise audit firms duly enrolled in the country's Order of Chartered Accountants with recent attestation authorizing them to perform audit missions. External auditors will certify annual accounts, including expenditures from the special account and certified statements of expenditure. The auditor's terms of reference (ToR) will be prepared in line with the Bank's standard format.

4.2 Monitoring/Evaluation

4.2.1 The project will be monitored by MDDEFE's General Directorate of Forestry Economy, which has set up a project monitoring/evaluation framework. Periodic missions will be undertaken twice yearly to monitor and control activities on the ground.

4.2.2 CNIAF will prepare quarterly and annual progress reports which will clearly indicate the project's physical implementation status, procurements made, difficulties encountered and measures taken or considered to improve project management. Furthermore, CNIAF will each year prepare an annual work plan and budget to be submitted to the CBFF Secretariat for consideration and approval.

4.2.3 The project will be periodically supervised by the CBFF Secretariat to verify project outputs on the ground, assess how far expected outputs were achieved, give guidelines and make recommendations for enhanced project management effectiveness and attainment of the set objectives. The CBFF Operations Officer based in Kinshasa and supported by the ADB Field Office in Kinshasa, will closely monitor the project.

4.2.4 At the end of the project, CNIAF will prepare the project completion report to be submitted to the CBFF Secretariat. The latter will undertake a completion mission to assess project output and performance, and identify lessons learned and best practices.

4.3 Governance

4.3.1 In terms of economic governance, efforts have been made to fight corruption and fraud in Congo. The Government set up the National Commission to Fight Corruption, Misappropriation and Fraud (CNCCF) and passed the law setting up the Anti-Corruption Observatory. In terms of participation, although the principles of devolution and decentralization are enshrined in the Constitution, the transfer of necessary resources to local councils remains a thorny issue. Improving public access to information and strengthening the capacity of civil society organizations (CSOs) are actions that should be undertaken to enhance participation.

4.3.2 The governance problems observed during the management of projects in Congo are mainly linked to weak project procurement and financial management capacity. To reduce the risk related to these weaknesses, the project plans to build CNIAF's administrative and financial management capacity by installing a computerized administrative, accounting and financial management system, and recruiting/training an accountant. Moreover, project accounts will be audited at CBFF's request at the end of each financial year. Procurement reviews with the close assistance of the Bank's Procurement

Officer based in Kinshasa, combined with regular financial supervision missions will help to create a favourable framework for good governance. All these factors will contribute to reducing the fiduciary risk.

4.4 Sustainability

4.4.1 The sustainability of project outputs is guaranteed by: (i) the project's compliance with the national forestry policy and the Congolese Government's commitment to its implementation (set up of a national structure -CNIAF, financing of a pilot phase of this project, opening of a national forest fund); (ii) building the capacity of CNIAF staff and GIS operators; (iii) building institutional capacity by establishing a system of 450 permanent sampling plots that will be monitored periodically every year after the end of the project as well as providing the materials, tools and equipment to be used in monitoring the process.

4.4.2 After the project, data will be collected at regular annual intervals for use in assessing changes in forest resources. The trained technical staff will be called in after the project to collect data and ensure periodic monitoring. The salaries of full-time CNIAF staff will be paid by the Government. Temporary workers, data-collection activities and equipment maintenance costs will be borne by the National Forest Fund. All information and analysis results will be lodged in a national forest resource monitoring/evaluation system developed and managed within CNIAF. The information and results will be produced and distributed to decision-makers to help in the revision of national forestry policies and strategies.

4.4.3 The financing of the post-project permanent monitoring system will be guaranteed by decentralizing and bringing some activities under the responsibility of the local population, authorities and franchisees in areas already ceded for the industrial exploitation of undressed timber. This system will be designed in the form of a network of permanent sampling plots for data collection and forest resource evaluation. Sensitization and consultation will help to develop a local forestry policy. A legal framework will be designed to bring on board the budgets of localities in the national forest inventory, to which should be added the support of the National Forest Fund.

4.4.4 Managing national forests based on the national forest inventory and land allocation is an innovative initiative whose sustainability will be consolidated by establishing and developing legal, institutional, organizational, technical and financial regulatory mechanisms. There are plans to: (1) decentralize data collection activities; (2) systematize consultative meetings; (3) sensitize and strengthen the capacity of stakeholders to sustainably manage forest ecosystems; and (4) periodically ensure ownership of national forest inventory techniques by stakeholders, especially the local actors.

4.4.5 The establishment of a land allocation plan will guarantee and protect land use, set zone limits depending on use and reduce land disputes. Consequently, it will allow for balanced multi-sector economic development. Lastly, bright prospects for the implementation of national REDD+ policy with support from the Forest Carbon Partnership Facility (FCPF), CBFF and the World Bank constitute a factor helping to achieve the sustainability of project outputs. Indeed, financial resources that will be allocated for that policy and the acquired guidelines will, in long run, have an impact on the natural resource management practices and will significantly increase people awareness on the impact of natural resources on the sustainable development.

4.5 Risk Management

4.5.1 The main project risk and related mitigative measures are given in the project logical framework. Although relatively low, three of them deserve to be underlined:

Endogenous Risk:

- (i) The range of actors involved in forest management, and especially local and indigenous people, might not all have the same level of adherence to the participatory forest resource management initiative and the process to design the national land allocation plan. Most projects executed the Congo forest do not take into account the interesting to local and indigenous people. Indeed, local and indigenous people are not sufficiently informed about the projects that are conducted in the forest sector and therefore do not pay attention to them and sometimes show hostility attitude. If this situation is not corrected, it could constitute a risk of non-adherence and non-ownership of this project by the population. CNIAF has already consulted the most important partners to mitigate this risk. Furthermore, upon signature of the grant agreement, CNIAF will conduct a campaign to sensitize the other stakeholders not directly involved in the project. These are mainly local authorities, Government departments at the central level, administrative officials at the divisional and district levels. The risk level here is relatively low.

Exogenous Risk:

- (ii) The non-availability of sector-based socio-economic development master plans. The following measures will help to mitigate this risk: identify beforehand the parties involved in forest resource and land management; sensitize and train them; and support the design of sector-based socio-economic development master plans. The risk level here is relatively low.
- (iii) The non-existence of national mechanisms to regulate the national forest inventory. This risk will be mitigated by initiating and formalizing decentralized legal, institutional, technical and economic mechanisms for continuous compilation of the national forest inventory. The risk level here is relatively low.

4.6 Knowledge Building

4.6.1 The project will help CNIAF technicians to strengthen their knowledge in mapping, data collection and processing, database creation and management, as well as design and management of the permanent forest resource monitoring system. A series of training sessions on these themes is planned from the first year of the project to enable the technicians to apply and familiarize themselves with techniques acquired during the project implementation period. This will facilitate post-project continuity. The project will also help to explore new approaches, especially with regard to establishing the national permanent forest resource evaluation system and the integrated and participatory pedagogic methodology during data collection. Furthermore, it will provide a cogent response to REDD concerns in terms of forest cover tracking, carbon stock determination, land occupation and use.

4.6.2 The knowledge acquired during this project will add to that of other climate change, sustainable natural resource management and environmental protection projects or initiatives financed by the Bank. Lessons learned and knowledge acquired will be capitalized in annual reports, completion reports and project performance appraisal reports.

V LEGAL FRAMEWORK

5.1 Legal Instrument

The legal framework of this project is a Grant Protocol Agreement between the Republic of Congo and the Bank. This document will set forth the terms and conditions of the grant.

5.2 Conditions Associated with CBFF Intervention

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

A. Conditions Precedent to Grant Effectiveness

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

B. Conditions Precedent to first disbursement

5.2.3 The first disbursement of grant resources will be subject to fulfilment by the Congolese Government of the following specific conditions:

- (i) Provide evidence of opening a special account meant to receive resources from the Congo Basin Forest Fund (CBFF) in a commercial bank deemed acceptable by the ADB.
- (ii) Provide evidence of appointment of the Project Steering Committee.

5.3 Compliance with Bank and CBFF Policies

The project complies with CBFF objectives and policy. It also complies with applicable Bank policies, especially: (i) the Country Strategy Paper for Congo; (ii) the Bank's 2008-2012 Medium-Term Strategy, and (iii) the Bank's Policy on the Environment.

RECOMMENDATION

In light of the foregoing, it is recommended that a CBFF grant not exceeding EUR 2,415,674 be awarded to the Congolese Government, for use in implementing the project as designed and described in this report, subject to the conditions specified in the Grant Protocol Agreement.

Comparative Socio-economic Indicators of Congo

Indicator	Year	Congo, Rep.	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km ²)		342,0	30 322,6	80 976,0	54 658,4
Total Population (millions)	2010	3,8	1 031,5	5 628,5	1 068,7
Urban Population (% of Total)	2010	62,1	40,0	44,8	77,7
Population Density (per Km ²)	2010	11,0	3,4	66,6	23,1
GNI per Capita (US \$)	2009	2 080,0	1 525,4	2 780,3	39 688,1
Labor Force Participation - Total (%)	2010	43,6	40,1	0,0	0,0
Labor Force Participation - Female (%)	2010	43,8	41,0	39,8	43,3
Gender -Related Development Index Value	2007	0,6	0,5	..	0,9
Human Develop. Index (Rank among 169 countries)	2010	126,0	..	..	..
Popul. Living Below \$ 1 a Day (% of Population)	2005	54,1	..	25,0	..
Demographic Indicators					
Population Growth Rate - Total (%)	2010	2,0	2,3	1,4	0,7
Population Growth Rate - Urban (%)	2010	2,7	3,4	2,4	1,0
Population < 15 years (%)	2010	40,2	40,4	29,2	17,7
Population >= 65 years (%)	2010	4,3	3,4	6,0	15,3
Dependency Ratio (%)	2010	78,6	78,1	52,8	..
Sex Ratio (per 100 female)	2010	99,7	99,5	934,9	948,3
Female Population 15-49 years (% of total population)	2010	24,4	24,4	53,3	47,2
Life Expectancy at Birth - Total (years)	2010	53,9	56,0	65,7	79,8
Life Expectancy at Birth - Female (years)	2010	54,9	54,8	68,9	82,7
Crude Birth Rate (per 1,000)	2010	33,4	35,0	21,5	12,0
Crude Death Rate (per 1,000)	2010	12,6	12,0	8,2	8,3
Infant Mortality Rate (per 1,000)	2010	79,1	78,0	53,1	5,8
Child Mortality Rate (per 1,000)	2010	128,2	127,2	51,4	6,3
Total Fertility Rate (per woman)	2010	4,2	4,4	2,7	1,8
Maternal Mortality Rate (per 100,000)	2008	580,0	530,2	440,0	10,0
Women Using Contraception (%)	2005	44,3	..	61,0	75,0
Health & Nutrition Indicators					

Physicians (per 100,000 people)	2007	10,0	46,7	77,0	287,0
Nurses (per 100,000 people)*	2007	80,4	..	98,0	782,0
Births attended by Trained Health Personnel (%)	2005	83,4	..	39,0	99,3
Access to Safe Water (% of Population)	2008	71,0	64,9	84,0	99,6
Access to Health Services (% of Population)	2000	83,0	65,3	80,0	100,0
Access to Sanitation (% of Population)	2008	30,0	40,8	54,6	99,8
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2007	3,5	4,6	161,9	14,1
Incidence of Tuberculosis (per 100,000)	2009	382,0	294,9	..	..
Child Immunization Against Tuberculosis (%)	2009	90,0	85,0	89,0	99,0
Child Immunization Against Measles (%)	2009	76,0	83,7	76,0	92,6
Underweight Children (% of children under 5 years)	2005	11,8	..	27,0	0,1
Daily Calorie Supply per Capita	2007	2 511,9	2 461,7	2 675,2	3 284,7
Public Expenditure on Health (as % of GDP)	2008	5,4	2,4	4,0	6,9
Education Indicators					
Gross Enrolment Ratio (%)		..	..	..	..
Primary School - Total	2009	119,5	102,5	106,0	101,5
Primary School - Female	2009	115,5	98,7	104,6	101,2
Secondary School - Total	2004	43,1	36,8	62,3	100,3
Secondary School - Female	2004	40,0	32,2	60,7	100,0
Primary School Female Teaching Staff (% of Total)	2008	46,5	45,5	..	..
Adult Literacy Rate - Total (%)	2006	..	64,8	19,0	..
Adult Literacy Rate - Male (%)	1994	65,4	55,9	..	..
Adult Literacy Rate - Female (%)	2006	..	74,0	..	..
Percentage of GDP Spent on Education	2005	1,8	4,6	..	5,4
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2008	1,4	7,6	9,9	11,6
Annual Rate of Deforestation (%)	2000	0,1	0,6	0,4	-0,2
Annual Rate of Reforestation (%)		..	..	..	..
Per Capita CO2 Emissions (metric tons)	2008	1,4	1,2	..	..

Sources : ADB Statistics Department Databases; World Bank: World Development Indicators
 UNAIDS; UNSD; WHO, UNICEF, WRI, UNDP; Country Reports.

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

Appendix 2

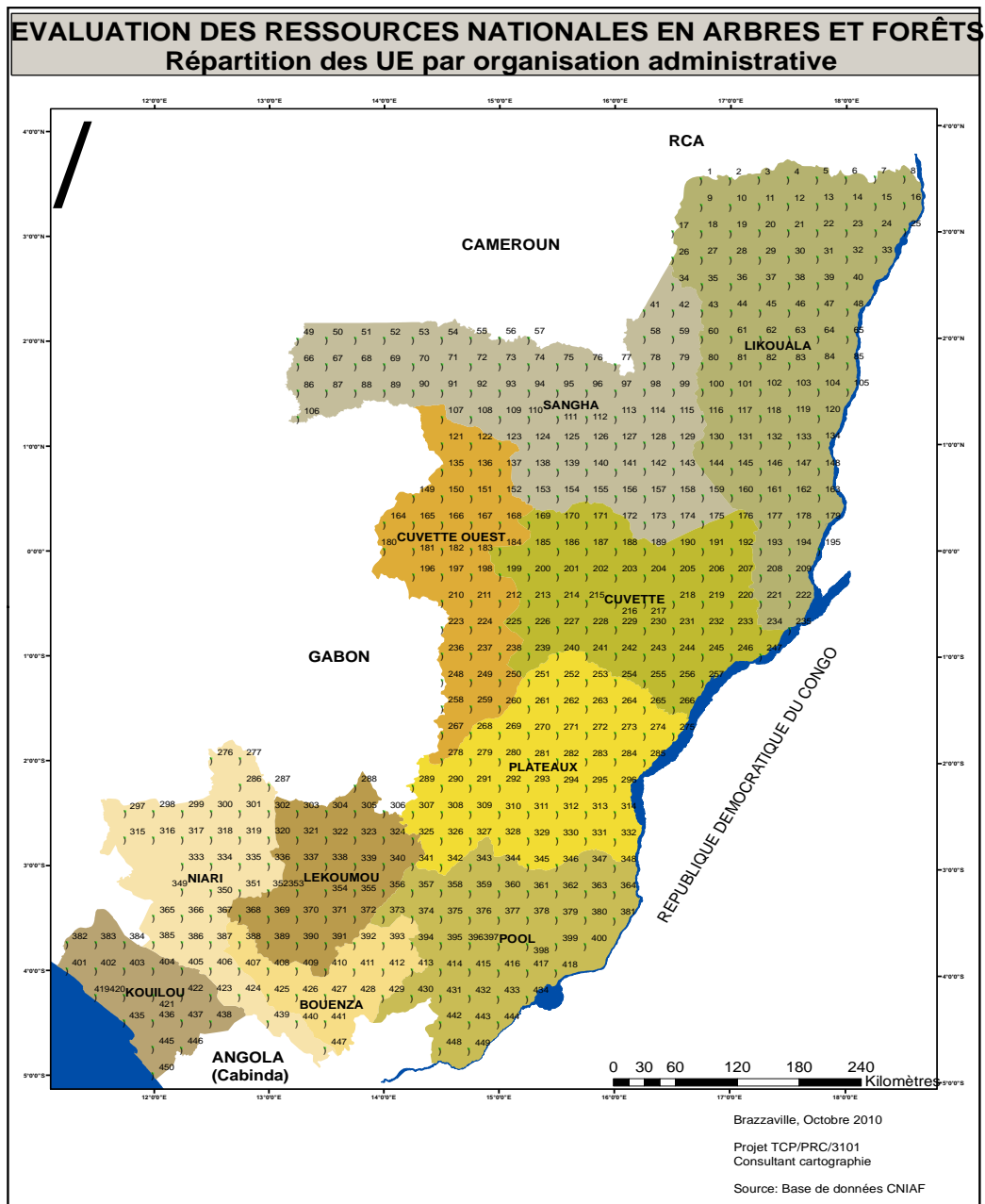
Table of ADB Portfolio in the Republic of Congo
(as at 30 December 2010, in UA million)

Sector	Operation	Approval Date	Date of Signature	Effectiveness Date	Amount Approved	Amount Disbursed	% Disbursed	Closing Date
Multi-Sector	Expenditure Channel and Poverty Indicators Improvement Support Project (PACDIP)	20 December 2006	25 April 2007	25 April 2007	2.55	2.33	91.4%	31 December 2010
Total Multi-Sector					2.55	2.33	91.4%	
Water and Sanitation	Brazzaville and Pointe Noire DWSS Project	16 September 2009	10 March 2010	10 March 2010	12.75	0.318	2.5%	31 December 2014
Total Water and Sanitation					12.75	0.318	2.5%	
Social	Project to Support the Socio-economic Reintegration of Disadvantaged Groups (PARSEGD)	15 March 2006	17 May 2007	17 May 2007	14.80	8.67	58.6%	31 December 2010
Total Social					14.80	8.67	58.6%	
Agriculture	Agricultural Sector Study	23 October 2008	16 April 2009	16 April 2009	1.00	0.044	4.4%	31 December 2015
Total Agriculture					1.00	0.044	4.4%	
Private sector	FAPA Grant to <i>Banque Congolaise de l'Habitat</i> (mortgage bank)	16 September 2009	10 March 2010	10 March 2010	0.11	-	0%	31 December 2010
Total Private Sector					0.11	-	0%	
TOTAL					32.210	11.37	36.6%	

Map of Study Area

EVALUATION OF NATIONAL FOREST AND TREE RESOURCES

Distribution by Administrative District



Expenditure Schedule by Component and by Activity (Base Cost)

(in EUR)

No.	COMPONENTS	Year 1	Year 2	Year 3	Total
A	Forest Management and Sustainable Practice	1,193,330	315,231	230,737	1,739,298
A1	Conduct of national forest inventory	657,632	152,218	11,224	821,074
A2	Mapping of land occupation and use	28,550	11,451	0	40,000
A3	Capacity-building for CNI AF staff	80,610	0	0	80,610
A4	Design of national land allocation map	0	71,634	164,549	236,182
A5	Training, supervision, monitoring/evaluation	426,538	79,929	54,965	561,432
B	Ecological and Socio-economic Monitoring and Baseline Data	0	0	232,870	232,801
B1	Organization of a permanent forest resource monitoring system	0	0	232,870	232,870
C	Carbon Market Benefits and Ecosystem Services Payment	56,183	56,183	15,267	127,633
C1	Establishment of a mathematical model adapted to Congo for quantifying forestry carbon stock	6,183	6,183	0	12,366
C2	Data collection for forest carbon stock assessment	50,000	50,000	0	100,000
C3	Validation workshop	0	0	15,267	15,267
D	Project Management	258,325	249,769	123,884	628,978
D1	Goods (office furniture and accounting software)	756	0	0	756
D2	Services (design of procedures manual and training of accountant)	6,000	0	0	6,000
D3	Staff	152,940	152,940	76,470	382,530
D4	Miscellaneous management expenses	98,629	94,829	47,414	240,872
Base Cost		1,507,837	619,183	602,758	2,729,778
Price escalation (composite 4%)		60,313	50,525	75,263	186,102
TOTAL COST		1,568,151	669,708	678,021	2,915,880

Expenditure Schedule by Expenditure Category (Base Cost)

(in EUR)

CATEGORIES		YEARS			TOTAL
		1	2	3	
1	GOODS	347,365	0	179,008	526,373
	Vehicles	91,604	0	0	91,604
	Motorcycles	9,162	0	0	9,162
	Computer hardware	7,000	0	0	7,000
	Technical equipment	236,630	0	179,008	415,638
	Other equipment	2,663	0	0	2,663
	Office Equipment	306	0	0	306
2	SERVICES	206,871	0	179,510	386,381
	Short-term consultants	113,748	0	53,862	167,610
	Office in charge of maps production and the design of the land allocation plan	63,938		125,648	189,586
	Procurement specialist	14,185	0	0	14,185
	FAO Protocol Agreement	15,000	0	0	15,000
3	STAFF	175,387	175,387	87,694	438,468
4	OPERATING COST	679,586	348,967	109,132	1,137,685
5	MISCELLANEOUS MANAGEMENT EXPENSES	98,629	94,829	47,414	240,872
BASE COST		1,507,837	619,183	602,758	2,729,778
Price escalation		60,133	50,525	75,263	186,102
TOTAL		1,568,151	669,708	681,941	2,915,880

Annex 2
PROCUREMENT ARRANGEMENTS

Table: Summary of procurement modes

Categories of expenditure	LS	Shortlist	Other*	Not financed by CBFF	Total
1 Goods					
1.1 Vehicles	91,604 [91,604]				91,604 [91,604]
1.2 Motorcycles	9,162 [9,162]				9,162 [9,162]
1.3 Computer hardware	7,000 [7,000]				7,000 [7,000]
1.4 Technical equipment					415,638 [415,638]
1.5 Other equipment	415,638 [415,638]			306	2,969 [2,663]
1.6 Office Equipment	2,663 [2,663]				
1. Services					
2.1 Short-term consultants			167,610 [167,610]		167,610 [167,610]
2.2 Office in charge of maps production and the design of the land allocation plan		189,586 [189,586]			189,586 [189,586]
Procurement specialist			14,185 [14,185]		14,185 [14,185]
2.4 FAO Protocol Agreement			15,000 [15,000]		15,000 [15,000]
2. Staff			438,468 [56,118]		438,468 [56,118]
3. Operating cost			1,137,685 [1,137,685]		1,137,685 [1,137,685]
4. Miscellaneous management expenses			240,872 [157,609]		240,572 [157,490]
BASE COST	526,067 [526,067]	189,586 [189,586]	2,013,820 [1,548,207]	306	2,729,778 [2,263,860]
Unallocated					186,102 [151,814]
TOTAL COST					2,915,880 [2,415,674]

* « Other » refers to international competitive bidding, limited international bidding, international or national shopping, selection of individual consultants, direct negotiation.

+ [] amount financed by CBFF.

Goods

Given the availability of national based suppliers and the low contract prices, the following goods will be procured through national shopping for a total amount of EUR 526,167: two 4WD double-cabin pick-up vehicles (EUR 91,604), 6 motorbikes (EUR 9,162) and other equipments made of computer and office equipment, office furniture set, a video projector and accounting software.

Technical equipment will be procured through international shopping, in distinct lots, given their specificity and the limited number of national based suppliers. They include the equipment of the laboratory of geomatics for EUR 100,000; field equipment for data-collection for EUR 6,260; camping materials for EUR 43,500; and satellite images for EUR 85,878. Other equipment will be procured using the local shopping procedure.

Services of consultants

Consultancy services for maps production and the design of land occupation plans (Eur 189,586) will be procured through consulting firms on the basis of a shortlist using the Quality- and Cost-Based Selection (QCBS) mode.

Individual consultants will be hired for short term assignments for a total amount of Eur 167,610 to provide support services to CNIAF for the monitoring of inventory teams and permanent sample plots. A consultant will also be recruited for technical assistance in procurement (Eur14.185), the elaboration of an administrative and financial procedures manual, as well as the training of the project's accountant. The selection will be made in accordance with the Bank's Rules and Procedures for the Use of Consultants

For the purpose of inventory data processing and analysis, as well as the production of inventory reports, an Agreement through direct negotiation will be signed with FAO for an amount not to exceed EUR 15,000. In fact FAO remains the only institution to have the monopoly on the matter, with regard to the methods it has developed in the acute areas such as imaging and teledetection (remote sensing) and its outstanding experience in Central Africa.

For services with estimated costs equal or greater than the equivalent in Euros to UA 200,000 for the consulting firms and to UA 50,000 for individual consultants, the advertising of the Call for interest must be published on the Bank's Internet website and in UNDB online. For services with estimated costs less to the equivalent in Eur to UA 200,000 for consulting firms and UA 50,000 for individual consultants, the grant beneficiary may limit the publication of the Call for interest to local and regional newspapers. However, any eligible consultant, regional or not, desiring to provide the services solicited may express his/her desire to be included in the shortlist.

Miscellaneous

This category includes items related to staff, operating costs and management expenses. Thus, costs incurred during travel, allowances paid to experts and project staff, and contracts linked to recurrent expenses such as supplies, equipment maintenance, communication, fuel, etc. and other project-related operating overheads will be procured pursuant to the provisions of the administrative and financial procedures manual prepared by the project and approved beforehand by CBFF.

Prior Review

The following documents must be reviewed and approved by the Bank before publication: general procurement notice, bid invitation notice, bidding documents or request for consultants' proposals, bid analysis report containing contract-award recommendations or the analysis report of consultants' technical proposals, the analysis report of consultants' financial proposals containing contract-award recommendations submitted along with the minutes of negotiations and the signed draft contract, drafts of goods/works contracts where such contracts are modified and different from the draft featuring in the bidding documents.

Posteriori Procedures

Due to the number of small contracts to be processed during consultation of suppliers, goods contracts not exceeding EUR 20,000 will be submitted for the Bank's consideration *a posteriori*. The executing agency (CNIAF) will install and maintain an efficient system for registering and classifying all dossiers and correspondence, including requests for price lists as well as the contract appraisal and award forms of such procurements for the purpose of periodic review by Bank missions or any auditor recruited to audit the project financial accounts. A *posteriori* review of contract awards (the purpose is to verify compliance with procurement requirements) will be awarded during the first supervision mission following the end of contract awards. The review will determine whether it is necessary to amend procurement modalities. The executing agency will collect data on the procurement process and include same in quarterly progress reports to be submitted to the CBFF Secretariat.

National Legislation and Regulations

A Public Procurement Code is now in force alongside its implementing instruments, standard documents as well as the institutional mechanism, comprising the Public Procurement Regulatory Agency (ARMP), the General Directorate of Public Procurements (DGMP) and the Public Procurement Management Committee (CGMP). This process which is being put in place is monitored by ORPF.1. A consultant is currently considering the timeliness of using the national procedure for national bid invitations to determine the compatibility of provisions of the implementing instruments with those of development partners. Pending the findings of this study, all project contracts financed by CBFF resources will be in line with Bank Rules and Procedures, as amended by CBFF Operational Procedures.

Procurement Plan

Prior to negotiations, CNIAF will prepare and forward a procurement plan to the Bank. The Bank will review the plan to ensure its compliance with the Grant Protocol Agreement and the relevant Bank Rules. The procurement plan should cover an initial period of at least 12 months and will be updated by CNIAF every six months over the project implementation period. Any proposal to revise the procurement plan will be submitted to the Bank for prior approval. CNIAF will manage project procurement operations. Its capacity and expertise must be strengthened through close monitoring, training programmes, working and upgrading sessions, etc. to facilitate its mastery of rules and procedures.

Financial Management and Disbursement Arrangements (details)

3.1 The financial management of project financial resources as agreed by the Bank will help to ensure that funds placed at the disposal of the project will be used effectively, efficiently and exclusively for the purpose intended. Consequently, measures must be taken to guarantee project accounting, asset preservation, financial information and accounts audit.

3.2 In the last three years, several convergent diagnostic studies on public finance were conducted in the Republic of Congo, notably: (i) in 2007, a PEFA evaluation, made public in 2010, was carried out under the leadership of the European Union. The same year, the World Bank conducted a comprehensive review of Congolese public expenditure and proposed an

action plan for the 2007-2009 period. Some of its elements have since been implemented: a new law on public finance was prepared and the expenditure manual was amended.

3.3 Most of the others (for example, the devolution of payment orders or design of an action plan to generalize the normal expenditure procedure) are yet to be implemented. In 2008, a report of the IMF Public Finance Department presented an “assessment of on-going public finance management reforms” and proposed an action plan for the 2008-2013 period.

3.4 All these studies show that much still remains to be done especially in terms of: budget credibility and transparency; surveillance and external audit of public expenditure. In November 2010, the Republic of Congo received a joint IMF/AFRITAC Centre (AFC) mission which aimed to take stock of the situation on the ground and propose a number of priority measures to consolidate the public finance reform. The following measures were taken: (i) the law on public finance was forwarded to Parliament and adopted by the ECOFIN Committee; (ii) sector MTEFs were prepared for 34 ministries; (iii) the expenditure channel was improved, and (iv) an accounting unit was set up in the Public Treasury. However, these measures, which remain only partially applied, will take time to yield the expected results. The country risk still remains high in terms of financial governance. Consequently, it is recommended that caution be observed and that an appropriate mechanism be put in place to manage and audit project accounts.

3.5 Project accounts will be autonomous and kept distinctly from that of CNIAF, the executing agency. The mechanism in place in CNIAF (for which this is the first experience in the administrative, financial and accounts management of projects financed by the Bank) will be strengthened, and arrangements made for the project’s financial management to be satisfactory by putting in place the following mechanism:

- (i) The executing agency will be responsible for the administrative, financial and accounting management of all project components. Thus, it must ensure that management tools are in place: design of procedures manual and training of financial staff who will be recruited based on Bank rules and procedures;
- (ii) Under the supervision of the Project Coordinator, the accountant will keep the project’s financial accounts allowing for an identification and tracking of expenditure by project component, expenditure category and source of financing; s/he will, with the help of accounting software to be procured for that purpose, prepare interim and annual financial statements;
- (iii) The administrative, financial and accounting procedures manual (to be prepared) will help to clearly define the duties of each party involved in project implementation. In a bid to separate administrative, financial and accounts management tasks, the project coordinator will be the authorizing officer of successive annual project budgets and in collaboration with the accountant, authorize transactions on the special account. CNIAF will ensure that general accounting, budgetary accounting, cost accounting and the accounting method adopted are included therein;
- (iv) A computerized accounting system (software to be procured and configured) will be installed to ensure the regular and timely production of financial statements and administrative management reports;

- (v) An Annual Work Plan and Budget (AWPB) will be prepared by CNIAF to ensure the budgetary management of project resources. It will serve as framework for the annual expenditure forecasts of the project expenditure chapters by component and expenditure category. The timeline of activities featuring therein will also be used to manage the project's cash-flow upstream. Based on the programme of activity and the level of budget implementation, CNIAF will regularly submit to the Bank half-yearly progress reports;
- (vi) Modalities for paying the counterpart contribution laid down in the financing plan should be clearly defined and supported by a formal commitment from the Congolese Government;
- (vii) Project external audit will be conducted by an independent audit firm which will audit the annual project accounts. The ensuing audit report will be submitted to the Government and ADF for approval within six months following the end of each financial year under review;
- (viii) The project will be subject to supervision comprising: (i) an off-site review of audit, financial monitoring or internal audit reports; and (ii) an on-site review whose frequency is provisionally set at two visits per year during which Bank missions will carry out a thorough audit of project accounts. Supervision missions will ensure that all project financial management and accounting control mechanisms remain operational until project closure.

3.6 The financial management risk remains substantial. The project will be subjected to two on-site supervisions to ensure that the system remains operational throughout the project period. This number of yearly supervision missions might be reduced to only one if the risk level drops. The mechanism described based on information furnished will be reviewed during project start-up.

Financial Management Risk Assessment Table

Nature of Risk	Weaknesses	Initial Risk	Means of Risk Mitigation	Residual Risk	Conditionality
Inherent Risk					
Country risk	Weak public finance management capacity	High	On-going public finance reform, use of Bank procedures	Substantial	None
Risk from the executing agency	Structure under supervisory authority with no experience in managing projects financed by the Bank	High	Creation of a unit within CNIAF Management	Substantial	None
Project risk	Non-existence of national forest inventory regulatory mechanisms.	Moderate	Initiate and formalize decentralized legal, institutional, technical and economic mechanisms for continuous compilation of the national forest inventory.	Substantial	None
Inherent Risk (A)		High		Substantial	
Uncontrolled Risk					
Budget	Non-existent, barring the State budget	High	Translate the financing plan into annual budgets and describe the preparation, implementation and control process in the procedures manual	Substantial	
Accounting	Absence of manual, non-existent software, data storage not assured within the entity No staff assigned to the project	High	Design the manual, procure software, put in place an internal accounting data storage mechanism, and recruit an accountant to be assigned to specific project activities	Substantial	
Internal control	Absence of a procedures manual, One accountant performing cumulatively functions related to financial management Internal control function non-existent	High	Put in place a manual clearly defining roles Modalities for supporting beneficiaries' expenses to be defined in the manual	Substantial	
Financial information	Current format not appropriate to meet Bank requirements	Moderate	Configure software to produce the reports required by the Bank	Substantial	

Disbursements and cashflow	Accounts exist but there is no special account for the project	High	Open two special accounts	Substantial	Yes for the opening of the special account and formal commitments to pay the counterpart contribution
External Audit	The project auditor is not in place	High	Envisage the recruitment of an independent auditor by CBFF and the related costs. Submit the NOVACEL audit reports to the Bank for information.	Substantial	
Risk of no control (B)		High	Intensify financial management supervisions to twice yearly	Substantial	
Risk linked to financial management (A) + (B)		High		Substantial	

Financial Management Action Plan

Actions	Responsibility	Deadlines
Creation of a project executing agency	CNIAF	Before first disbursement
Evidence of payment of the counterpart contribution	Congolese Government	Before first disbursement
Recruitment of the accountant and training in Bank procedures	CNIAF/Bank	Latest 3 months after first disbursement
Procurement of software, configuration and training	CNIAF	Latest 3 months after first disbursement
Design of the administrative, accounts and financial procedures manual and training	CNIAF	Latest 3 months after first disbursement
Preparation of the annual programme and budget	CNIAF	Before first disbursement
Recruitment of an external auditor	CBFF	Latest 6 months after project effectiveness
Note: These actions having deadlines indicated in the table above represent the Borrower's financial obligations.		

3.7 Disbursements by ADF will be in line with Bank Rules and Procedures and will cover all project-related costs. Disbursements linked to expenditure for the procurement of vehicles and equipment as well as those for services will be by direct payment to suppliers based on contracts signed with CNIAF. Disbursement to settle staff expenses and management overheads will be through the special account opened in the name of the project, based on the portion of financing to be borne by the Bank. Disbursements to cover project “operating costs” will be made on a case

by case basis, either by direct payment or by the “refund of eligible expenses” method. In case the refund method is used, CNIAF will provide the supporting documents indicated in the Bank’s Disbursement Manual.

3.8 Disbursements will be according to the project expenditure schedule and the list of goods and services. The first disbursement will be made after grant effectiveness and fulfilment of conditions precedent to first disbursement of grant resources.

Audit Arrangements (details)

4.1 The executing agency will have at most three months after the first disbursement to put in place accounting procedures in a computerized and operational environment to help record project expenditure by component, expenditure category and source of financing.

4.2 Project accounts and financial statements will be generated in line with the generally accepted principles of financial accounting and information, especially those in force in the Republic of Congo. The project consolidated annual financial statements as well as the counterpart contribution account will be audited yearly by independent external auditors acceptable to the Bank and recruited by CBFF.

4.3 The auditor will be recruited on a competitive basis through the shortlist procedure. The shortlist will comprise audit firms duly enrolled in the country's Order of Chartered Accountants with recent attestation authorizing them to perform audit missions. External auditors will certify annual accounts, including expenditures from the special account and certified statements of expenditure.

4.4 The auditor's Terms of Reference (ToR) must be prepared based on the standard Bank format. They must clearly indicate the audit to be conducted as required under international audit standards. The Terms of Reference will cover in detail the financial, managerial, and internal control aspects at the central level and in the provinces. It will state that the auditor will, in addition to the audit report, submit a letter to Management containing his/her remarks, identify specific weaknesses observed and draw Borrower's attention to any issue deemed relevant. The auditor must have access to all legal documents, exchange of correspondence and other project-related information. Annual audit reports will be forwarded to the Bank not later than six (6) months following the end each financial year. Otherwise, disbursements will be suspended.