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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED EMISSION REDUCTIONS PAYMENT AGREEMENT (ERPA)

FROM THE

FOREST CARBON PARTNERSHIP FACILITY CARBON FUND

IN THE AMOUNT OF US$97.4 MILLION

TO THE

REPUBLIC OF CONGO

FOR AN

EMISSION REDUCTIONS PROGRAM IN SANGHA AND LIKOUALA

March 26, 2021

Environment, Natural Resources, and Blue Economy Global Practice
Western and Central Africa Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective February 28, 2021)

Currency Unit =	CFA Franc (CFAF)
CFAF 542 =	US$1

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AFD	French Development Agency (*Agence Française de Développement*)
BMUB	German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (*Bundesministerium für Umwelt, Naturschutz, Bau und Reaktorsicherheit*)
BSP	Benefit Sharing Plan
CAFI	Central Africa Forest Initiative
CDZ	Community Development Zone
CERC	Contingent Emergency Response Component
CFP	Carbon Fund Participant
CIB	*Congolaise Industrielle des Bois*
CNIAF	National Forest Inventory and Management Center (*Centre National d'Inventaire et d'Aménagement des Ressources Forestières et Fauniques*)
CN-REDD	National REDD Coordination (*Coordination Nationale REDD*)
CODEPA-REDD	Departmental REDD Committee (*Comité Départemental REDD*)
CONA-REDD	National REDD Committee (*Comité National REDD*)
CPF	Country Partnership Framework
DDEF	Departmental Administrative Units of the Ministry of Forest Economy (*Directions Départementales de l'Economie Forestière*)
DGM	Dedicated Grant Mechanism
DPF	Development Policy Financing
DPO	Development Policy Operation
DSSI	Debt Service Suspension Initiative
ER	Emission Reduction
ERP	Emission Reductions Program
ERP-SL	Emission Reductions Program in Sangha and Likouala
ERPA	Emission Reductions Payment Agreement
ERPD	Emission Reductions Program Document
ER-PIN	Emission Reductions Program Idea Note
ESF	Environmental and Social Framework
ESMF	Environmental and Social Management Framework
EU	European Union
FAP	Forest Action Plan
FCPF	Forest Carbon Partnership Facility

FCV	Fragility, Conflict, and Violence
FGRM	Feedback and Grievances Redress Mechanism
FIP	Forest Investment Program
FLEGT	Forest Law Enforcement, Governance and Trade
FM	Financial Management
FSC	Forest Stewardship Council
GBV	Gender-Based Violence
GDP	Gross Domestic Product
GEF	Global Environment Facility
GHG	Greenhouse Gas
GII	Gender Inequality Index
GRS	Grievance Redress Service
HCV	High Conservation Value
HFLD	High Forest Cover and Historically Low Deforestation
IFO	*Industrie Forestière de Ouesso*
IMF	International Monetary Fund
INDC	Intended Nationally Determined Contribution
IPF	Investment Project Financing
IPLC	Indigenous Peoples and Local Communities
IPPF	Indigenous People Planning Framework
LMIC	Lower-Middle-Income Country
LUCF	Land Use Change and Forest
MEF	Ministry of Forest Economy (*Ministère de l'Economie Forestière*)
MPA	Multiphase Programmatic Approach
MRV	Monitoring, Reporting, and Verification
NDP	National Development Plan
NGO	Nongovernmental Organization
NPV	Net Present Value
NTFP	Non-Timber Forest Product
OESRC	Operations Environmental and Social Review Committee
PAD	Project Appraisal Document
PANC	Northern Congo Agroforestry Project (*Projet Agroforestier Nord Congo*)
PCI	Principles, Criteria, and Indicators
PDAC	Commercial Agriculture Project (*Projet de Développement de l'Agriculture Commerciale*)
PES	Payment for Environmental Services
PFDE	Forest Economy Development Project of the World Bank (*Projet Forêt et Diversification Economique*)
PFN	National Forest Policy (*Politique forestière nationale*)
PIM	Program Implementation Manual
PIU	Project Implementation Unit
PMU	Program Management Unit
PRISP	Integrated Public Sector Reform Project (*Projet de Réformes Intégrées du Secteur Public*)
REDD+	Reducing emissions from deforestation and forest degradation, conservation of forest carbon stocks, sustainable management of forest, and enhancement of

	forest carbon stocks in developing countries
REL	Reference Emissions Level
RIL	Reduced Impact Logging
RPF	Resettlement Policy Framework
RSPO	Roundtable for Sustainable Palm Oil
SEFYD	*Société d'Exploitation Forestière Yuan Dong*
SIS	Safeguards Information System (*Système d'Information sur les Sauvegardes*)
SIVL	Information System for Verifying Timber Legality and Traceability (*Système informatique de vérification de la légalité et de la traçabilité des bois*)
STC	*Société Thanry Congo*
ToR	Terms of Reference
UN	United Nations
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
VPA	Voluntary Partnership Agreement
WHO	World Health Organization

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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name
Congo, Republic of	Emission Reductions Program in Sangha and Likouala

Project ID	Financing Instrument	Environmental Assessment Category
P163361	Investment Project Financing	B-Partial Assessment

Financing & Implementation Modalities

[ ] Multiphase Programmatic Approach (MPA)	[ ] Contingent Emergency Response Component (CERC)
[ ] Series of Projects (SOP)	[✓] Fragile State(s)
[ ] Performance-Based Conditions (PBCs)	[ ] Small State(s)
[ ] Financial Intermediaries (FI)	[ ] Fragile within a non-fragile Country
[ ] Project-Based Guarantee	[ ] Conflict
[ ] Deferred Drawdown	[ ] Responding to Natural or Man-made Disaster
[ ] Alternate Procurement Arrangements (APA)	[ ] Hands-on Enhanced Implementation Support (HEIS)

Expected Approval Date	Expected Closing Date
29-Mar-2021	31-Dec-2025

Bank/IFC Collaboration

No

Proposed Development Objective(s)

To make payments to the Program Entity for measured, reported, and verified greenhouse gas emission reductions from reduced deforestation, forest degradation and the enhancement of forest carbon stocks in Sangha and Likouala of the Republic of Congo, and to distribute these payments in accordance with an agreed Benefit Sharing Plan

Components

Component Name	Cost (US$, millions)
Payments of Emission Reductions generated in Sangha and Likouala following Measurement, Reporting, and Verification	0.00
Distribution of the financial benefits from the Emission Reductions sale in accordance with a Benefit Sharing Plan	0.00
Program Management, Monitoring and Evaluation	0.00

Organizations

Borrower:	Republic of Congo - Ministry of Finance and Budget
Implementing Agency:	Republic of Congo - Ministry of Forest Economy

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	97.38
Total Financing	97.38
of which IBRD/IDA	0.00
Financing Gap	0.00

DETAILS

Non-World Bank Group Financing

Trust Funds	97.38
The Forest Carbon Partnership Facility – Carbon Fund	97.38

INSTITUTIONAL DATA

Practice Area (Lead)

Environment, Natural Resources & the Blue Economy

Contributing Practice Areas

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	Moderate
2. Macroeconomic	Substantial
3. Sector Strategies and Policies	Low
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	High
6. Fiduciary	Substantial
7. Environment and Social	Substantial
8. Stakeholders	Substantial
9. Other	Moderate
10. Overall	Substantial

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

[ ] Yes [✓] No

Does the project require any waivers of Bank policies?

[ ] Yes [✓] No

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	✓	
Performance Standards for Private Sector Activities OP/BP 4.03		✓
Natural Habitats OP/BP 4.04	✓	
Forests OP/BP 4.36	✓	

Pest Management OP 4.09	✓	
Physical Cultural Resources OP/BP 4.11	✓	
Indigenous Peoples OP/BP 4.10	✓	
Involuntary Resettlement OP/BP 4.12	✓	
Safety of Dams OP/BP 4.37		✓
Projects on International Waterways OP/BP 7.50		✓
Projects in Disputed Areas OP/BP 7.60		✓

Legal Covenants

Sections and Description
The Program Entity shall establish and maintain throughout the term of this Agreement the Program Management Unit (PMU) for the overall management of the ER Program, Benefit Sharing Plan, and Safeguards Plans. The Program Entity shall provide, or cause to be provided, as the case may be, the PMU at all times with adequate funds, qualified staff in adequate numbers, as shall be necessary for managing the ER Program, the Benefit Sharing Plan, the Safeguards Plans, and accomplishing the terms of reference for the PMU that are set out in the Program Implementation Manual.

Sections and Description
The Program Entity, through the Ministry of Finance and Budget (MFB), shall establish and maintain throughout the term of this Agreement a Dedicated Account at the Commercial Bank. The Commercial Bank shall, on behalf the Program Entity, receive directly from the Trustee all Periodic Payments under this Agreement, and deposit all Periodic Payments in the Dedicated Account.

Sections and Description
The Program Entity, through MFB, shall enter into a Subsidiary Agreement with the Commercial Bank, in form and substance satisfactory to the Trustee, to set out the responsibilities and institutional arrangement for the receipt and use of Periodic Payments. The role of the Commercial Bank under the Subsidiary Agreement shall be limited to receiving directly from the Trustee all Periodic Payments under this Agreement on behalf of the Program Entity, holding all Period Payments in the Dedicated Account, and releasing funds from the Dedicated Account on behalf of the Program Entity for sharing Monetary and Non-Monetary Benefits with eligible Beneficiaries under the instruction of the PMU, and in accordance with the Benefit Sharing Plan, the Program Implementation Manual, and the Subsidiary Agreement. Prior to the execution of the Subsidiary Agreement, the Program Entity shall provide a draft version to the Trustee for its review and shall not execute the Subsidiary Agreement, unless the Trustee has provided written approval of the draft Subsidiary Agreement as in form and substance satisfactory to the Trustee for the purposes of this Agreement.

Sections and Description
In addition to Section 5.01(b)(i) of the "General Conditions Applicable to Emission Reductions Payment Agreements

for Forest Carbon Partnership Facility Emission Reductions Programs", the Seller will monitor and report to the Trustee on the implementation of the Safeguards Plans and Benefit Sharing Plan during Reporting Periods. The Seller will monitor and report to the Trustee on the implementation of the Safeguards Plans annually after ERPA signature (to be specified in the ERPA). The Seller will first monitor and report to the Trustee on the implementation of the Benefit Sharing Plan six months following receipt of the first ERPA payment and annually on the first and any subsequent ERPA payments thereafter (to be coordinated with monitoring and reporting with regard to the Safeguards Plans; to be specified in the ERPA). The Buyer reserves the right to conduct a separate annual third party monitoring of the implementation of such plans.

Conditions

Type	Description
Effectiveness	Submission of a final Benefit Sharing Plan which, based on the advanced draft version of the Benefit Sharing Plan provided prior to the date of the ERPA, takes into account specific guidance to be provided by the Trustee, following consultation with Participants.
Type	Description
Effectiveness	Submission of evidence demonstrating the Program Entity's ability to transfer Title to ERs, free of any interest, Encumbrance or claim of a Third Party.
Type	Description
Effectiveness	Submission of the executed Subsidiary Agreement between the Program Entity, through MFB, with the Société Générale Congo (Commercial Bank), subject to the Trustee's prior review and consent to the draft of such Subsidiary Agreement.
Type	Description
Effectiveness	Submission of the Program Implementation Manual subject to the Trustee's prior review of and consent to the draft of such manual.
Type	Description
Effectiveness	Establishment of a PMU with adequate funds and qualified staff in adequate numbers, as shall be necessary for managing the ER Program, the Benefit Sharing Plan, the Safeguards Plans, and accomplishing the terms of reference for the PMU, in form and substance satisfactory to the Trustee and as set out in details in the Program Implementation Manual.
Type	Description
Effectiveness	Submission of evidence, in form and substance satisfactory to the Trustee, demonstrating that the ER Program Measures that generated the ERs during the period from January 1, 2020 until the date of the ERPA were implemented in a manner consistent with the Safeguards Plans.

I. STRATEGIC CONTEXT

A. Country Context

1. **The Republic of Congo is a lower-middle-income country (LMIC) in Central Africa with a gross domestic product (GDP) per capita of US$2,011 (2019).**[1] Located in the Congo River basin, it is neighbored by Gabon (to the west), Cameroon (northwest), Central African Republic (northeast), the Democratic Republic of the Congo (southeast), and Angola (enclave of Cabinda, to the south). Congo's population of 5.4 million inhabitants is growing rapidly, at around 2.5 percent per year.[2] Although it has a total surface area of 342,000 km^2, two-thirds of its people are concentrated in urban areas, resulting in Congo having one of the world's lowest population densities (15.8 people per km^2).

2. **The country possesses a wealth of natural assets that have the potential to lay the groundwork for a robust economy capable of improving the living standards of its people.** In 2017, Congo was Sub-Saharan Africa's third largest producer of petroleum and the 34th largest in the world.[3] Congo's hydrographic network is highly developed, its climate and lands are conducive to agriculture—nearly one-third of its land area (10 million ha) is arable, 90 percent of which is unexploited—and it has abundant mineral resources (iron, gold, diamonds, phosphate, and potash). Congo's forests constitute a globally important carbon stock and are home to biodiversity of global importance.

3. **Although Congo rejoined the ranks of LMICs in 2005[4] on the back of strong oil revenues, the country has yet to fully leverage its natural resource endowments in the pursuit of inclusive and sustainable development outcomes.** While the country enjoyed over 5 percent annual growth from 2004 to 2014, it failed to reach the 8.5 percent growth target set by the 2012–2016 National Development Plan (NDP) to achieve the country's ambition to become an upper-middle-income country by 2025. Congo's heavy dependence on an oil economy—70 percent of 2018 exports[5] were crude and refined petroleum and related products—and the global slump in the price of that commodity have mired the country in recession since 2014. This has triggered a profound economic crisis, leading to deep output losses, large fiscal and current account deficits, and a steep increase in public debt levels. The outbreak of the COVID-19 pandemic has complicated this situation and the country's economic outlook for 2021 remains challenging.[6] GDP is expected to have contracted sharply in 2020 compared to a positive pre-pandemic forecast.

[1] Data from World Bank World Development Indicators, https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=CG.
[2] Data from World Bank World Development Indicators, https://data.worldbank.org/indicator/SP.POP.TOTL?locations=CG; https://data.worldbank.org/indicator/SP.POP.GROW?locations=CG.
[3] Data from the US Energy Information Administration, https://www.eia.gov/international/rankings/world?pa=288&u=0&f=A&v=none&y=01%2F01%2F2017.
[4] Classification determined by the gross national income (GNI) per capita (current US dollar) using the Atlas methodology. LMIC economies are those with a GNI per capita between US$1,036 and US$4,045. See: https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups.
[5] Data from the Massachusetts Institute of Technology's Observatory of Economic Complexity, https://oec.world/en/profile/country/cog.
[6] Annex 5 provides an overview of the World Bank's Country Program Adjustment for responding to COVID-19 in the Republic of Congo.

4. **Congo's growth problems are especially glaring in terms of poverty reduction and sharing prosperity.** Though the share of the extreme poor[7] declined from 50 percent in 2005 to 31 percent in 2015, it rose again to 35.4 percent in 2016. The level of poverty in Congo remains much higher than in comparable middle-income countries (World Bank 2019).[8] Inequality levels remain high by global comparison, too: non-inclusive growth has contributed to high inequality as seen in Congo's Gini coefficient of 42.1 (World Development Indicators, last updated in 2012).

5. **Income inequality is borne out spatially in the starkly different living standards experienced in Congo's urban and rural areas.** During the period of growth from the mid-2000s to the mid-2010s, the poorest segments of the population experienced a deterioration in their standard of living, whereas the wealthiest and those in the middle of the distribution experienced a substantial welfare increase. The poverty reduction experienced between 2005 and 2011 was concentrated in urban areas, primarily the country's two largest cities of Brazzaville and Pointe-Noire. Meanwhile, the depth and severity of poverty was increasing in rural areas. Although the overall number of poor people in the country decreased from 1.8 million in 2005 to 1.6 million in 2011, it rose in rural areas from 795,000 to 951,000, moving the rural poverty headcount from 64.8 percent to 69.4 percent (World Bank 2019).

6. **The COVID-19 pandemic and measures taken to mitigate further spread of the disease are likely to intensify the stresses on the local economy, with poor and vulnerable populations affected most.** High urbanization rates, for example, enhance the risk that the smaller share of the population living in rural areas may receive less attention in the context of the COVID-19 crisis, amplifying preexisting inequalities between urban and rural areas. In addition, inflationary pressures on food resulting from trade disruptions and restricted markets could impose an additional burden on many poor households, due to the relatively higher share of their resources spent on food. In the absence of public mitigation measures, the proportion of people living below the international poverty line (US$1.90 a day in 2011 purchasing power parity) is expected to increase to 43 percent by 2022. Marginalized groups, such as youth, women, and the elderly are likely to be acutely affected by the socioeconomic impacts of the COVID-19 pandemic with longer-term implications for human capital accumulation and fragility. Women especially have seen increased burdens and responsibilities due to mobility restrictions and mitigation measures linked to COVID-19. Globally, data show more women have lost jobs. Women may have been also forced to disengage from part-time work to provide domestic work and family care and paid work.[9]

7. **In 2019, Congo ranked 149 out of 189 countries on the United Nations Development Programme (UNDP) Gender Inequality Index (GII), maintaining its performance of previous years.[10]** Women earn less than men and are more likely to be self-employed, with a clear gender gap in access to services and

[7] Share of extreme poor is measured as those below US$1.90 purchasing power parity per day.
[8] World Bank Group. 2019. *Country Partnership Framework for the Republic of Congo for the Period FY20–FY24*. World Bank: Washington, DC: World Bank.
[9] Ginette Azcona, Antra Bhatt, Jessamyn Encarnacion, Juncal Plazaola-Castaño, Papa Seck, Silke Staab, and Laura Turquet. 2020. "From Insights to Action: Gender Equality in the Wake of COVID-19." New York: United Nations.
[10] See http://hdr.undp.org/en/indicators/68606.
The GII measures reproductive health, empowerment, and labor market participation. It's reproductive health index is based on two indicators: the maternal mortality ratio and the adolescent fertility rate. The empowerment index is based on the share of parliamentary seats held by women and women's attainment in secondary education and above. The labor market participation dimension accounts for paid work, unpaid work, and actively looking for work.

ownership and control of economic assets. This gender gap is also reflected in Congo's relatively low score on the 2020 Women, Business and Law Index.[11] At 31.8 percent, the percentage of firms with female participation in ownership is higher than the average for Sub-Saharan Africa (29 percent), but lower than the average of countries will the same level of income (35.2 percent).[12] Labor market analyses show that gender employment gaps result from unequal access to education and skills. Social norms define women's societal role (to focus on subsistence farming, family, and child-rearing—the average woman bears approximately five children), while men are encouraged to gain skills and become economically active. These norms limit women's ability to access productive resources, such as land and credit. Moreover, limited education opportunities for women and large household sizes, which weigh heavily on women's ability to join the formal labor market, contribute to the exclusion of women in the economy. The gender gap in the labor market is also linked to significant levels of sexual and gender-based violence (GBV) against women and girls. The latest Demographic and Health Survey found that a large share of women ages 15–49 suffer from recurrent GBV, which in three out of four cases is committed by husbands, partners, or boyfriends.[13] Sexual harassment is a key constraints faced by women when looking for work, with different types of GBV facing them on the job.[14]

8. **Congo is globally one of the most vulnerable countries to climate change—and agriculture and forests are among the most vulnerable sectors within the country.** The country is not well equipped to respond to climate- and natural disaster-related shocks, ranking 163 out of 181 (2018 rankings) in the Notre Dame GAIN[15] Country Index. Temperatures in the region are expected to increase in line with global averages. The annual number of hot days and nights is expected to increase, while the number of cold days and nights is expected to decrease. Mean annual precipitation has decreased between the 1950s and 1980s, and greater fluctuations in intra-seasonal precipitation patterns have been observed in recent years.[16] By the middle to end of the 21st century, mean annual precipitation is expected to increase. Satellite analysis by the World Food Program confirmed above-average rainfall from April to November 2020, with excess rainfall frequently reaching about 50 percent above the long-term average. In 2020, precipitation in the Likouala department was twice the seasonal average and the water level of the Ubangi River reached a record height last seen in 2009, according to the United States' National Oceanic and Atmospheric Administration.

9. **The poor are particularly vulnerable to climate-related changes in living and livelihood conditions as well as climate-related shocks.** The floods of 2019 and 2020 affected approximately 170,000 people in Sangha and 200,000 in Likouala, as well as many in the departments of Cuvette and Plateaux. They devastated a large part of agricultural production, notably cassava, around the Congo River and its tributaries, which contributed to a significant increase in the price of food and inputs. The United Nations needed to provide emergency humanitarian assistance and many of the rural poor were forced

[11] World Bank. 2020. Women, Business and the Law 2020. Washington, DC: World Bank.
[12] *https://data.worldbank.org/indicator/IC.FRM.FEMO.ZS*. Note that the latest data available for Congo is from 2009.
[13] CNSEE (*Centre Nationale de la Statistique et des Études Économiques*) and ICF International. 2013. *Enquête Démographique et de Santé du Congo (EDSC-II) 2011-2012*. Calverton, Maryland, United States: CNSEE and ICF International.
[14] Fondation Sounga. 2017. Une évaluation dynamique des représentations sociales portant sur les inégalités Femmes-Hommes en République du Congo.
http://fondationsounga.org/wp-content/uploads/2017/08/Presentation-Focus-Group-SOUNGA-2017.pdf
[15] GAIN = Global Adaptation Initiative.
[16] https://climateknowledgeportal.worldbank.org/country/congo-republic/climate-data-historical

to migrate. Analytical work shows that during climate-related disasters, women face additional risks and bear the disproportional brunt of disaster impacts, as they are more reliant on natural resources for their livelihoods and have fewer resources to cope and adapt to shocks and hazards.[17]

10. **These climatic changes are projected to heavily affect the forestry and agriculture sectors.** Congo's first and second National Communications (2001 and 2009) to the United Nations Framework Convention on Climate Change (UNFCCC) identified forestry, agriculture, and water resources as some of the sectors most vulnerable to the adverse effects of climate change. Temperature projections for the high-emission Representative Concentration Pathway 8.5 scenario of the Intergovernmental Panel on Climate Change indicate an increase of 0.5°C to 1°C by 2020, of around 1.5°C by 2040, and from 2°C to 3.5°C by 2070 for Congo. Projected impacts include elevated flood risks, increased vulnerability of rain-fed agriculture due to potentially more erratic rainfall, and changes in pest and disease vectors due to rising temperatures. Observed changes in Congo's climate have already affected the country's main agricultural zone. As temperatures continue to rise, increased rates of evapotranspiration are expected to affect certain crops more than others. The poor are the most affected by such shocks, as agriculture is their main source of income. There are significant differential impacts between men and women in their vulnerability to, and capacity to cope with, climate change effects. Climate change not only affects women's health, productivity, and development but also intensifies existing gender gaps. For example, women have less access to inputs that help improve climate change adaptation, such as quality land, training, and technology. While some activities of the proposed program may be vulnerable to climate change impacts, the lack of data and the difficulty to model atmospheric processes in the region make climate projections, particularly for precipitation, very uncertain. Still, given the reliance of the local population on agriculture, it is assumed that the program will reduce climate vulnerability by diversifying crops and livelihood options.

B. Sectoral and Institutional Context

11. **Forests play an important role in the national and household economies of Congo.** Making up 12 percent of the Congo Basin forest complex, Congo's natural forests are the third largest expanse of tropical rainforest in Africa, covering 23.5 million ha (69 percent of land area), 80 percent of which are exploitable. Rents from forestry have contributed to around 3.5 percent of GDP over the past decade.[18] Wood products are the third-most important source of export revenues, accounting for 3.4 percent (US$344 million) of total exports in 2018.[19] It is estimated that 575,000 Congolese live in forest areas. About 85 percent of Congolese depend on wood products for their energy needs.

12. **A historically low rate of deforestation—0.052 percent per year between 2000 and 2012—and forests that cover 69 percent of the land area make Congo a typical example of a High Forest Cover, Low**

[17] Stéphane Hallegatte, Mook Bangalore, Laura Bonzanigo, Marianne Fay, Tamaro Kane, Ulf Narloch, Julie Rozenberg, David Treguer, and Adrien Vogt-Schilb. 2016. "Shock Waves: Managing the Impacts of Climate Change on Poverty." Washington, DC: World Bank.

[18] Data from World Bank World Development Indicators: https://data.worldbank.org/indicator/NY.GDP.FRST.RT.ZS?end=2018&locations=CG&start=2000.

[19] Observatory of Economic Complexity: *https://oec.world/en/profile/country/cog?depthSelector1=HS2Depth*
The two largest export categories in 2018 were particularly a) Mineral fuels, mineral oils and products of their distillation and b) Copper and copper products.

Deforestation (HFLD) country (CNIAF 2016).[20] Keeping deforestation rates low in such countries is one of the main strategies in the forest and land use sector to deliver on the Paris Agreement's goals to limit temperature increase to well below 2°C, pursuing efforts to limit it to even 1.5°C above pre-industrial levels.

13. **Since the 1990s, Congo has pursued ambitious policies in environmental conservation and sustainable development.** Article 41 of Congo's 2015 Constitution prescribes the right of all citizens to benefit from a "healthy, satisfactory, and sustainable environment," the protection and conservation of which is entrusted to the State. Congo has been a proactive participant in international efforts aimed at protecting the environment, having ratified conventions, agreements, and protocols, the most emblematic of which are the Ramsar Convention on Wetlands of International Importance (1971), the United Nations Framework Convention on Climate Change (1992, adopted through Law No. 26/96 of June 25, 1996), the Lusaka Agreement on Co-operative Enforcement Operations Directed at Illegal Trade in Wild Fauna and Flora (1994), the Kyoto Protocol to the United Nations Framework Convention on Climate Change (UNFCCC 2005, adopted through Law No. 24-2006 of September 12, 2006), and the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity (2014). Congo's National Environmental Action Plan (*Plan national d'action environnementale*)—adopted in 1996 and updated in 2016 under the name of the National Sustainable Development Strategy (*Stratégie nationale de développement durable*, SNDD-Congo) 2016–2025—tackles major environmental issues through four strategic axes: (a) rational management of natural resources; (b) sustainable governance improvement; (c) sustainable development and modernization of basic social infrastructure and services; and (d) sustainable diversification of the economy. The strategy is coherent with the National REDD+[21] Strategy and international conventions pertaining to sustainable development, and it endorses the main conclusions of the June 2012 World Summit in Rio de Janeiro as recorded in the document 'The Future We Want', which reaffirms the global commitment to advance sustainable development by observing good governance, eradicating poverty, promoting the green economy, fighting against climate change, and conserving biodiversity.

14. **Congo's National Forest Policy 2015–2025 (*Politique forestière nationale*, PFN) extends the philosophy of sustainable development to management of forest resources.** Specifically, the PFN focuses on how forests can be leveraged to contribute to national economic development and diversification. The PFN pursues 14 objectives:

(a) Achieve an 85 percent rate of advanced forest product processing.

(b) Require timber exports to be in compliance with the European Union's Forest Law Enforcement, Governance, and Trade (FLEGT) process, including the Voluntary Partnership Agreement (VPA).

(c) Implement the national strategy for the development of non-timber forest products (NTFPs) through the Center for the Promotion of NTFPs.

(d) Promote fuel wood and the local timber market.

(e) Operationalize schools and vocational training centers for wood and wildlife trades.

[20] CNIAF and CN-REDD. 2016. *"Stratégie nationale REDD+ de la République du Congo."*
[21] REDD+ = Reducing emissions from deforestation and forest degradation, conservation of forest carbon stocks, sustainable management of forest, and enhancement of forest carbon stocks in developing countries.

(f) Sustainably manage all forest concessions and certify all exported wood.

(g) Promote the involvement of local communities, indigenous populations, and civil society in the forest resource management process.

(h) Facilitate the formal establishment of forests and private areas.

(i) Establish 1 million ha of new plantations by 2020.

(j) Ensure natural habitat preservation and biodiversity conservation.

(k) Significantly increase, by 2025, the direct and tangible benefits of forests, wildlife, and protected areas.

(l) Increase and improve, by 2025, knowledge and understanding of national forest ecosystems, as well as their associated environmental resources and services.

(m) Have a modern legal framework adapted to the missions of management, development, and participation.

(n) Strengthen the capacities of public, private, and civil society actors.

15. The PFN gives pride of place to the REDD+ process, retaining a strategic focus on the promotion of REDD+ and the inclusion of payment mechanisms for environmental services.

16. **The central piece of legislation related to sustainable forest resources governance is the Forest Code.** Adopted in July 2020, Law No. 33-2020, also known as the Forest Code, supersedes the previous code from November 2000 and attempts to tackle modern issues in forest management, specifically the relation of forests to moderating climate change, curtailing of illegal logging, biodiversity conservation, the nexus of forest resources and improving local development, and the integration of international best practices and dialogue in current forest management. The code is based on the principles of state sovereignty over natural resources, transparency of procedures, and traceability and legality of timber products and NTFPs and on the principle of consultation and the participation of relevant stakeholders in sustainable forest management. Furthermore, it clarifies, builds upon, and introduces new and emerging themes. These themes relate in particular to improved forest governance and transparency, including precepts from the FLEGT process and VPA, such as verification and certification of forest product legality, establishment of an information system for verifying timber legality and traceability (the *Système informatique de vérification de la légalité et de la traçabilité des bois*, SIVL), improved consideration of local communities, increased domestic processing of timber, decreased export of unprocessed logs, and securing of a supply of wood to the domestic market, among other notable directives. The new Forest Code remains to be further developed and supported through implementing regulations and additional legislation.

17. **The Forest Code also sets forth the parameters for forest-based carbon credits (Articles 179 through 186).** These articles stipulate the rights to generate carbon credits and define the ownership of credits that have been generated. Of particular relevance to the proposed program is Article 180, which explains that in the forests of the permanent forest domain—which are owned either by the State, local communities, or legal persons under public law—the carbon credits generated belong to the State, to the community, or to said legal persons, respectively. In the case where carbon credits are generated by a REDD+ project managed by a natural or legal person under private law, the said manager is equally a co-owner of the benefits. However, holders of customary and user rights within these areas are also included

as beneficiaries of the carbon credits. In community forests generating carbon credits, ownership belongs to the indigenous people and local communities (IPLCs) in the area concerned.

18. **The resoluteness with which Congo approaches sustainable forest management can be seen in its participation in multilateral forest governance initiatives.** The country has 3.15 million ha of forest area certified by the Forest Stewardship Council (FSC) according to the Ministry of Forest Economy (*Ministère de l'Economie Forestière*, MEF),[22] comprising the largest certified area on the continent. In 2011, the Government signed the VPA with the EU to ensure the legality of its timber. Preparations for implementing the agreement are ongoing and include recent implementation of the SIVL.

19. **Congo has assiduously pursued its REDD+ program.** Since 2008, Congo has demonstrated its commitment to a low-carbon development agenda, including in the land use sector, by pursuing reduced deforestation, reduced forest degradation, and enhancement of forest carbon stocks (REDD+). It submitted its Emission Reductions Program Idea Note (ER-PIN) in 2012. In September 2015, Congo submitted its Intended Nationally Determined Contribution (INDC) to the UNFCCC, presenting forests and REDD+ as the country's main contribution to global mitigation efforts. The Government validated its final National REDD+ Strategy in October 2016, setting out the strategic options for achieving its vision of pursuing low-carbon development pathways. The Emission Reductions Program in Sangha and Likouala (ERP-SL) is fully in line with this strategy. In June 2017, the Forest Carbon Partnership Facility (FCPF) Carbon Fund Participants (CFPs) conditionally approved the Emission Reductions Program Document (ERPD). In parallel, Congo developed its Investment Plan of the National REDD+ Strategy. The plan covers the country's strategic REDD+ priorities for achieving the Government's vision of a low-carbon development pathway and was endorsed by the Subcommittee of the Forest Investment Program (FIP) in December 2017. In January 2019, the Government fulfilled the measures agreed on with the CFPs and submitted the ERPD for final approval. In March 2019, the ERP-SL was approved for inclusion into the FCPF Carbon Fund portfolio. Table 1 summarizes the major milestones completed.

Table 1. Summary of Milestones Congo has Achieved in the REDD+ Process

Date	Step	Activity
2010	R-PP	Readiness Preparation Proposal
2014	ER-PIN	Emission Reductions Program Idea Note
2015	REDD+	Decree No. 2015-260 of February 27, 2015, on the Creation, Organization, Attributions and Functioning of the Management Bodies for the Implementation of REDD+
2016	Draft ERPD	ERPD submitted to the Carbon Fund for technical assessment
2016	R-Package	Readiness Package for Congo
2016	Investment Phase	Resolution No. PC/22/2016/3 of September 26, 2016, authorized the Republic of Congo to start the Investment Phase (Phase 2) and Payment Phase (Phase 3) of REDD+
2017	Investment Plan	Submission of the 2018–2025 Investment Plan to the Central African Forest Initiative (CAFI) on October 2, 2017, validated on December 8, 2017, in Washington, DC
2017	Final ERPD	Final ERPD was submitted to the 16th Carbon Fund Meeting in June 2017; ERP-SL conditionally accepted into Carbon Fund subject to implementation of nine conditions (deadline December 2018)
2018	REDD+	Adopted in April 2018

[22] The figure is based on the surface data of the Management Plans for the forestry concessions of Pokola, Kabo, Ngombé, Loundoungou-Toukoulaka, and Mimbelli-Ibenga.

Date	Step	Activity
	Strategy 2017–30	
2019	REDD+ Decree	Decree No. 113/MEF of January 8, 2019, establishing the principles applicable to the REDD+ process
2019	Revised ERPD	ERP-SL accepted into the FCPF Carbon Fund Portfolio on March 14, 2019

20. **Congo emitted an estimated 48.4 million tCO_2e of greenhouse gases in 2017**.[23] Land-use change and forestry (LUCF) contributed 83 percent of Congo's emissions. Between 2001 and 2019, Congo lost 331,100 ha of forest cover to other land uses, an average of 17,426 ha per year. Total humid primary forest decreased by 1.5 percent over these two decades.[24] Current trajectories and development plans indicate that the country's LUCF emissions may rise in the future without mitigating measures. During the period of high oil prices, accelerated development led to major infrastructure projects that opened up previously remote forest areas to economic activity. The recent dramatic drop in oil prices has lent urgency to the Government's drive to diversify its economy away from its overwhelming dependence on hydrocarbons, making further forest exploitation likely. This represents a potential threat to the forest stock, as agriculture, forestry, and mining are among the key alternative sectors identified for development. This is in line with the ERPD's finding that historical emission baselines are not adequate to capture future risk of forest loss due to land use trends after 2012, population growth, activation of forest concessions that were previously not operational, and expansion of industrial agriculture. However, even if Congo can maintain its HFLD profile, there is potential for reducing emissions further. The 2015 INDC, for example, estimates that net emissions from deforestation could be reduced to 0 tCO_2e by 2035 with international support.

21. **The ERP will provide carbon finance to help the Government set the forestry sector on a more sustainable track.** As the Government has identified REDD+ as an element that may support its objective of economic diversification, the program yields an important opportunity to demonstrate the feasibility of innovative approaches to economic development that minimize impacts on forests and shape the development trajectory of the country. It is hoped that the proof of concept that the ERP provides will have an impact well beyond its accounting area and duration.

Description of the Program Area

22. **The two northernmost departments of Congo are Sangha and Likouala, bordering on Cameroon to the northwest, Central African Republic to the northeast, and the Democratic Republic of the Congo to the east.** Their combined population is estimated at 306,405 (2015), with Likouala leading the split by a roughly 2:1 margin. Population density is very low, at about 2.5 people per km^2. Natural population growth of 2.86 percent and migration from both within and without Congo have combined to increase

[23] Data comes from the World Resources Institute's Climate Watch data portal: *https://www.climatewatchdata.org/countries/COG*.
[24] Data comes from the World Resources Institute's Global Forest Watch data portal: *https://www.globalforestwatch.org/dashboards/country/COG*.

the area's population. The poverty rates in Sangha and Likouala are 64 percent and 67 percent, respectively, about twice the national average (MEF 2018).[25]

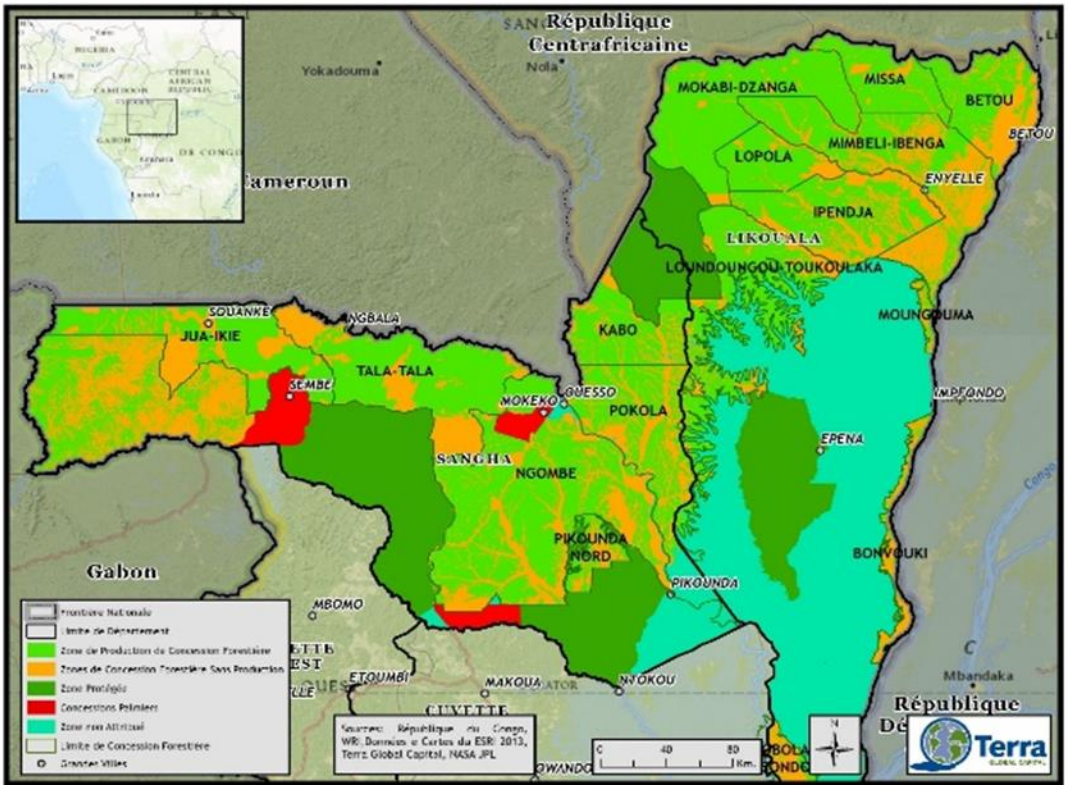
23. **The ERP-SL accounting area covers the entirety of Sangha and Likouala, amounting to a total of 12.4 million ha (47 percent of which correspond to Sangha and 53 percent to Likouala), 11 million ha of which (94 percent) are forested.** Representing nearly 60 percent of Congo's forests, the program area is home to relatively intact equatorial lowland rainforest with mostly closed canopy. Undisturbed natural forests are generally limited to protected areas and remote areas within forest concessions, as well as extensive tracts of largely inaccessible forested wetlands.

24. **The program area includes three national parks and one community reserve (2.7 million ha), private concessions (6.8 million ha), and unattributed areas (2.9 million ha).** Among the protected areas are Nouabalé-Ndoki National Park in Sangha, which constitutes a portion of the Trinational World Heritage Site, the single most biologically intact landscape in the Congo Basin; the Odzala-Kokoua National Park, which comprises a part of the Tri-National Dja-Odzala-Minkébé Site, proposed for the United Nations Educational, Scientific and Cultural Organization (UNESCO) recognition as a 'Man and Biosphere' Reserve; and the Lac Télé Community Reserve in Likouala, the world's largest swamp forest and second largest wetland area after the Pantanal in South America. The peatland areas in Likouala hold an estimated average carbon stock of 2,186 tCO_2e per ha (Dargie et al. 2017).[26] Figure 1 and Annex 6 include maps of the program area.

25. **The majority of Sangha and Likouala is allocated as industrial concessions**. The two departments contain 17 forest concessions (6.6 million ha), two agro-industrial concessions (200,000 ha), and 13 mining exploration and research concessions (overlapping claims with forestry concessions). Concession management implies that communities face access restrictions. In the case of forest concessions with management plans, logging companies are obligated to set aside a portion of the land as community development zones (CDZs), in which communities can undertake agricultural and other economic activities. The social services offered in these zones are usually very limited.

[25] MEF (Ministry of Forest Economy). 2018. *Emissions Reduction Program Document (ERPD): Emissions Reduction Program in Sangha and Likouala, Republic of Congo*. Republic of Congo, Brazzaville.
[26] Dargie, Greta C., Simon L. Lewis, Ian T. Lawson, Edward T. A. Mitchard, Susan E. Page, Yannick E. Bocko, and Suspense A. Ifo. 2017. "Age, Extent and Carbon Storage of the Central Congo Basin Peatland Complex." *Nature* 542: 86–90.

Figure 1. Map with Land Attributions in the Project Area (Source: MEF 2018)[27]



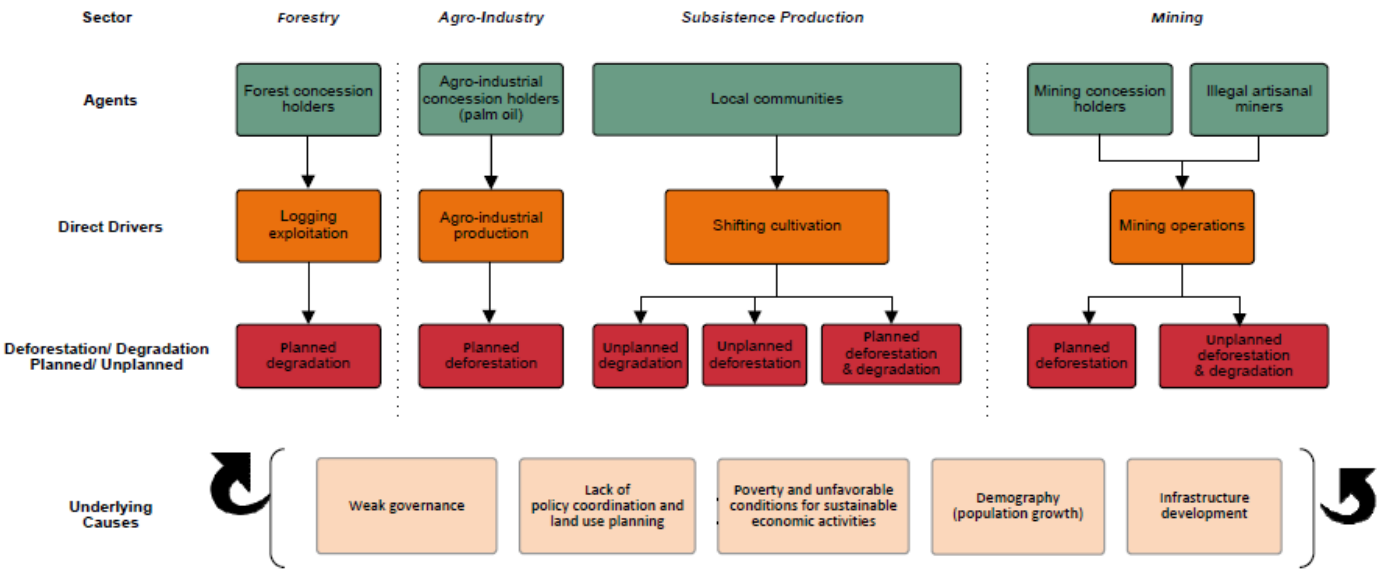
26. **Sangha and Likouala could represent a future deforestation hotspot.** The direct drivers of deforestation and forest degradation in the two departments are (a) unsustainable shifting agriculture; (b) unsustainable or illegal logging; (c) agro-industrial production of palm oil; (d) mining and infrastructure construction; and (e) fuel wood and charcoal production for energy generation. These direct drivers are exacerbated by indirect drivers: (a) weak governance; (b) a lack of policy coordination and land use planning; (c) poverty and insufficient enabling conditions for sustainable economic activities; (d) population growth; and (e) infrastructure development. **Error! Reference source not found.** presents these drivers graphically. Changes in the drivers will affect the rate and type of future deforestation and degradation. It is notable that according to recent studies,[28] an estimated 84 percent of forest disturbance in the Congo Basin area is due to small-scale, non-mechanized clearing for agriculture, and that rates for small-scale clearing for agriculture have doubled between 2000 and 2014. In Congo, this is reflected through average rates of 9,000 ha in 2000–2005, 24,000 ha in 2005–10, and 35,000 ha in 2010–14. The

[27] Legend (bottom left) in English (categories from top to bottom): National Border; Department Border; Production Zone of the Forestry Concession; Forestry Concession Zones Without Production; Protected Area; Oil Palm Concessions; Non-attributed Zone; Forestry Concession Border; Large Cities.

[28] Tyukavina, Alexandra, Matthew C. Hansen, Peter Potapov, Diana Parker, Chima Okpa, Stephen V. Stehman, Indrani Kommareddy, and Svetlana Turubanova. 2018. "Congo Basin Forest Loss Dominated by Increasing Smallholder Clearing." *Science Advances* 4 (11): eaat2993.

average household in Sangha and Likouala cultivates 7 ha of land through shifting cultivation, rotating between clearing new land, and leaving it fallow.

Figure 2. Main Drivers, Underlying Causes, and Agents of Deforestation and Degradation in Sangha/Likouala (Source: ERPD)



C. Relevance to Higher Level Objectives

27. **The Emission Reductions Program (ERP) is part of Congo's broader commitment to the REDD+ agenda.** Cognizant of global challenges and long-term domestic interests, Congo is committed to a green growth development pathway that prominently features REDD+. Congo has been engaged in REDD+ since 2008. With the support of the World Bank and UN-REDD, it has made substantial advances in preparing for performance-based payment mechanisms in the forestry sector. In 2015, Congo submitted an INDC to UNFCCC that presented conservation of the forest stock as a key activity for mitigating climate change. It described the Government's objectives to cut non-forestry emissions by 48 percent (8 million tCO_2e) by 2025 by promoting agroforestry systems and agroecological practices, among other objectives. The low-emissions scenarios in the INDC are conditional on receiving external support. They are not precisely quantified for the forestry sector, but the ERs of 8.4 million tCO_2e over five years under the ERP-SL are comparable in volume to the ERs that Congo would like to achieve in 2025 from other sectors. Congo furthermore signed the CAFI Joint Declaration in November 2015, making a commitment to seek "transformational change to reduce emissions from deforestation and forest degradation and contribute to sustainable development." This was followed by the signature of a Letter of Intent between CAFI and Congo in 2019, in which the country committed to avoiding conversion of more than 20,000 ha of forest per year and to allow such conversion only outside of forests with high carbon stocks and high conservation value (HCV). Moreover, the ERP will contribute significantly to the Government's objective

to promote a sustainable cocoa sector. Existing public-private partnerships will be a strong anchor for the ERP to build on and to increase climate and development benefits. It also contributes to the INDC submitted to UNFCCC.

28. **The ERP-SL is aligned with Congo's NDP and the World Bank's Country Partnership Framework (CPF) for Congo.**[29] Pillar 3 of the 2018–2022 NDP includes agriculture as a key sector and forestry as an intervention sector to diversify the economy, highlighting REDD+ as an element to obtain its objectives. The first focus area of the FY20–24 CPF aims to strengthen economic management to create an improved climate for private sector-led growth. This includes support for improved agriculture productivity and commercialization (Objective 1.3) and addresses, among other issues, climate resilience and productivity of subsistence farmers. The second focus area of the CPF seeks to build human capital and enhance resilience for social inclusion and sustainable growth. In the context of improving the sustainable management of natural resources (Objective 2.4), it recognizes REDD+ as an opportunity to align Congo's economic development imperatives with its sustainability goals. Forest-smart development and sustainable agriculture are thus highlighted in the CPF as important sectors to support the Government's strategy of economic diversification.

29. **The program contributes directly to the World Bank's twin goals of alleviating extreme poverty and building shared prosperity in a sustainable fashion.** It focuses on a remote rural area that suffers from chronic underinvestment and high poverty rates. It aims to reduce the rate of deforestation and improving livelihoods, placing particular emphasis on the sustainability of income generation in a vulnerable forest area.

30. **The program is aligned with the World Bank Group's Gender Strategy FY2016–23.**[30] It supports activities that seek to help close gender gaps in human endowments, provide more and better jobs, strengthen ownership and control of assets, and promote women's voice and agency.

31. **The program also aligns with the 2016 Forest Action Plan (FAP).** This strategic document confirms the World Bank's commitment to deploy performance-based mechanisms to support client countries' efforts toward achieving a low-carbon development trajectory. The FAP defines a programmatic approach as its operational centerpiece to combine various instruments (technical assistance, investments, and performance-based payments) supported by a mix of financing sources. In Congo, the World Bank has been supporting this approach by facilitating REDD+ Readiness through the FCPF Readiness Fund (US$8.6 million) and strategically bundling financing from the FIP (US$16 million), the Global Environmental Facility (GEF) (US$6.5 million), CAFI (US$20 million), and IDA (a portion of the US$100 million Commercial Agriculture Project [P159979], and US$1.5 million from the Integrated Public Sector Reform Project [P160801]) in support of institutions relevant for the REDD+ process. The design of the ERP-SL is rooted in the Readiness process. Its implementation will be closely coordinated with the ongoing activities of the World Bank and draw from the lessons learned from previous engagements.

[29] Report No. 126962-CG
[30] "World Bank Group. 2015. World Bank Group Gender Strategy (FY16-23): Gender Equality, Poverty Reduction and Inclusive Growth. World Bank, Washington, DC.

32. **Furthermore, the ERP-SL is in line with and contributes directly to several Strategic Directions of the World Bank's Next Generation Africa Climate Business Plan (NG-ACBP).**[31] The NG-ACBP, like its predecessor the Africa Climate Business Plan, is designed to render the key motors of Africa's development—natural capital, agriculture, and infrastructure—resilient to climate change while simultaneously fixing them on low-carbon growth pathways. Of the five Strategic Directions, the ERP-SL, as the culmination of Congo's REDD+ process to date, addresses three of them: food security and a resilient rural economy; ecosystem stability and water security; and climate shocks and risk governance. The program engages smallholder farmers and the private forestry sector to reduce deforestation and forest degradation, using mechanisms such as agroforestry and the abandonment of slash-and-burn agriculture (in the case of the farmers) and Reduced Impact Logging (RIL; in the case of forest concession holders), thus working towards integrated landscape management. This will contribute to improved food security and hence a more robust and resilient rural economy and greater stability within the various ecosystems across Sangha and Likouala. The program compensates these efforts in carbon sequestration, contributing, especially in the case of the rural poor, to a layer of social safety netting to buffer against inevitable climate shocks.

II. PROJECT DESCRIPTION

A. Project Development Objective

PDO Statement

33. To make payments to the Program Entity[32] for measured, reported, and verified greenhouse gas emission reductions from reduced deforestation, forest degradation and the enhancement of forest carbon stocks in Sangha and Likouala of the Republic of Congo, and to distribute these payments in accordance with an agreed Benefit Sharing Plan.

PDO Level Indicators

34. **The achievement of the PDO will be measured through the following indicators:**

(a) Volume of CO_2e Emissions Reductions that have been measured and reported by the Program Entity and transferred to the FCPF Carbon Fund (tCO_2e)

(b) Payment by the FCPF Carbon Fund for CO_2 Emission Reductions generated by the program (US$)

(c) Emission Reductions payments distributed in accordance with agreed Benefit Sharing Plan and arrangements (Yes/No).

[31] World Bank. 2020. *The Next Generation Africa Climate Business Plan: Ramping Up Development-Centered Climate Action.* World Bank, Washington, DC.
[32] The Program Entity of the ERP-SL is the Republic of Congo, represented by the Ministry of Finance and Budget as ERPA signatory.

Program Description

35. **The ERP-SL will support a combination of sectoral and enabling activities to address the direct drivers of deforestation and forest degradation as well as underlying causes.** The program focuses on sustainable private sector operations in forest and palm oil concessions and on the links between reducing poverty and promoting forest conservation. Agriculture is one of the primary occupations for households within the program area as well as a major driver of deforestation. The ERP-SL seeks to combine the protection of forest cover and biodiversity with livelihood improvements. This will be achieved particularly through promoting sustainable agriculture techniques.

36. **The sectoral activities fall under four intervention areas:**

(a) The program seeks to address degradation in forest concessions by engaging forest companies in RIL and forest protection and by supporting continuous improvement of the techniques used.

(b) The program aims at reducing emissions from deforestation in palm oil concessions by avoiding the conversion of forests with HCV through contractual agreements and the promotion of certification under the Roundtable for Sustainable Palm Oil (RSPO) standard. It may also provide technical assistance to mining concessions to promote reduced impact planning of mining sites and supporting infrastructure.

(c) The program will work with communities to improve their livelihoods and provide alternative sources of income by (i) promoting smallholder agroforestry systems for cocoa in degraded forest areas in CDZs; (ii) introducing climate-smart subsistence agriculture schemes (including for cassava and maize through agroforestry systems) to increase agricultural productivity and crop diversification; (iii) promoting smallholder outgrower schemes for palm oil on deforested areas within palm oil concessions; and (iv) potentially providing payments for environmental services (PES) for both individuals and communities that protect forests and wetlands.

(d) The program includes measures to improve the management of existing protected areas through enhanced protected area management.

37. **The enabling activities of the program cover three categories**: (a) improving governance, for example, through capacity building of program partners and synergies with the FLEGT process; (b) strengthening land use planning at national and local levels; and (c) improving livelihoods through value chain development for agricultural products, for example, for cocoa and palm oil. A list of potentially eligible activities is included in Annex 4.[33]

38. **The program distinguishes between two types of carbon benefits:**

(a) **Monetary benefits** are the payments that participants can receive under the Benefit Sharing

[33] Note that this summary is based on the 2018 ERPD and is subject to change during the finalization of the BSP.

Plan (BSP) and that intend to reflect their contributions to the achieved ERs.

(b) **Non-monetary benefits** will be financed through ER payments but provided in the form of technical, financial, and political support to encourage participation in ERP activities. For example, forest companies or government institutions may use payments received under the BSP to provide capacity-building activities to local communities. Capacity building will feature awareness raising on identifying and responding to gender gaps and GBV affecting program beneficiaries.

39. **The program will also provide development benefits from the up-front investments that are supported by development partners.** Similar to the activities financed from the ERs, these investments will not only generate ERs but also provide additional benefits for IPLCs, for example, by improving livelihood opportunities in local communities through the support of small-scale production activities that provide higher incomes than slash-and-burn agriculture.

40. **The scope of the ERP-SL as covered in this Project Appraisal Document (PAD) is the carbon finance transaction (payment for verified ERs) and thus does not include the direct financing of investments.** Although the program is embedded in a large-scale landscape intervention implemented through a combination of World Bank-financed and other projects as described earlier, this program pertains only to the results-based financing provided as a result of verified ERs contracted through an Emissions Reduction Payment Agreement (ERPA). This instrument intends to pilot carbon finance on a programmatic scale to unlock future sources of finance through eventual carbon markets and other approaches. The World Bank, as the Trustee of the FCPF Carbon Fund, will pay for ERs resulting from the implementation of the ERP-SL. The ERPA General Conditions are non-negotiable and available on the FCPF website.[34] The ERPA Commercial Terms[35] of the carbon finance transaction, however, can be negotiated.

41. **The Reference Emission Level (REL) of the ERP-SL is calculated based on average historical annual emissions for 2005–2014.** It includes an upward adjustment in line with FCPF eligibility requirements. The total REL for the ERP was calculated over a five-year ERPA period (2019–2023) and estimated at 12,903,797 tCO_2e per year (see **Error! Reference source not found.**2). It will be updated to reflect the actual five-year ERPA period (2020–2024).

Table 2. Reference Emission Level of the ERP

ERP Reference Level	Annual Emission (tCO_2e/year)
Average annual historical emissions from deforestation	4,742,795
Average annual historical emissions from degradation	2,764,933
Adjustment (historical average + 0.1% cap)	5,396,069
Total Reference Level	12,903,797

34 https://www.forestcarbonpartnership.org/sites/fcp/files/2019/August/FCPF%20ERPA_General%20Conditions%20for%20Payment%20Agreements%20of%20Reduction%20of%20Emissions_2014_FR.pdf.

35 https://www.forestcarbonpartnership.org/system/files/documents/FCPF%20ERPA_Commercial%20Terms_Template_November%201%202014_French.pdf.

42. **The ER potential of the program is estimated at 9,794,700 tCO_2e (net emissions) during the term of the ERPA (see Table 3).** This estimate is based on the intervention strategy and funding level presented in the ERPD's finance plan and considers the set-aside of ERs to address reversal (23 percent) and uncertainty (8 percent) risks. The ERPA's contract volume will include 8,359,000 tCO_2e, with Congo providing a call option to the FCPF to purchase any additional ERs generated under the program up to a maximum option volume of 11 million additional ERs.

Table 3. ER Potential of the ERP

ER ex ante estimation per activity (tCO_2e/year)							
Year	**RIL**	**Logged to Protected Forest**	**Reduction of Forest Conversion from Industrial Palm**	**Smallholder Program**	**Gross ERs**	**Set-aside of ERs Risks and Uncertainty**	**Net ERs**
1	1,433,015	59,455	117,159	310,136	1,919,764	559,803.13	1,435,921
2	1,567,728	59,455	156,211	516,893	2,300,288	670,763.78	1,720,541
3	1,701,108	59,455	195,264	775,339	2,731,167	796,408.16	2,042,824
4	1,728,353	59,455	195,264	1,057,485	3,040,558	886,626.42	2,274,238
5	1,728,353	59,455	234,317	1,081,184	3,103,310	904,924.93	2,321,175
Total	**8,158,558**	**297,276**	**898,215**	**3,741,038**	**13,095,088**	**3,818,526**	**9,794,700**

B. Project Components

Component 1. Payments of Emission Reductions generated in Sangha and Likouala following Measurement, Reporting, and Verification[36]

43. **The first component of the program encompasses the results-based payments under the ERPA.** The monetary value of the ERPA is defined by the ER volume and the unit price, which are subject to negotiations between the Government and the World Bank as the Trustee of the FCPF. The parties have agreed on an ER volume of 8,359,000 tCO_2e and a unit price of US$5 per tCO_2e. The ERPA value is therefore US$41.8 million. This includes retroactive payments that can be made for ERs produced in 2020 if the Program Entity can demonstrate (for example, by an audit) that the activities that generated these ERs were implemented in a manner consistent with the safeguards plans. In addition, the overall program amount indicated in the datasheet also includes the payment amount that could be activated through the call option. The revenue from these 11 million additional ERs is estimated at US$55,589,847, which leads to an overall program amount of US$97,384,847.[37] Deforestation and associated ERs within Sangha and Likouala will be measured by the Measurement, Reporting, and Verification (MRV) Unit within the

[36] Note that these components, due to being part of an ER Program, are conceptually different from the components of investment projects. The component structure is used here to illustrate the main activities of the program, but the program financing amount cannot be clearly distributed across the components. For example, the benefits distributed under Component 2 will originate from the payments generated under Component 1.

[37] The estimate for the payment amount for the additional volume is based on the assumption that Tranche A CFPs will purchase approximately 5.362 percent of the additional ERs at US$6 per tCO2e and Tranche B CFPs approximately 94.638 percent at US$5 per tCO2e. Note that the Economic Analysis, overview tables and the results framework in this PAD only take into account the guaranteed contract amount (without the additional ERs).

National Forest Inventory and Management Center (*Centre National d'Inventaire et d'Aménagement des Ressources Forestières et Fauniques*, CNIAF). Measurement and reporting will take place every year, starting in 2021, and include the submission of a monitoring report by the Government.[38] Verification will be conducted every two years through a World Bank-contracted third party. Payments from the FCPF CF to the Program Entity are expected to be made annually upon verification of the ERs or submission of interim progress reports (as verification does not take place annually). The accounting period of the ERPA ends in December 2024. The final monitoring reports, verification activities, and payments will be completed in 2025 (FY26).

Component 2. Distribution of the financial benefits from the Emission Reductions sale in accordance with a Benefit Sharing Plan

44. **The second component seeks to distribute ER payments in accordance with the BSP among stakeholders who contributed directly or indirectly to ERs under the program.** The BSP was prepared by the Government in an inclusive and participatory process with the three main beneficiary groups eligible for ERPA payments (IPLCs, government institutions, and private companies). The advanced draft of the BSP has been disseminated by the Government among stakeholders and published by the World Bank.[39] The final version of the BSP is expected within one year after ERPA signature. It will take into account comments that the CFPs and the CF's Facility Management Team shared with the Government during their review of the advanced draft. The BSP will be finalized in consultation with all relevant stakeholders in a participatory process. The final version will include the final benefit sharing arrangements, additional evidence of stakeholder buy-in, and final detailed communication and monitoring provisions. The BSP is guided by the principles of equity, efficiency, and transparency. It defines the benefit sharing arrangements by establishing principles, categories of beneficiaries, processes for the distribution of benefits, monitoring arrangements, and other provisions. The ER payments that will be distributed among beneficiaries correspond to the volume of ER payments after operational costs and a performance buffer set-aside have been deducted. The benefit sharing arrangements of the BSP are described in Section II.C. below. Section III. on the program's implementation arrangements is also based on the BSP.

Component 3. Program Management, Monitoring and Evaluation

45. **This third component covers the fixed operational costs to manage the ERP.** It is expected that these costs will be covered through a combination of government in-kind contributions; synergies with other World Bank projects; donor funding; and, once available, ER payments. The program will be implemented by a Program Management Unit (PMU). The PMU will be responsible for the day-to-day

[38] According to the ERPA General Conditions, the monitoring report will be provided by the Program Entity and include the following information on the previous reporting period: (a) the number of ERs generated by the ERP; (b) the occurrence of any reversal event(s); (c) any inability, in full or in part, to transfer the title to ERs to the trustee or any title contest by any contesting party; and (d) all other data as may be required to be collected and recorded by the ER Monitoring Plan.

[39] The advanced draft of the BSP is available at the following link: *https://documents.worldbank.org/en/publication/documents-reports/documentdetail/962821607411556246/republic-of-congo-benefit-sharing-plan-for-the-emission-reduction-program-erp-for-sangha-likouala*.
Note that the advanced draft version of the BSP was drafted before this PAD and therefore includes provisions that have since been updated. Most importantly, this PAD includes an adjusted ERPA volume to reflect more conservative ER estimates, provisions for retroactive financing, and updated institutional arrangements. These will all be finalized through the final ERPA and the final BSP.

management of the program, including coordinating ER generation, drafting carbon and non-carbon monitoring reports, monitoring and reporting ERs to the Carbon Fund, and implementing and monitoring of environmental and social safeguards. A summary of the annual costs of the program is included in Table 4. The PMU is expected to be needed for approximately 4.5 years, from the expected program launch in mid-2021 to program completion in December 2025.

Table 4. Annual Operational Costs of the ERP-SL (including PMU staff)

Category	Costs (US$ per year)
Coordination and technical assistance	110,000
MRV	87,000
Safeguards and Feedback and Grievances Redress Mechanism (FGRM)	44,000
Monitoring and evaluation and communication	44,000
Financial and administrative management	76,000
Program management (equipment, support to implementation and field monitoring, including travel)	139,000
TOTAL	**500,000**

C. Project Beneficiaries

46. **The beneficiaries of the ERP are those stakeholders that contribute directly and voluntarily to the implementation of program activities in the program area.** There are three groups of beneficiaries under the BSP: IPLCs, private sector companies, and public sector institutions. They have a direct stake in the management of forest resources and can receive ERPA payments. As the program is performance based, payments are in principle contingent on actual, verified ERs achieved, though measures are included to assure adequate allocations to IPLCs and public institutions even in cases of lower-than-expected performance, as described in the following paragraphs and further illustrated in the BSP through different ER performance scenarios. All payments are subject to compliance with the World Bank's environmental and social safeguards policies.

47. **IPLCs.** Communities residing in the accounting area of the ERP-SL are eligible for program support if they adopt better or new practices of sustainable forest management and alternative livelihood activities that respect the environment. Such activities may include, but are not limited to, agroforestry, sustainable management of NTFPs, and conservation of forests and biodiversity. IPLCs will receive carbon benefits based on their performance, which will be measured at the concession level but excluding the concession holder's areas of activity, but may also benefit from the performance of the other two groups of beneficiaries to assure adequate flows of funds.[40] The relevant area would thus include the CDZs, protection and conservation zones, and areas that were harvested before the ERPA term or that will be harvested after the ERPA term. It also includes all land outside the concessions, but within the program area. Based on Landsat or Sentinel change maps, performance for the IPLCs in each concession will be calculated as the emission reductions achieved in the concession as a percentage of total emission reductions of the ERP. These percentages will then be multiplied with the remaining carbon benefits

[40] Accounting for the communities in the two areas of Lake Tété and Ifdondo, which are outside the 17 forestry concessions, will be done at the district level.

available (non-private sector ERs minus government share). Should there be low or no performance from IPLCs, up to 15 percent of the net ERs generated by the private sector will be allocated to them. Within each accounting area, benefits will be shared equally between communities to simplify methodological challenges that would arise from performance assessments at the community level. Benefits will be invested in community-led projects that will aim to improve livelihoods and help reduce deforestation. Options for PES schemes at the individual and community levels will be explored as part of the World Bank-supported Northern Congo Agroforestry Project (*Projet Agroforestier Nord Congo,* PANC [P166189]). The PMU will contract a service provider that is to be competitively selected and will build capacity and support the development and implementation of community projects. Specific attention will be paid to inclusion, participation, and leadership of vulnerable populations, including women, indigenous people, people with disabilities, and people with albinism. The details on how these groups can be targeted effectively will be identified in the final version of the BSP. The PANC will pilot approaches that may serve as suitable mechanisms, including targeted support to women-led cooperatives or for livelihood activities that are of particular interest to indigenous people, for example beekeeping and basketry. The PANC will also explore safeguards measures (for example, approaches for mapping lands used by indigenous peoples and corresponding protection measures) that are expected to be scaled up under the ERP-SL.

48. **Public sector.** Government institutions play a key role in implementing the program, not only by creating the enabling conditions for sustainable forest management and for improving livelihoods through policy making but also by leading program implementation and monitoring. The BSP therefore includes a range of government entities as direct and indirect beneficiaries, including (a) national lead and sector ministries, such as the Prime Ministry and the Ministries of Finance and Budget, Forest Economy, and Agriculture, and the National Centre for the Development of Forest and Fauna Resources and (b) public institutions involved in ERP governance, such as the National REDD Coordination (Coordination Nationale REDD, CN-REDD), the Departmental Administrative Units of the Ministry of Forest Economy (*Directions Départementales de l'Economie Forestière,* DDEF), and the National REDD+ Committee (*Comité National REDD,* CONA-REDD). These entities contribute to the program by (a) facilitating the implementation of activities; (b) providing technical assistance, policy incentives, and training on reduced impact activities for forestry, agribusiness, and mining companies; and (c) improving the enabling environment for sustainable land use. They will receive a fixed percentage of carbon benefits equivalent to 15 percent of the net ER volume. Similar to the IPLC benefits, the benefits for the public sector will be based on the ERs from the non-private sector areas. If these areas do not generate sufficient ERs to cover the fixed government share, ERs generated by the private sector will be allocated to the Government accordingly.

49. **Private sector.** Private sector beneficiaries include companies in the forestry and agri-business sectors that implement activities to reduce emissions from deforestation and forest degradation.[41] They will be the main generators of ERs under the program. In addition, mining companies may be eligible for receiving technical assistance. Companies will only be eligible for benefits if they comply with all applicable laws and the FLEGT process and VPA. Monetary benefits will only be distributed for efforts that go beyond

[41] During the stakeholder consultations conducted as part of the preparation of the ERP, the following companies submitted expressions of interest to participate in the program: (a) Forestry: *Congolaise Industrielle des Bois* (CIB), *Industrie Forestière de Ouesso* (IFO), *Société Thanry Congo* (STC), and Mokabi SA, Likouala Timber and (b) Agroindustry: Eco-Oil Energie. Additional private and state-owned companies are invited to join, including the forest companies *Société d'Exploitation Forestière Yuan Dong* (SEFYD), *Société Industrielle et Forestière du Congo*, and *Bois et Placages de Lopola*, and the agri-business Atama-Plantation.

companies' legal obligations and that comply with the World Bank's safeguards policies and the RIL Standard described in the BSP. Forest companies will reduce emissions linked to deforestation and forest degradation by applying RIL practices and by designating areas subject to planned timber harvesting as conservation areas in their forest management plans. Agri-business companies, particularly those in the palm oil sector, will reduce emissions linked to deforestation and forest degradation by conserving forest areas that are intended to be cleared for planting oil palms in their permits. These measures will help preserve forests with HCV or high carbon stocks. As commercial logging and agriculture can become major drivers of deforestation and can have negative impacts on communities and their livelihoods, incentivizing these companies to comply with international sustainability standards and engaging them in a dialogue with communities is crucial. Payments received by the companies must only be used for investments that are compatible with the standards that made the companies eligible for participation in the program in the first place. In addition, the BSP includes a list of eligible and ineligible investments. Companies are encouraged to use the ER payments to foster community development in their area of responsibility and in neighboring communities. Correspondingly, community development investments are highlighted as eligible activities to be financed through ER payments. Companies will submit annual reports on the use of benefits received. As the private sector will have to make substantial up-front investments to implement RIL, protect conservation areas, and carry out monitoring, and is at the same time expected to produce the majority of ERs under the program, it will receive carbon benefits in line with its actual performance. It will support the flow of benefits to communities and the public sector as outlined earlier. Annex 2 provides estimates for the expected up-front investment costs for implementing RIL to further illustrate the rationale for the strong private sector focus of the program.

50. **Further details on the beneficiaries and the distribution of benefits are available in the advanced draft of the BSP.** The BSP has to be finalized within 12 months after ERPA signature as part of the effectiveness conditions.

D. Results Chain

51. **The program's results chain illustrates the links between the PDO, outcomes, components, and activities.** The program is designed to achieve two medium-term outcomes (that is, the two parts of the PDO), to (a) achieve ERs in Sangha and Likouala and (b) to distribute ER payments. The first outcome is to be achieved through reduced deforestation, forest degradation, and the enhancement of forest carbon stocks in forest concessions, palm oil, and mining concessions, community areas, and protected areas, all of which will be supported by the activities described in Section III and, in further detail, in Annex 4. The second outcome will be achieved by executing the arrangements of the BSP as described in Section II.C. The medium-term outcomes of the program will help achieve the Government's long-term goal of protecting Congo's forests while diversifying its economy and improving the living conditions of IPLCs.

E. Project Financing

52. **The ERP-SL financing is results based (ex post).** Payments to beneficiaries will be made after verification of the ERs. Verified ERs generated under the program will be paid for by the World Bank according to the terms of the ERPA. Table 5 estimates the distribution of benefits under the program. Several projects that support emission-reducing activities are currently under way in the program area or

about to be launched, supported by a variety of public and private actors, including World Bank-funded investment projects. Table 6 provides an overview of these investment levels, which amount to over US$70.4 million.[42] Together with the expected private sector contributions, these underlying activities will help enable the generation of ERs even before results-based financing is available to fund further ER-generating investments, thus being particularly important at the beginning of the program.

Table 5. Distribution of Benefits under the ERP-SL

Categories	Distribution of Shares (US$)
Gross benefits (buffer included)	**41,795,000**
Buffer reserve (5%)	**2,089,750**
Operational costs for five years	**2,500,000**
Net benefits to be shared between beneficiaries	**37,205,250**

Table 6. Investment Levels in the ERP-SL Area

Sources of Financing	Total (US$)
World Bank/FIP: Northern Congo Agroforestry Project (PANC)	16,000,000
World Bank/FIP: Congo Dedicated Grant Mechanism (DGM)	4,500,000
CAFI: various projects	20,000,000
AFD: North Congo Forest Landscape Project (*Projet Paysages Forestiers Nord Congo*, PPFNC)	8,011,500
AFD: Agricultural Sector Relaunch Support Project - Cacao (PARSA)	5,806,900
EU: Integrated approach for the conservation of the biodiversity of Nouabalé-Ndoki National Park (PNNN) and its periphery	2,346,000
EU: Conservation and Participatory Management of the Protected Area of Messok-Dja and its periphery	2,070,000
World Bank/IDA: Comprehensive Public Sector Reform Project (PRISP)	1,500,000
World Bank/IDA: Commercial Agriculture Project (PDAC)	10,200,000
TOTAL	**70,434,400**

Note: AFD = French Development Agency (*Agence Française de Développement*); EU = European Union; PARSA = Agricultural Sector Relaunch Support Project (*Projet d'Appui à la Relance du Secteur Agricole).*

F. Rationale for World Bank Involvement and Role of Partners

53. **The ERP is the result of intensive dialogue and review supported by the FCPF Carbon Fund.** All ERPDs are publicly available on the FCPF website and comments received from development partners, civil society, and other stakeholders have been considered to the largest extent possible. The ERPD provides a complete list of partners who have contributed to its development. World Bank support for the proposed program is justified as detailed in the following paragraphs.

[42] The investment levels of US$70.4 (Table 6) together with the expected ER payments of US$41.8 million amount to total available funding of US$112.2 million. The total costs of Congo's ERP (beyond the ERPA operation) were estimated in the ERPD at US$143.4 million over 10 years (2018–2027). The costs for the overall program during the ERPA reporting period (2020–2024) were estimated at US$86.4 million. Note that the current version of the BSP assumes the total costs of the program and its underlying activities to amount to US$92.2 million, which is higher than the ERPD estimate for the ERPA reporting period, but still lower than the total funding available.

54. **Technical expertise on climate, landscape, and forestry issues.** In Africa, the World Bank's climate change portfolio focuses on promoting resilience and supporting countries on climate change adaptation and mitigation. This includes addressing needs in sustainable land management, forestry, and climate-smart agriculture, as well as making infrastructure more climate resilient. The World Bank can provide expertise to Congo leveraging technical experts in agriculture, forestry, carbon finance, land tenure, infrastructure development, safeguards, and many other domains.

55. **Role in supporting Congo's REDD+ agenda and rural development.** The World Bank is Congo's primary partner in REDD+ implementation. The World Bank has supported the Government's efforts since 2012 with financing, advice, and analytical support. The World Bank did so through the FCPF REDD+ Readiness Grant and later through additional funding from CAFI, FIP, and UN-REDD. To date, the World Bank has channeled a total amount of US$13.47 million into Congo's REDD+ process. The World Bank has also been key in supporting the Government in implementing its ERP through investment finance, particularly through the IDA-funded Forest and Economic Diversification Project (*Projet Forêt et Diversification Économique*, PFDE; P124085) approved in 2012, which received additional financing (P158604) through the GEF in 2017 and is expected to be completed in 2021. The World Bank is also financing the Commercial Agriculture Project (*Projet d'appui au Développement de l'Agriculture Commerciale*, PDAC; P159979) to strengthen climate-smart agriculture, farmer productivity, and market access in rural areas (including Sangha and Likouala). The World Bank-financed Lisungi Safety Nets System Project (P145263/P166143) is targeting the most vulnerable people, including in Likouala's rural areas, with conditional cash transfers, thus piloting mechanisms that may become relevant for channeling benefits to beneficiaries in remote areas under REDD+ market mechanisms. The World Bank has thus been directly reinforcing the capacities of government and of local civil society in sustainable natural resource management related to REDD+ for the past nine years.

56. **The World Bank's programmatic support facilitates coordination of forest-related trust funds, including FIP, CAFI, and GEF.** The strategic alignment of these funding sources maximizes synergies and avoids duplication of activities or institutional arrangements. The activities financed through these different sources are interconnected. For example, the FIP will finance the PANC and the DGM (P169610), which will generate ERs through concrete investments, pilot mechanisms to channel funds to beneficiaries, and strengthen the capacity of IPLCs to produce further ERs and take full advantage of the benefits that they may receive under the ERP-SL.

G. Lessons Learned and Reflected in the Project Design

57. **The design of the ERP-SL reflects lessons from the REDD+ Readiness phase and the World Bank's broad engagement on relevant issues across sectors.** As described earlier, the program is the result of an extensive Readiness process that provided opportunity for continuous consultations with a wide range of stakeholders on sector and program management. The program also draws from the experience of REDD+ implementation in other forest countries on the continent, specifically in the Democratic Republic of Congo, Mozambique, Ghana, Côte d'Ivoire, and Madagascar. Furthermore, it is based on the World Bank's experience in sustainable forestry, natural resources management, conservation, climate-smart agriculture, and social development in Congo from past and ongoing projects. Lessons that have informed program design include as detailed in the following paragraphs.

58. **Supporting livelihood activities for IPLCs is a success factor for protecting natural resources.** The ERP-SL fully recognizes the need to promote sustainable livelihood options to communities in forest areas to improve their welfare and to reduce pressure on natural resources. The program promotes community development models adapted to the local context in the forest concessions (that is, types of activities to be supported and institutional arrangements to provide such support). It will ensure that local communities benefit from ER activities by establishing mechanisms for channeling performance-based payments to the local level, taking advantage of existing local institutions to the extent feasible. For example, the BSP intends to follow PDAC's approach of involving cooperatives in the development of community project proposals. It also draws on the World Bank's biodiversity project portfolio in Mozambique by deploying a service provider to provide capacity building and support to communities for program development and implementation.

59. **Alignment with government priorities is key for ensuring commitment.** Given the important role of governments in natural resource management and conservation, such activities must be designed to align with strategic government priorities. The program supports the Government's core strategy of economic diversification by strengthening the sustainable management of forests and promoting sustainable agriculture, thus covering two core sectors in this regard, as described in detail in section I.C. The program is also closely aligned with the other operations in the World Bank portfolio, particularly the upcoming PANC and DGM, which have been prepared in parallel by the same task team.

60. **Private sector stakeholders need to be partners for sustainable resource management and community development to succeed.** Forest and agriculture companies can have an important impact on natural resources in rural areas. A sound institutional framework has to be supported to help ensure that this impact does not interfere with the goals of conservation. At the same time, these companies are major providers of jobs, infrastructure, and social services in the program area, making them important partners for improving the living conditions of the local population. The ERP-SL therefore seeks to engage and incentivize companies to take responsibility for conservation and social development.

III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

61. **The implementing agency will be the MEF.** MEF has been the main counterpart for preparing the ERPA and will lead the implementation, overseeing CN-REDD and signing REDD+ related contracts with private operators, in line with the decision made by the Preparation Committee under the leadership of the Ministry of Planning, Statistics, Regional Integration, Transport, Civil Aviation and the Merchant Navy. The Ministry of Finance and Budget will be the signatory of the ERPA. The Prime Ministry will play an important role in policy coordination, while technical leadership of the REDD+ process will remain with the MEF. The MEF's Department of Studies and Planning will have overall responsibility for program preparation, coordination, and implementation.

62. **At the national level, CONA-REDD will provide oversight and strategic direction for the ERP, including overall supervision of the BSP.** As the highest interministerial and cross-sectoral governance body, CONA-REDD convenes focal points from the key ministries involved in the REDD+ process, namely

those responsible for (a) Forestry, (b) Environment, (c) Agriculture, (d) Mining, (e) Energy, (f) Planning, (g) Finance, (h) Local Administration, (i) Land Affairs, (j) Health, and (k) Scientific Research. CONA-REDD also maintains a constant dialogue with the Consultation Platform for Civil Society and Indigenous Peoples (*Cadre de Concertation REDD+ Société Civile et Peuples Autochtones,*). CONA-REDD will validate the annual plans and budgets, approve payments to beneficiaries, oversee the functioning of the grievance redress mechanism, and review annual audit reports.

63. **CN-REDD, an operational unit under the MEF, will serve as technical secretariat for CONA-REDD and ensure the alignment of ERP implementation with the National REDD+ Strategy.** CN-REDD is responsible for implementing REDD+ at the national level and thus well-placed to link the strategic level with program implementation. It will further provide support on the ERP's Reference Level collaborating with the PMU on social and environmental safeguards.

64. **The CNIAF will support the Reference Level development and monitoring and reporting on ERs.** Responsible for the program's MRV activities, the CNIAF will develop protocols for estimating ERs, validate data submitted by private sector companies, and ensure verification. It will analyze data to estimate ERs for private companies, public lands, and communities.

65. **At the subnational level, the DDEF of Sangha and Likouala and their *Brigades Forestières* will support program implementation as well as decision-making and conflict resolution.** These departmental representations of the MEF will work with the 16 *Brigades Forestières* in the program area. The *Brigades* are small outposts distributed across the departments and will be able to further strengthen the program's permanent field presence. These institutions will disseminate information on the program and its opportunities for developing community projects to stakeholders and help supervise and monitor project and safeguards implementation. They will also help address complaints received through the FGRM.

66. **Guidance at the departmental level will be provided by the Departmental REDD+ Committees (*Comités Départementals REDD*, CODEPA-REDD).** These committees are linked to CN-REDD and comprise representatives from the Government, the private sector, and IPLCs. Meeting twice a year, they will contribute to the ERP by reviewing and selecting community project proposals submitted by IPLCs for accessing the ER payments allocated to them.

67. **The ERP will be managed and administered by a PMU, which will be in charge of operational and financial management (FM).** The PMU will ensure coordination between the national level and subnational levels and will be responsible for (a) coordination and monitoring of community and private sector activities; (b) carbon and safeguards monitoring and reporting through the national Safeguards Information System (*Système d'Information sur les Sauvegardes,* SIS) and the MRV system run by the CNIAF; (c) support to beneficiaries in the implementation of safeguards instruments; (d) selection and supervision of the service provider for community project development and capacity building; (e) review of technical and financial reports from private sector beneficiaries and the service provider on the use of ER payments; and (f) monitoring of the distribution and adequate use of ER benefits in line with the BSP. The PMU is expected to be embedded within the Program Entity, assuming that the Government can demonstrate to the World Bank during effectiveness that its own structures, including CN-REDD and the Project Implementation Units (PIUs) of other World Bank projects (particularly PFDE), have sufficient

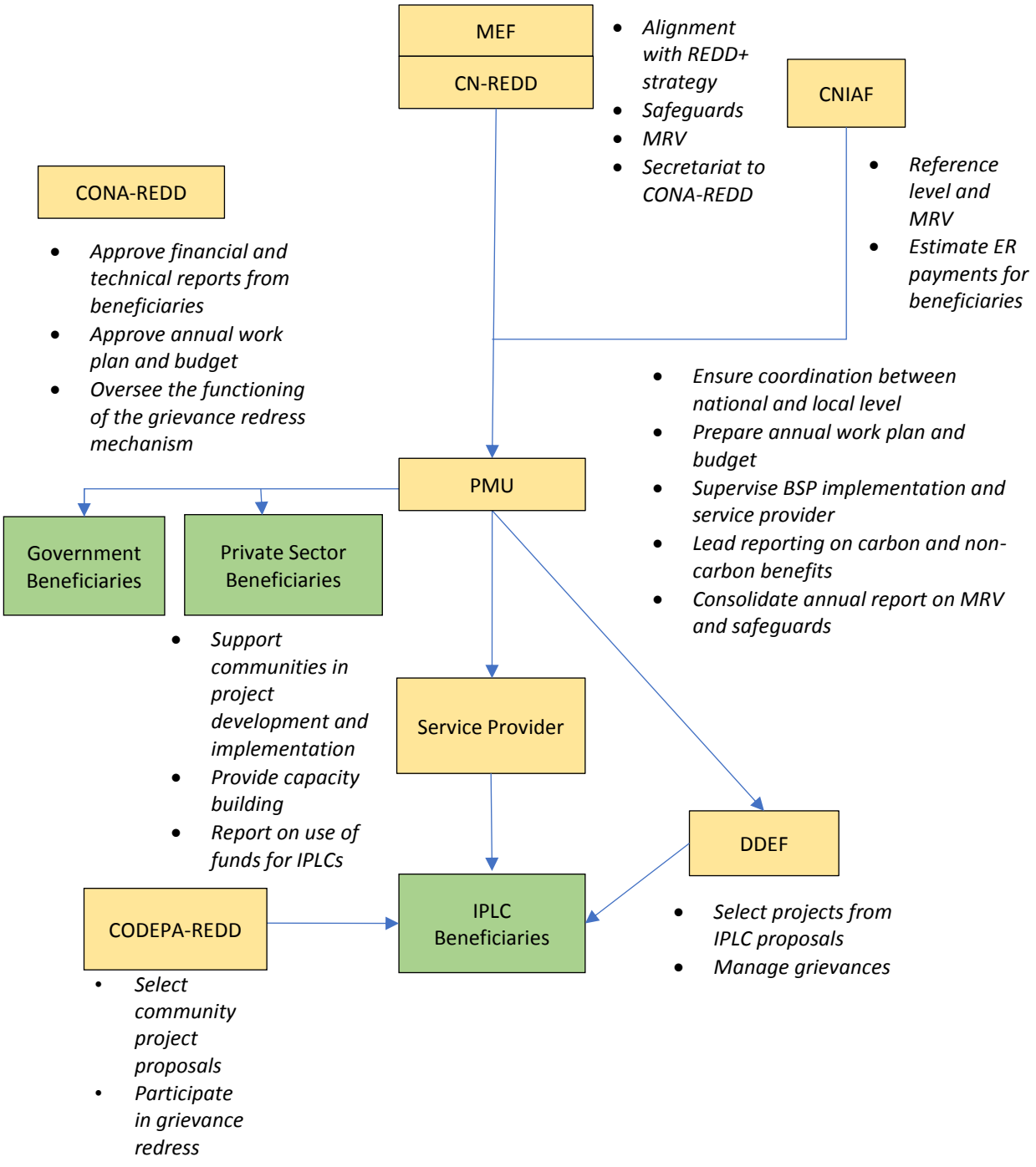
technical and fiduciary capacity to implement the program. Otherwise, the PMU will be contracted through a competitive process.

68. **The PMU is expected to include the following positions:** (a) a coordinator; (b) an FM specialist; (c) a procurement specialist (if procurement activities, for example, the contracting of the service provider, will be conducted as part of the responsibilities of the PMU); (d) an accountant; (e) a social development specialist; (f) an environmental specialist; (g) an M&E specialist; (h) a communications specialist; and (i) an assistant. The PMU will further be supported by an internationally recruited MRV specialist as well as two national MRV specialists who are to be hosted by the CNIAF. This MRV team will be supported as needed by short-term experts for carbon accounting and MRV.

69. **A service provider will administer the funds allocated to IPLC beneficiaries for their contribution to the program.** The service provider, most likely a local nongovernmental organization (NGO), will be competitively selected. It will support the development of IPLC project proposals and disburse and/or implement the funds for the projects approved by the CODEPA-REDD. The service provider will also conduct capacity-building activities with IPLCs and their institutions. Figure 3 summarizes the implementation arrangements of the program.

70. **Details on the arrangements for the World Bank's implementation support are provided in Annex 1.** Implementation support will be financed through a Bank-executed trust fund that will be made available to the task team by the CF.

Figure 3. ERP-SL Implementation Arrangements



B. Results Monitoring and Evaluation Arrangements

71. **The results, activities, and safeguards instruments of the ERP-SL will be monitored as detailed below.** The program's MRV system will measure GHG emissions in the program area during the accounting period (Indicator 1). The PMU, in cooperation with the CNIAF, will prepare ER monitoring reports. These will be submitted to the FCPF Carbon Fund for verification by a Validation and Verification Body that will be contracted by the Carbon Fund. The verified ERs in each reporting period will be the basis for ER payments that the Carbon Fund will make to the Program Entity. The payments made will be documented, among others, in Congo's projects and programs registry (Indicator 2). The distribution of ER payments in accordance with the BSP will be overseen by the PMU (Indicator 3). The PMU will report to the Carbon Fund on the proper implementation of the BSP in an annex to the ER monitoring report. It will be the PMU's responsibility to collect the necessary data from the stakeholders. The PMU will also monitor and report on the implementation of the safeguards instruments.

72. **Data will be gender-disaggregated whenever possible.** This will help explore the reasons for low productivity of the high proportion of women working in the agricultural sector (70 percent) in the program area and support finding solutions. Women are said to be half as productive as men because they face additional obstacles in accessing land and credits, and devote more of their time to raising children and doing domestic chores.

73. **Monitoring of beneficiary performance.** Performance of beneficiaries will be monitored in private sector areas and non-private sector areas. For the private sector, monitoring of ERs for benefit sharing is limited to a small area. For forestry concessions, this area will correspond to the annual harvesting blocks that are harvested during the term of the ERPA, which is where forest companies will implement RIL and may also set additional conservation zones aside. For agro-businesses, only the newly established conservation zones will be relevant for monitoring and allocation of benefits. The remaining ERP area, that is, the total area minus the areas where the private sector is active during the accounting period, is the area where the performance of the communities and the Government will be measured.

C. Sustainability

74. **The results-based nature of the ERP-SL has substantial potential to unlock further activities promoting sustainable development.** A key strategic aspect of the program is to establish an REL and an MRV system for ERs. This will allow Congo to access additional climate finance through the REDD+ mechanism and future international carbon markets. The ERP-SL will help sustain the achievements of World Bank-supported investment projects[43] beyond their completion by providing additional payments for climate benefits that result from the activities of these projects. Part of these payments will be reinvested in ER activities to continue successful practices for protecting forests and improving the living conditions of the local population.

75. **Social sustainability will be achieved through the ERP's focus on promoting alternative livelihoods, improving commodity value chains, creating employment opportunities, and establishing new business models for communities and private investors in agroforestry and perennial crops.**

[43] Most notably PFDE (P124085/P158604) and PDAC (P159979).

Investments in local infrastructure will optimize opportunities for economic development. The reinvestment strategy of the ERP through the BSP may also continue PES schemes with communities. The ERP also aims to improve the enabling environment for the participation of IPLCs in land use planning and the clarification of land tenure rights.[44] Targeted investments in social infrastructure will further enhance social sustainability.

76. **Environmental sustainability will be achieved by providing incentives for reducing pressure on natural forests.** The ER payments provide a direct incentive for sustainable forest management. Forest protection will also be promoted through local land-use planning, agroforestry, and sustainable livelihood activities in the ERP area. Participatory approaches for natural resource management will improve the longer-term environmental sustainability of forest resources.

IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis

77. **The ERP has been developed in line with the methodological framework of the FCPF Carbon Fund**. The framework is the result of a two-year consultation process involving international experts, donors, and REDD+ countries. It contains 78 indicators on the general approach of ERPs, the level of ambition, carbon accounting, safeguards, sustainable program design and implementation, and ER transactions. An independent Technical Assessment Panel assessed compliance of Congo's ERPD with the indicators. The assessment report, dated May 2017, indicated that 65 indicators had been met, four had not been met (9.1, 10.3, 18.2, and 21.1), and nine were to be assessed at a later point.

78. **The ERP's MRV system is robust and in line with good practices as confirmed by an independent technical assessment.** It uses the same methods for quantifying emissions as the REL to produce fully consistent results as a basis for measuring ERs. Areas of deforestation and forest degradation will be estimated through a stratified sampling approach with visual interpretation by experts of a representative number of sampling units located within different strata. The visual interpretation will be done using the same protocols that were used for the REL. The forest cover change reference condition for each sampling unit will be manually interpreted using a combination of medium resolution (for example, Landsat 7 and 8), high resolution (for example, Sentinel 2), and very high-resolution imagery (for example, World View, SPOT 6 and 7, or PLANET). The stratification will be based on forest cover change maps produced by the CNIAF's MRV team with a semi-automatized tool that is currently being designed. To quantify the annual GHG emissions in the monitoring period, areas of deforestation will be estimated and the same emission factors used as for the REL. The estimated GHG emissions will be subtracted from the REL to determine the ERs. Uncertainty of ERs will be quantified at a 90 percent confidence level using Monte Carlo methods as required by the FCPF Methodological Framework (Indicator 9.1). Based on the estimation of uncertainty and the risk defined in line with the FCPF Carbon Fund Buffer Guidelines, the MRV team will estimate (a)

[44] Under the PFDE, documentation of land rights consists of obtaining an authorization to cultivate from customary land chiefs. However, some villages do not have land chiefs, making it necessary to obtain a Government-certified document to respect the provisions on customary land rights in Law 21-2018, which establishes the rules for land occupation and acquisition. The PANC will seek to work with the Ministry of Agriculture, Livestock and Fisheries to improve and potentially mainstream this process, using low-cost techniques to formally delineate and geo-reference parcels in 'simplified' land registers.

the volume of ERs to be set aside in the uncertainty and risk buffers and (b) the ER available to be sold and transferred to the FCPF Carbon Fund.

79. **The program conforms with the new Forest Code (see section II.B.) and the 2019 REDD+ Decree (No. 113/MEF), which provide the legal basis and procedures that any REDD+ initiative and jurisdictional program has to comply with.** These documents establish the general principles of the country's REDD+ process and procedures for approval, MRV, ER title transfer, and oversight. They define arrangements for ownership of carbon credits from ER-generating projects, establish rules for benefit sharing, and clarify under which circumstances revenue from ER payments are taxable.

80. **ERs performance (carbon benefits).** The Government is expected to sell a contract volume of 8,359,000 ERs (tCO_2e) to the Carbon Fund during the ERPA period. The analysis considers the payments to be made under the program upon verification of ERs resulting from avoided deforestation and degradation and the enhancement of forest carbon stocks.

81. **The economic analysis of this program is based on a cost-benefit analysis.** Multiple projects are part of the REDD+ process in Congo and thus form the basis for ERs under the ERP-SL. These underlying activities are expected to generate a wide range of benefits for various stakeholders. However, following the current practice for the economic analysis of FCPF carbon programs, this assessment limits the accounting of benefits to the primary global good of carbon sequestration. The analysis quantifies this benefit through the use of the social price of carbon. In accordance with the World Bank's 2017 Guidance Note on this matter, the economic analysis uses a low and high estimate of the carbon price starting at US$40 and US$80, respectively, in 2020, and increasing to US$50 and US$100, respectively, by 2030.[45] Beyond 2030, the Guidance Note recommends that the low and high values on carbon prices are extrapolated using the same growth rate of 2.25 percent per year that is implicit between 2020 and 2030.

82. **The analysis considers three major categories of costs that will be incurred in instituting the program.** First, there is the Carbon Fund's purchase of ER credits, negotiated in the Term Sheet at US$5 per tCO_2. Second, there are recurring costs to administering the program (described in Table 4), which the government defrays. Third, there are upfront and recurrent costs incurred in conducting actions that lead to reduced emissions, notably RIL and transitioning land use from logging to protection. These costs fall predominantly on the private sector and on smallholders in the two departments, which is why they are included as beneficiaries under the BSP.

83. **Analytical results and sensitivity analysis.** This ex ante analysis demonstrates positive benefit-cost ratios and net present values (NPVs) across a range of sensitivity analyses and assumptions, robust to various scenarios in the ER delivery and social price of carbon. All parameters were assessed for a 20-year program lifetime (with a five-year implementation phase and a 15-year capitalization phase). It is noted that at low levels of performance and with increasingly higher discount rates, the project demonstrates decreasing attractiveness vis-à-vis competing investments. This observation only serves to justify the use of public funds to stimulate what is indisputably a net gain for the global community.

[45] World Bank. 2017. *Guidance Note on Shadow Price of Carbon in Economic Analysis (English)*. Report No. 123940, Washington, DC: World Bank Group.

84. **This analysis follows a conservative approach, assuming only direct benefits as well as lower-bound parameters for key variables (price of carbon and performance results).** It does not include spillover effects achieved through better sustainable forest management or improved livelihoods (income increase). The program's NPV in case of 100 percent ERPA performance is US$338.9 million, assuming a discount rate of 5 percent and a low social cost of carbon, with the benefit-to-cost ratio at 1.4 (see Table 7 for details).

Table 7. Sensitivity Analysis, NPV, and Benefit Costs for ERPA

	Discount Rate (%)	NPV (US$, millions)	Benefit-to-Cost Ratio
100% delivery of tCO_2, low social cost of carbon	5	338.90	1.4
	10	197.26	1.3
	15	123.78	1.3
100% delivery of tCO_2, high social cost of carbon	5	1,538.84	2.8
	10	991.27	2.7
	15	692.26	2.6
10% delivery of tCO_2, low social cost of carbon	5	8.51	1.1
	10	0.99	1.0
	15	(2.51)	1.0
40% delivery of tCO_2, low social cost of carbon	5	118.64	1.3
	10	66.41	1.3
	15	39.59	1.2

85. **Rationale for public sector financing and World Bank support.** The program intends to improve environmental, land, and forest management, which would lead to social benefits beyond the local and regional scale. In addition, the program engages the private sector. However, it will not be possible to measure or support these services and benefits at this stage. The World Bank's comparative advantage and value added is anchored in its strong analytical programmatic approach in the forest sector (World Bank FAP FY16–20 and the New Generation Africa Climate Business Plan) and its comprehensive forestry portfolio in the country, combining relevant finance from the FCPF, FIP, DGM and performance-based payments from the FCPF Carbon Fund. Section III.C provides further information on the rationale for World Bank support.

86. Annex 3 presents the details of the economic and financial analysis.

B. Fiduciary

87. **Fiduciary risks are rated Substantial.** This is primarily due to the following factors: (a) a multiplicity of actors, potentially resulting in a large number of small transactions, possibly including cash transfers to communities through a service provider,[46] with some entities not very familiar with World Bank FM procedures; (b) risks of bypassing rules and ex ante controls to speed up payments; and (iii) lack

[46] The feasibility and desirability of cash transfers to IPLCs, especially as payments for ecosystem services, may be explored as part of the PANC and further defined in the BSP.

of an adequate internal audit function at the PFDE PIU, which may lead FM as the fiduciary cell of the PMU (compare section III.A.). The proposed mitigation measures for this program are considered adequate to comply with the provisions of the World Bank Directive on the Financial Management Manual for World Bank Investment Project Financing Operations, and World Bank Guidance. To minimize fiduciary risks, all ER payments will be managed through the PMU as the designated fiduciary agency. Though the technical aspects of implementation will be overseen by the MEF, there will be no direct payments to the Government.

(i) Financial Management

88. **The assessment of FM arrangements conducted during appraisal entailed the review of financial flows from the FCPF Carbon Fund to the beneficiaries according to the BSP.** The main principles for the FM of the ERPA funds are to (a) reduce complexity and organize financial flows through a limited number of entry points; (b) use existing reliable structures where possible; (c) minimize transaction costs; (d) ensure the proper recording of and reporting on all transactions related to the program; and (e) facilitate external audits as required by the World Bank.

89. **The FM assessment found that it would in principle be acceptable to the World Bank if the Government were to use the fiduciary team of the PFDE PIU as fiduciary team for the ERP-SL.** In accordance with the aforementioned World Bank Directive and the World Bank Guidance Reference Material - Financial Management in World Bank Investment Project Financing Operations, the FM arrangements of the PFDE PIU were assessed to determine if the PFDE has acceptable FM arrangements in place that satisfy the World Bank's requirements. These arrangements would ensure that the implementing entity (a) uses program and related funds only for the intended purposes in an efficient and economical way; (b) prepares accurate and reliable accounts as well as timely periodic financial reports; (c) safeguards assets of the program; and (d) has acceptable auditing arrangements. During implementation, the task team, with support from the FM specialist, will follow up on the recommendations made in the assessment to ensure that the benefit sharing arrangements are deemed acceptable.

90. **The World Bank team determined that FM arrangements at the PFDE PIU could be deemed adequate for program implementation subject to meeting the following requirements:** (a) open a Designated Account in a financial institution acceptable to the World Bank; (b) agree with the World Bank on the terms of reference (ToR) for the recruitment of an experienced FM specialist and the subsequent recruitment; (b) agree with the World Bank on procedures, to be included in the Program Implementation Manual, that clearly define ER payment arrangements and consider the World Bank's FM guidelines; (d) agree with the World Bank on the ToR for the recruitment of an external professional practice firm to implement the internal audit function and the subsequent recruitment; and (e) agree with the World Bank on the ToR for the recruitment of an external auditor and subsequent recruitment. There will be no advance payments under the program. Disbursements will be made upon certification of ERs. The management of the funds, the distribution of benefits, and the follow-up will be implemented according to procedures that should be documented in the Project Implementation Manual (PIM) and the final BSP. The PMU will submit quarterly interim financial reports to the World Bank. An external audit firm will be recruited to conduct an annual audit of the program's financial statements. The audit report will be submitted to the World Bank no later than six months following the end of the calendar year.

(ii) Procurement

91. **The World Bank's Procurement Regulations do not apply under the program.**[47] For carbon finance operations, the inputs financed by the World Bank are the purchase of emission reductions. There is no scope in the procurement policy for further application to second-tier utilization of these funds. The World Bank will nevertheless continue to support the implementation of the ERP-SL according to the agreed-upon BSP and encourage the Government to conduct regular audits of the utilization of funds.

C. Safeguards

92. **The ERP-SL is being implemented under the Safeguards Policies and not the Environmental and Social Framework (ESF) because the Concept Review Meeting took place before October 1, 2018.** During implementation, especially when safeguards instruments are to be developed or updated, the Program Entity, with support from the World Bank, will assess whether provisions from the ESF could benefit the program.

93. **The program is rated moderate for environmental risks and substantial for social risks, which are aggregated to a Substantial risk rating.** This classification considers the capacity of the implementing agencies, the sector-specific risks and stakeholders involved, and the previous experience in managing related World Bank projects (including the Forest and Economic Diversification Project, P124085/P158604, which has been implemented in the same geographic area). Developed in close cooperation with key stakeholders, the ERP is designed to mitigate environmental and social risks in the forestry sector. It supports more sustainable forest management and agricultural practices and benefit sharing in a way that strengthens the voice of IPLCs. While environmental risks are considered moderate, there are substantial social risks due to the remote nature of the program area and the presence of particularly vulnerable populations, including indigenous peoples and refugees from neighboring countries. Risks could also result from the power relations and differences in culture and expectations between transnational logging and agribusiness firms on one side, and rural workers on the other, requiring suitable grievance redress and mediation mechanisms. There is potential for social discontent as stakeholders might not be satisfied with the outcome of benefit sharing resulting from the ER payments. This could lead to disagreement on the evaluation of their ER generation performance or on the allocated benefits, especially in cases of non-payment of the amount of benefits that had been expected, failure to receive payments within the agreed time period, or misperceptions regarding program objectives and requirements.

94. **The ERP was developed in alignment with the National REDD+ Strategy and the Strategic Environmental and Social Assessment.** The assessment was conducted in an iterative manner with participation from civil society and other stakeholders. Furthermore, the Republic of Congo has defined its Principles, Criteria, and Indicators (PCI) for social and environmental aspects of REDD+ (PCI REDD+). The PCI REDD+ are consistent with the Cancun Safeguards, World Bank Operational Policies, and FSC principles and indicators. The ERP will apply the safeguards instruments developed at the national level (Environmental and Social Management Framework [ESMF] and sub-frameworks) and respect the national standards set out in PCI REDD+. Consultations on PCI REDD+ were held and complemented by

[47] As advised by Chief Procurement Officer and as will be included in the revised Carbon Finance Operational Guidelines.

capacity-building activities throughout the country, including the ERP area, in local languages with representatives of IPLCs, civil society, departmental authorities, and the private sector.

95. **To help identify and manage any potential adverse impacts, the program triggers the following safeguards policies:** Environmental Assessment (OP/BP OP4.01), Natural Habitats (OP/BP 4.04), Forests (OP/BP 4.36), Pest Management (OP 4.09), Indigenous Peoples (OP/BP 4.10), Physical Cultural Resources (OP/BP 4.11), and Involuntary Resettlement (OP/BP 4.12). The ESMF and five sub-frameworks have been developed and were validated in January 2017. The frameworks include an Indigenous Peoples Planning Framework (IPPF), a Resettlement Policy Framework, a Pests and Pesticides Management Framework, a Cultural Heritage Management Framework, and a Process Framework. All safeguards instruments were disclosed on the websites of the MEF[48] (May 23, 2019) and the World Bank (August 31, 2018).[49] The frameworks define the guidelines to be adopted, specific studies to be conducted, the compensation to be provided, the procedures for filing complaints about program activities and for managing these appeals, and the monitoring and evaluation process to verify the sound implementation of mitigation measures. The frameworks will be updated and specified through additional instruments as needed during program implementation, for example Indigenous Peoples Plans or Environmental and Social Management Plans.

96. **Safeguards implementation and monitoring will be coordinated by CN-REDD and the PMU.** CN-REDD, as an integrated unit of the MEF attached to the technical chamber of CONA-REDD, is responsible for the implementation and monitoring of safeguards for any REDD+ activity in Congo. In addition, the PMU will ensure compliance with the safeguards requirements specifically for the ERP. The PMU will be responsible for coordinating the implementation of all safeguards measures, coordinating activities to build beneficiaries' safeguards capacity through training, monitoring compliance, reporting to the World Bank on the progress, and incorporating feedback as required. The PMU will also conduct and support environmental and social impact assessments and develop safeguards plans as needed. The PMU will assist implementers, such as concession holders, NGOs, and communities, in conducting environmental and social impact assessments and developing specific safeguards plans as required. The PMU will ensure that implementers comply with a code of conduct to define labor management standards and avoid misconduct (including with regards to GBV, sexual exploitation, abuse, and harassment). Implementers will have to ensure the same regarding their contractors. All activities need to comply with national health and safety standards, particularly with sanitary guidance by health authorities to prevent the spread of COVID-19. Taken together, these various actions and measures, combined with the PMU-driven implementation arrangements for them, constitute the safeguards system for the ERP-SL.

97. **Given the large number of program beneficiaries, the PMU will continue to assess how to increase ownership.** It will take measures to increase the two-way communication between the unit and the population, for example by supporting citizen engagement committees. The PMU will compile and analyze safeguards data collected by implementing partners and combine this with its own data to prepare annual safeguards monitoring reports to be reviewed and commented on by CONA-REDD. Furthermore, the PMU will conduct field missions for verification purposes, together with IPLC and civil society representatives. The information provided in the reports will be made publicly available and

[48] http://www.mefdd.cg/publications/.
[49] https://hubs.worldbank.org/docs/imagebank/Pages/search.aspx#/search?k=P163361.

communicated through the national SIS, which was designed by the Government to provide transparency on how safeguards policies are being addressed for REDD+ activities. To guarantee an efficient management of the environmental and social risk management system, as defined in the ESMF, the PMU will recruit an environmental specialist and a social development specialist who must also be qualified to cover GBV. These specialists will participate in capacity-building activities offered by the World Bank to enable them to comply with the World Bank's safeguards policies.

98. **All activities contributing to ERs under the program must be safeguards-compliant to qualify for performance payments, irrespective of financing source.** The program will not directly finance activities generating ERs but rather make performance-based payments (ex post) for activities that have reduced emissions.[50] All activities seeking ER payments will have to be in line with the ESMF in terms of safeguards screening, impact assessment, development of mitigation measures, and codes of conduct and practice. Adequate environmental safeguards instruments for all such activities need to be in place. The Program Entity will sign contracts with the beneficiaries or their representatives to ensure their commitment to safeguards compliance.[51] According to the master ESMF and its associated frameworks, each activity will be screened by the PMU to identify (a) the safeguards policies triggered; (b) the related environmental assessment category; and (c) safeguards instruments and associated analyses needed to incorporate risk and impact minimization, mitigation measures, and monitoring approaches. Based on the results of the screening, specific safeguards mitigation plans for each activity will be developed. If an activity is covered by the safeguards policies of bilateral or multilateral donors or by relevant arrangements under internationally recognized certification systems, the PMU will undertake a due diligence process to assess and confirm that the respective standards are consistent with the ESMF and are being properly applied. An independent audit shall be part of this process if requested by the World Bank. If the due diligence process concludes that the activity's safeguards arrangements meet these criteria, the activity can receive payments under the program. Such a process will also be required for retroactive payments, that is, for payments for ERs generated during the period from January 1, 2020, until ERPA signature.

99. **The scope of World Bank supervision will be consistent with the Note on Managing Environmental and Social Risks for the FCPF ERPs.**[52] The World Bank, as the FCPF Trustee, will focus on the performance of the safeguards system with regard to screening, due-diligence, supervision, and technical support for safeguards implementation, in line with the ESMF. It will ensure that the Program Entity has sufficient capacity and resources to implement the program's safeguards instruments.[53] For ER-generating activities financed by the World Bank (for example, PANC), the World Bank, as financier, will be responsible for ensuring and monitoring safeguards compliance of the activity. For activities financed

[50] Some of these activities will be financed by beneficiaries through ER payments received for previous emission-reducing activities.
[51] These contracts are expected to also cover the objectives of the activity, the arrangements for the transfer of the title to ERs, implementation arrangements, MRV, monitoring, reporting, and other relevant aspects.
[52] Supplemental Briefing Note to the Operations Environmental and Social Review Committee (OESRC): Managing Environmental and Social Risks for the FCPF Emission Reductions Programs, issued on April 22, 2019, and endorsed by the OESRC of the World Bank. The note was prepared with a view to operations under the ESF but includes guidance that can be applied to programs under the safeguards policies as described in this section.
[53] This includes confirming that budgets and staffing are adequate to support the implementation of safeguards instruments, the Program Entity can demonstrate credibly that environmental and social assessments and management plans are prepared in accordance with the safeguards frameworks, grievance redress and dispute resolution mechanisms are established and functional, and the implementing entities have demonstrated the ability to address and resolve issues of noncompliance.

by other donors, the World Bank, as the FCPF Trustee, is not responsible for ensuring compliance with the ESMF. However, the World Bank is responsible for carrying out due diligence to confirm that these activities are being carried out in accordance with the ESMF and its associated frameworks. For such activities, the Program Entity's monitoring and reporting on safeguards compliance will be accompanied by independent third-party monitoring as deemed necessary by the World Bank, particularly at the time when ER payments are being requested. Third-party monitoring covering safeguards implementation compliance and BSP implementation will be financed by the FCPF and will be additional to the third-party verification of ERs generated from the ERP. At the program level, the safeguards staff of the PMU, with CN-REDD, will supervise, review, and control the safeguards implementation progress, take corrective actions as necessary, and report the results as part of the monitoring reports to be submitted to the World Bank at least once per year. In the field, the PMU will be supported by the DDEF. At the activity level, the implementing partners will be responsible for safeguards monitoring and reporting, under supervision from the PMU and DDEF.

100. **In completing the BSP process, the World Bank will have the following responsibilities, in line with the OESRC Note:** First, it will ensure, before any ERPA payment is made, that the BSP has been finalized in accordance with the principles established in the FCPF Methodological Framework and that the Program Entity has the capacity to implement the BSP. To mitigate environmental and social risk, the final BSP should include a list of eligible and ineligible investments that is consistent with the ESMF and related frameworks. Second, during implementation of the BSP and to determine whether ER payments can be made, the World Bank, acting as the FCPF Trustee, will review the reports from the Program Entity (self-reporting) and from third-party monitors together with any other available information (for example, FGRM records) to determine whether the entity has distributed benefits in accordance with the BSP and implemented safeguards measures and addressed capacity-building needs in an adequate manner. The World Bank will thus determine whether or not to make ERPA payments to the Program Entity. The World Bank, as the Trustee, will not be responsible for ensuring the implementation of the BSP on the ground. Its responsibilities regarding BSP implementation will end when the final ERPA payment is made to the Program Entity or upon ERPA termination, whichever occurs earlier.

101. **Given its emphasis on promoting RIL and reducing the conversion of forests to agricultural land, the ERP is expected to have positive environmental impacts.** These include habitat and biodiversity conservation and the support of PES schemes that are expected to reduce erosion and maintain soil fertility, among other benefits. Environmental risks will be managed through the relevant frameworks listed earlier. The program will comply with the provisions for Commercial Harvesting of OP 4.36 by defining a process in the final version of the BSP that will ensure that ER payments for forest companies will only be made for operations that are certified under an independent forest certification system or adhere to a time-bound phased action plan acceptable to the World Bank for achieving certification to such standards.

102. **Implementing a REDD+ ERP has inherent social risks that require prudent management.** This is particularly the case with regard to land tenure and the rights to forest resources. To help mitigate these risks, the REDD+ process has been highly inclusive. The Safeguards Action Plan and the ESMF were developed through a participatory approach to identify social risks and develop mitigation measures. Risks related to land acquisition and restrictions in access to natural resources in legally designated parks and protected areas were identified as part of the preparation of the Resettlement Policy Framework and the

Process Framework, respectively. As the departments of Sangha and Likouala are among the departments with the largest number of indigenous people, an IPPF was prepared to ensure that program activities do not negatively affect their rights or cultures.

103. **Benefits from the ERP will be shared with stakeholders following principles that focus on improving the livelihoods of local communities and the most vulnerable groups, including women and indigenous peoples.** Relevant measures to ensure equity for these groups have been proposed in the safeguards instruments. Through the performance payments and non-carbon benefits, the program is expected to reduce poverty and unemployment, especially in favor of the most vulnerable groups.

Grievance Redress Mechanisms

104. **The PMU will operationalize the FGRM in line with national legislation, ERPA provisions, and the World Bank's safeguards policies, and adapt it to the cultures of IPLCs.** The FGRM underwent consultations in the ERP area in March 2017 and was validated through a stakeholder workshop in October 2018. Its implementation will be the responsibility of the PMU and the implementing agencies. The Program Entity will maintain a registry for filing complaints and monitoring their handling. The PMU must ensure that issues such as GBV, including sexual exploitation, abuse, and sexual harassment, are integrated clearly and according to the scale of risks. The FGRM will apply to all program beneficiaries, both direct and indirect, in the entire program area. The PMU's safeguards staff will monitor the effective functioning of the FGRM and report to the World Bank periodically and in case of emergencies. The PMU shall employ a communications specialist to develop and implement a suitable communication strategy to support safeguards implementation, targeted specifically to different beneficiaries, particularly indigenous people and other vulnerable groups. The CODEPA-REDD is expected to help mediate in case of complaints.

105. **Communities and individuals who believe that they are adversely affected by a World Bank supported project or program may submit complaints to existing project- or program-level grievance redress mechanisms or the Bank's Grievance Redress Service (GRS).** The GRS ensures that complaints received are promptly reviewed in order to address project- or program-related concerns. Program or project-affected communities and individuals may submit their complaint to the Bank's independent Inspection Panel, which determines whether harm occurred, or could occur, as a result of Bank non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the Bank's corporate Grievance Redress Service (GRS), please visit http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

V. KEY RISKS

106. **The overall risk rating for the program is Substantial.** The rating is based on the nine risk categories summarized in the data sheet, which may jeopardize the implementation of the ERP and its sustainability. The main risk factors are related to macroeconomics, institutional capacity, and stakeholder

risks, as well as the fiduciary context and social risks described earlier. The program depends on investment projects financed by the World Bank and other partners to generate ERs. The remaining key risks and proposed mitigation measures are outlined in the following paragraphs.

107. **Macroeconomic risks are rated Substantial.** The current economic crisis in Congo may affect its ability to mobilize the up-front funding that will be required to finance the contracting of PMU staff. To mitigate the risk of failing to meet the effectiveness condition on operationalizing the PMU, the World Bank is supporting the country in identifying funding opportunities and considering options to implement the program with support from existing World Bank projects.

108. **Risks related to institutional capacity for implementation and sustainability are rated High.** The MEF and its agencies suffer from low management capacity, with key units relevant to ERP-SL implementation being underfunded and understaffed. To reduce the impact that this may have on program implementation, PMU staff will be recruited through a competitive process, unless the Government can demonstrate that members of its existing staff have sufficient technical and fiduciary capacity to serve in the PMU. The PMU will not only support program implementation but also seek to build capacity among key institutions, so that the functions fulfilled by the PMU can be progressively integrated into the regular structure of the departmental and national government in the medium term. The implementation of the National REDD+ Investment Plan is also expected to contribute to closing capacity gaps over time. As most ERs under the program are expected to originate from private sector activities, the willingness and capacity of the relevant companies will be key for the success of the program (see next paragraph). Civil society organizations and organizations representing indigenous peoples will be engaged in and supported during implementation as their capacity and ownership is important for the success of certain activities.

109. **Stakeholder risks are rated Substantial.** Given the emissions profile of the program area, the program has to rely heavily on the private sector to achieve the aspired ERs. Forest companies and agri-businesses will, however, only participate in the program if they deem the incentives provided sufficient. Underperformance of the private sector would likely also influence the benefits that can be distributed to the other two beneficiary groups and is thus linked to the social risks and institutional capacity risks described earlier. To mitigate stakeholder risks, the benefit sharing arrangements were designed to consider the up-front and continued investments that the private sector would have to provide to participate in the program. In addition, technical assistance will be provided as part of the benefits. Representatives of the private sector were continuously consulted during the preparation of the ERP-SL to ensure that the program is sufficiently attractive to companies in the program area.

VI. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Congo, Republic of

Emission Reductions Program in Sangha and Likouala

Project Development Objectives(s)

To make payments to the Program Entity for measured, reported, and verified greenhouse gas emission reductions from reduced deforestation, forest degradation and the enhancement of forest carbon stocks in Sangha and Likouala of the Republic of Congo, and to distribute these payments in accordance with an agreed Benefit Sharing Plan

Project Development Objective Indicators

Indicator Name	PBC	Baseline	End Target
To make payments to the Program Entity for measured, reported, and verified GHG emission reductions			
Volume of CO2e Emissions Reductions that have been measured and reported by the Program Entity and transferred to the FCPF Carbon Fund (Metric ton)		0.00	8,359,000.00
Payment by the FCPF Carbon Fund for CO2 Emission Reductions generated by the program (Amount(USD))		0.00	41,795,000.00
Distribute payments in accordance with an agreed Benefit Sharing Plan			
Emission Reductions payments distributed in accordance with agreed Benefit Sharing Plan and arrangements (Yes/No)		No	Yes

Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	End Target
n/a			
n/a (Yes/No)		No	No

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Volume of CO2e Emissions Reductions that have been measured and reported by the Program Entity and transferred to the FCPF Carbon Fund	The volume will be measured at least once per Reporting Period, with interim reporting possible: RP1 (2020): 859,000 tons; RP2 (2021/22): 1,500,000 tons; RP3 (2023/24): 6,000,000 tons	Annually	MRV Report	ERPD	CNIAF/MEF
Payment by the FCPF Carbon Fund for CO2 Emission Reductions generated by the program	Payments will be made at least once per Reporting Period, with annual payments for interim reporting possible as per the ERPA terms. RP1 (2020): US$4,295,000; RP2 (2021/22): US$7,500,000; RP3 (2023/24):	Annually	ERPA, MRV Reporting	ERPA, BSP	CNIAF/MEF/World Bank

	US$30,000,000				
Emission Reductions payments distributed in accordance with agreed Benefit Sharing Plan and arrangements	Payments will be made at least once per Reporting Period, with annual payments possible through interim reporting as per the ERPA terms. RP1 (2020): US$4,295,000; RP2 (2021/22): US$7,500,000; RP3 (2023/24): US$30,000,000	Annually	BSP Reporting, ER Reporting	BSP	PMU/MEF

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
n/a					

ANNEX 1: World Bank Implementation Arrangements and Support Plan

COUNTRY: Republic of Congo
Emissions Reductions Program in Sangha and Likouala

Strategy and Approach for Implementation Support

1. The implementation support strategy for ERP-SL will be carried out jointly with the implementation support for the PFDE and PANC, the World Bank's investment projects in the forestry sector. These projects are located in the same area as the program and closely aligned with it. Joint implementation support will ensure complementarity and efficiency. It will build on the support provided during the Readiness process and focus on the functions and activities typically performed by the World Bank task teams, like monitoring of technical activities, management arrangements, and compliance with safeguards operational policies, including appropriate stakeholder engagement. Special attention will be given to methodological aspects of carbon accounting to ensure that the program complies with the Carbon Fund Methodological Framework. The World Bank's task team will include technical specialists with expertise in a range of relevant areas, drawn from within the institution, with additional support from specialized consultants. For example, a short-term consultant and a consulting firm have been contracted to provide support on Congo's REL. World Bank safeguards specialists will be available to provide close support and hands-on guidance to the client throughout the program duration. In line with the World Bank guidelines for carbon finance operations, implementation support on FM and procurement will be relatively limited, but it is expected to be reinforced through the support provided to the investment projects.

2. The frequency of supervision missions may be higher at the beginning of implementation (possibly up to three per year, if COVID-19 travel restrictions allow) to closely monitor the launch of the program and ensure the conditions of effectiveness are met on time. Once the program has reached a good implementation pace, the usual two missions per year will be conducted. Field visits will focus on compliance with safeguards operational policies. Continuous support will be provided remotely through regular videoconferences, particularly while travel restrictions remain in place. The implementation support strategy will be revisited regularly, considering implementation progress and continuous risk assessment.

3. Implementation support will be funded through a World Bank-executed grant from the FCPF to the task team, which is expected to be complemented through additional trust fund grants (for example, AccelREDD). The main areas of expected implementation support activities are summarized in Table 1.1.

Table 1.1. Main Areas of Implementation Support Activities

Time	Focus	Skills Needed	Resource Estimate
Effectiveness	• Completion of conditions of effectiveness, particularly establishment of the PMU, finalization of the BSP, and drafting of the PIM	• Project planning • Facilitation • Carbon finance • Legal aspects • Safeguards (especially for retroactive payments for 2020 ERs)	• Remote support from headquarters (HQ)
Year 1	• Establishment of BSP arrangements • Support to beneficiaries • Institutional arrangements	• Project planning and management • Safeguards • Legal aspects • Carbon finance	• 3 implementation support missions • Remote support from HQ
Years 2–4	• Support to beneficiaries • Carbon accounting • Monitoring and reporting	• Project planning and management • MRV • Safeguards • Carbon finance	• 2 implementation support missions • Remote support from HQ
Year 5	• Monitoring and reporting • Program closure	• Project planning and management • MRV • Safeguards • Carbon finance	• 2 implementation support missions • Remote support from HQ

ANNEX 2: Forestry Sector Costs for Compliance with the Reduced Impact Logging (RIL) Standard and the Implementation of RIL and Set-Asides of Conservation Areas

COUNTRY: Republic of Congo
Emissions Reductions Program in Sangha and Likouala

1. **Approximately 60 percent of the ERP area is covered by forestry concessions, currently managed by 12 enterprises.** Much of the anticipated ERs are expected to come from the forestry sector. As such, the forestry sector potentially is a major beneficiary of the ERP (assuming forestry sector performance). At the same time, it is important to highlight that the ERP has put in place significant social and environmental requirements (RIL standard). Only companies that comply with these requirements may profit from direct financial benefits, contingent on their performance. In addition, it is worthwhile mentioning that forestry companies have to make substantial up-front investments to generate ERs. This section provides more detail on the costs of complying with the RIL Standard and the costs of implementing RIL and setting aside conservation areas.

2. **The costs incurred by the forestry sector can be divided into three categories:**

(a) 'Readiness' costs, referring to the costs of satisfying Level 1 of the RIL standard

(b) Implementation costs, referring to the costs of implementing RIL and ensuring the protection of conversation zones

(c) Forgone opportunity costs from not harvesting the timber in the newly established conservation zones.

3. **Costs are highly company specific, depending on the level of compliance with the RIL Standard and the companies' experience with and capabilities for RIL, conservation efforts, and monitoring.** The costs for capacity building and training during program implementation are estimated at up to US$300,000 per company, of which US$150,000 may be financed from the ERP emission reduction revenues and the remaining amount would be contributed through the companies' own (non-program-related) funds. In addition, the annual costs of operating the monitoring unit (which includes not only carbon accounting but also compliance with social and environmental indicators and RIL compliance) are estimated at up to US$150,000 per company. The costs for implementing specific RIL and conservation activities are highly company and case specific. However, studies show that financial incentives for implementing RIL and establishing conservation zones need a clear carbon price signal of US$4–5 per tCO_2.

4. **Readiness costs (to achieve Level 1 of the RIL Standard).** Readiness costs are the costs involved in taking a forestry company from its current status to fulfilling all indicators of Level 1 of the RIL Standard. Reaching Level 1 of the RIL Standard is the condition for participating in the performance-based payment scheme, where a company may implement RIL against a set emission benchmark or set-aside conservation zones and benefit from these ERs.

5. **The Readiness costs are difficult to estimate in general, as they depend very much on the current capabilities of each of the 12 companies.** During the finalization stage of the RIL Standard, an assessment of four forestry enterprises was carried out against a preliminary version of the RIL Standard (Table 2.1).

Table 2.1. Performance against an Earlier Version of the RIL Standard (%)[54]

RIL Standard level*	CIB	IFO	STC	SEFYD
Level 1	93	89	74	13
Level 2	92	93	14	14
Level 3	75	80	0	0

Note: Criteria/indicators were redistributed across the levels for the final version of the RIL Standard, so this assessment does not reflect the performance against the latest version of the RIL Standard.

6. **The Level 1 criteria of the RIL Standard are divided into the following categories:** (a) harvesting planning, (b) training, (c) harvesting preparation, (d) harvesting, and (e) monitoring. Table 2.2 gives an overview of the different activities and estimated costs related to complying with the RIL Standard. Note that the actual costs to the ERP will only be incurred once capacity-building proposals submitted by companies have been approved for financing through ER payments by the program.

Table 2.2. Activities and Estimated Costs for Achieving Compliance with Level 1 of the RIL Standard during the RIL Readiness Phase

Activities	Type of Costs	Additional One-Time Costs (US$)	Additional Annual Costs (US$)
Establishment or complementing of existing standard operating procedures for harvesting planning and monitoring, for example, tree selection, road building, felling, design of the skidding network, skidding process, building of log landings, and post-harvest monitoring	Consultant support	Up to 150,000	n.a.
Capacity building/training in the application of said standard operating procedures, e.g. production of satellite-based operational harvesting maps, directional felling, optimization of road and skidding network using GIS, and remote sensing and field-based measurements			
Investments in infrastructure, for example, • Very-small-aperture terminal internet connection (10 Mbit); • Additional office space/facilities; • Vehicle maintenance infrastructure (prevention of environmental hazards); • Worker health and safety infrastructure and equipment; • Computer hardware; and • Global positioning system units and other measurement equipment.	Infrastructure	Up to 150,000	Up to 50,000
Recruiting additional staff depending on current capacities, e.g. • RIL supervision and compliance; • Geographic Information System/remote sensing; • Supervision field data collection; and • Other.	Personnel	n.a.	Up to 100,000
Total one-time costs per company		**Up to 300,000**	
Total annual costs per company			**Up to 150,000**

[54] The acronyms refer to: *Congolaise Industrielle des Bois* (CIB), *Industrie Forestière de Ouesso* (IFO), *Société Thanry Congo* (STC), and *Société d'Exploitation Forestière Yuan Dong* (SEFYD).

7. **With the exception of training costs, the estimates shown in Table 2.2 are mostly applicable to the 10 non-certified companies.** The two FSC-certified companies may also benefit from additional capacity building to achieve full compliance with Level 1 of the RIL Standard. Total costs for achieving compliance with this level during the term of the ERPA amount to up to US$3.3 million for all the 12 companies together. In addition, each of the non-certified companies may have additional annual costs for maintenance, VSAT internet connection, and additional salaries of up to US$150,000. As stipulated in the advanced draft of the BSP, one-time costs such as capacity building may be financed through the ERP from ER payments. Compliance with Level 1 of the RIL Standard will greatly increase the environmental and worker safety performance of the forestry sector.

8. **Implementation costs (performing against Level 2 criteria of the RIL Standard).** RIL implementation costs not covered by the 'Readiness costs' are as follows:

(a) The costs of implementing specific RIL activities, for example,

(i) Reducing road density while increasing skid trail density;

(ii) Building roads and maintenance that do not result in soil erosion; and

(iii) Adhering to environmental safeguards, for example, building of bridges.

(b) Monitoring costs:

(i) Monitoring of compliance with the RIL Standard during harvesting operations

(ii) Post-harvest monitoring

(c) Forgone profits from production losses.

9. **RIL implementation can vary significantly from company to company, depending on where the company stands with regard to RIL implementation, the RIL activities chosen, the available machinery, and so on.** A company with wide roads can afford to reduce road width and even save money (less machine and working hours and less maintenance costs). A company that has already reduced road width could reduce it further, but this may render roads more difficult to use during the rainy season, which would result in production losses. Likewise, at the low end (relatively easy to implement) of RIL implementation, skid trail density may be reduced without compromising on production quotas. At the high end, substituting roads by skid trails (less carbon impact) is costly, because skidding is much more time and cost intensive and long-distance skidding during the rainy season may not be practical and lead to production losses. For a company that has not implemented RIL, working hours across the entire harvesting operation will increase significantly, as new procedures have to be complied with, which may take longer (initially or permanently) than previous practices. Finally, monitoring costs for RIL are substantial. The FSC-certified companies (2 out of 12) operate monitoring units that continuously track compliance and collect data, including data relevant for the estimation of emissions and ERs. These data not only have to be collected but also processed and summarized for reporting. Table 2.3 lists an overview of activities and estimated costs for implementing RIL activities.

Table 2.3. Activities and Estimated Costs for Implementing RIL Activities

Activities	Type of Costs	Additional Annual Costs (US$)
Adherence to RIL procedures, for example, • Directional felling; • Building of road drainage system; • Regular road repairs; • Building of proper bridges across streams; • Marking of protected trees and zones, skid trails, and log yards; and • Substitution of secondary roads by longer skid trails.	Additional working time, machine hours, and maintenance costs, also to compensate for production losses Salaries for additional staff if required	Highly company specific, general estimation not possible
Monitoring of social and environmental performance during and after harvesting, for example, monitoring of • Compliance with worker safety regulations; • Environmental indicators; and • Carbon accounting indicators.	Operational costs of the monitoring unit	Up to 150,000

10. **Studies on RIL and carbon finance for the Democratic Republic of Congo show that the costs of RIL implementation start at around US$2 per tCO_2 (Hirsh et al. 2013;[55] GFA Consulting 2014[56]).** However, these studies did not include major training and investment costs but assumed that the company was ready to implement RIL. Another study piloting RIL in the Democratic Republic of Congo (GFA Consulting 2017[57]) came to the conclusion that RIL would not have been feasible even at a price of US$4 per tCO_2. In addition, it has to be considered that the implementation of reduced impact logging along the RIL Standard requires significant organizational changes that may take 2–3 years to complete. It can thus be assumed that companies will only be willing to undertake these changes if the benefit of RIL is evident, that is, if RIL is clearly profitable.

11. **Implementation costs for conservation zones (additional activity to RIL, requires compliance with Level 1 of the RIL grid).** Forestry companies are encouraged to set aside conservation zones in their production area, especially if these contain HCV forests or border-protected areas and thus may act as buffer zones. Set-asides for conservation zones incur the following costs:

(a) Protection and monitoring costs

(b) Taxes and fees

(c) Forgone profits from timber sales.

[55] Hirsh, F., J. Jourget, L. Feintrenie, N. Bayol, and R. E. Atyi. 2013. "Projet pilote REDD+ de la Lukénie." Working Paper 111, CIFOR, Bogor, Indonesia.
[56] GFA Consulting. 2014. *Assessment of Forest Management Mitigation Activities under the Emission Reduction Program of Mai Ndombe Province*. GFA Consulting Group, Hamburg. A report under the Carbon Map and Model Project financed by the International Climate Initiative of the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB).
[57] GFA Consulting. 2017. *Emission Reductions and Costs of Reduced Impact Logging: Lessons Learned from a Pilot Activity Mai-Ndombe Province, DRC*. GFA Consulting Group, Hamburg. A report under the Carbon Map and Model Project financed by the International Climate Initiative of the BMUB.

12. **Protection costs include the costs of mapping and demarcating the area on the ground to ensure that the conservation zones are not accidentally affected by harvesting operations.** Where roads pass through or next to such conservation zones, access must be permanently controlled. Further, frequent patrols by a ranger unit are required to prevent illegal logging and poaching. If the conservation zone is close to a communal development zone, public outreach is necessary to communicate access and use restrictions for the conservation zone. Such protection measures will require the hiring and training of additional staff and investments into infrastructure and equipment. The costs may vary strongly depending on

(a) **Accessibility of the area.** Conservation zones in remote areas may not require any active protection, while conservation zones near roads and community development zones may require permanent/very frequent patrolling and communal outreach;

(b) **Size of the area;** and

(c) **Organizational structure of the company.** Some companies already have (eco) guards or ranger units to restrict access to their concession and protect existing conservation zones or their production zone.

13. **The company has to prepare and submit an annual monitoring report, which can be based on satellite imagery or ground data or both.** In case the ERP does not define a standard methodology, each company has to develop its own. Companies that have reached Level 1 of the RIL Standard should be capable to carry out the monitoring without much additional effort. Development of a monitoring methodology may require external advice (consultancy support). A World Bank field mission in 2018 estimated protection and monitoring costs to be at least 10 percent of the total costs for such conservation efforts.

14. **The following assumptions are made concerning taxation:** While certain taxes and fees may not be applicable to conservation zones (there is no legal/administrative clarity yet at the time of writing), it is assumed that companies will have to continue paying the so-called 'area tax' and must continue paying their commitments under the social contracts with the communities, which receive a certain percentage of timber revenues. These costs are estimated to be rather low though (approximately 5 percent).

15. **Possibly the highest costs are the opportunity costs from forgone timber revenues.** Based on data from the validated project 'Pikounda-Nord', a conservation concession operated by CIB inside the boundaries of the ERP-SL under the Voluntary Carbon Standard, the 2018 World Bank mission team estimated the opportunity costs at around 85 percent of total conservation costs (US$11 per m^3 of extracted timber).

16. **The 2018 World Bank field mission found that the costs of conservation would be approximately US$3–3.5 per unit of ER ($tCO_2$).** Consequently, a price of US$4–5 per tCO_2 would be required to incentivize forestry companies to set aside conservation zones inside their production areas. These findings are in line with assessments from Hirsch et al. (2013) and GFA (2014), which found that conservation concession projects would need a carbon price of at least US$5 per tCO_2 to be financially feasible.

ANNEX 3: Economic and Financial Analysis

COUNTRY: Republic of Congo
Emissions Reductions Program in Sangha and Likouala

1. **The proposed program covers the ER payments and sharing of benefits from the ERP-SL in the ERPA period (2021–2025) and the accounting area, which spans two departments in northern Congo over an area of 12.4 million ha, of which 11 million ha are forested.** The economic analysis is based on the analysis of the economic benefits generated by the proposed project, focusing solely on the ER benefits from improved carbon sequestration. The Government of Congo will sell 8.359 million ERs to the Carbon Fund, out of the total ERs expected to be generated during the ERPA period. An REL was calculated for all activities considered in the ERP, namely avoided deforestation and forest degradation, as well as the enhancement of forest carbon stocks.

2. **With and without project.** As required for economic analysis of projects, "with-project" and "without-project" scenarios are examined to assess the incremental benefits generated by the project. In the "without-project" scenario, forest degradation and loss are likely to continue, affecting areas within the Sangha and Likouala departments with continued high GHG emissions levels. Under these circumstances, even a slower negative trend is considered to be beneficial, as demonstrated through a quantifiable amount of GHGs avoided compared to the baseline.

3. **Time horizon.** The economic analysis focused on the generation of benefits and costs over the life of the project during both the implementation and the capitalization phase. The analysis assumes that these benefits, which have accrued through reduced impact logging, smallholder agroforestry, and conversion of concession areas to conservation lands are capitalized for another 15 years after project closure, for a total of 20 years.

4. **Benefits that were not quantified.** A range of other intangible and indirect economic benefits will result from the conservation actions that the project will engender. It is assumed that the project will contribute to local generation of environmental services, which are inclusive of provisioning services (food, water, material, genetic, medicinal, and ornamental resources), regulating services (air quality regulation, climate regulation, disturbance moderation, regulation of water flows, waste treatment, erosion prevention, nutrient cycling, pollination, and biological control), habitat services (nursery service and genetic diversity), and cultural services (esthetics, recreation, inspiration, spiritual experience, and cognitive development).[58] Due to wide variance in estimates on the value of environmental services produced by 1 ha of forest, these benefits are noted here but are not included in the cost-benefit calculations.

5. **Economic analysis.** The analysis conducted for this project compares economic costs with benefits accrued as a result of successful project implementation.

6. ***Benefits and the shadow price of carbon.*** Despite the wide range of benefits generated by the project, and due to the lack of specific data on benefits derived after implementation of the BSP, the focus

[58] See De Groot, Rudolf, Luke Brander, Sander van der Ploeg, Robert Costanza, Florence Bernard, Leon Braat, Mike Christie et al. 2012. "Global Estimates of the Value of Ecosystems and Their Services in Monetary Units." *Ecosystem Services* 1(1): 50–61.

of the benefit portion of the economic analysis is on global gains from the social price of carbon, based on the World Bank's 2017 Shadow Price of Carbon in Economic Analysis guidance note. The guidance note recommends that the economic analysis of a project shall use a low and a high estimate of the carbon price, starting at US$40 and US$80, respectively, in 2020 and increasing to US$50 and US$100 by 2030. Beyond 2030, the guidance note recommends that the low and high values on carbon prices are extrapolated using the same growth rate of 2.25 percent per annum that is implicit between 2020 and 2030, leading to values of US$62 (low estimate of the social price of carbon) and US$125 (high estimate) by 2041, which is the last year considered under this analysis.

7. ***Costs.*** The analysis considers three major categories of costs that will be incurred in instituting the program. First, there is the Carbon Fund's purchase of ER credits, negotiated in the Term Sheet at US$5 per tCO_2. Second, there are recurring costs to administering the program (described in Table 4 in the main section of the PAD), which have been estimated at US$0.5 million annually. These two categories of costs cease with the end of the project. Third, there are costs inherent to being REDD+ compliant. There are both upfront and recurrent costs incurred in conducting actions that lead to reduced emissions, notably RIL and transitioning land use from logging to protection. Based on the REDD+ activity in question, these costs vary per tCO_2. The analysis uses conservative (high) estimates based on activity implementation in other parts of the globe (see Graham et al., 2016).[59] It is further assumed that all operational and REDD+ activity implementation costs persist past the program implementation period and into the capitalization phase (15 years beyond project completion).

8. ***Discount rate.*** The discount rate chosen for the analysis is 5 percent. Sensitivity is tested using increasing rates of 10 and 15 percent.

9. **Analytical results and sensitivity analysis.** This ex ante analysis demonstrates positive benefit-cost ratios and NPVs across a range of sensitivity analyses and assumptions, robust to most scenarios in the ER delivery and social price of carbon. It is noted that at low levels of performance and with increasingly higher discount rates, the project demonstrates decreasing attractiveness vis-à-vis competing investments in the private sector. This observation only serves to further justify the use of public funds to stimulate what is indisputably a net gain for the global community with intangible additional benefits beyond those calculated here. All parameters were assessed for a 20-year project lifetime (5 years of implementation phase and 15 years of capitalization phase). Tables 3.1 and 3.2 provide details.

10. **A sensitivity test was applied for the main parameters, considering various levels of performance and discount rates.** To test the robustness of the initial results, under which it is assumed that 100 percent of expected ERs will be delivered, the performance levels at 10 percent and 40 percent were applied (in addition to estimates of ERs for purchase under the program, which are already obligated to consider risks of 4 percent for uncertainty and 23 percent for nonperformance). Alternative discount rates of 5 percent, 10 percent, and 15 percent were applied.

[59] Graham, Victoria, Susan G. Laurance, Alana Grech, Andrew McGregor, and Oscar Venter. "A comparative assessment of the financial costs and carbon benefits of REDD+ strategies in Southeast Asia." *Environmental Research Letters* 11, no. 11 (2016): 114022.

Table 3.1. Sensitivity Analysis

NPV (US$, millions)	Discount Rate		
	5%	10%	15%
NPV (low carbon price, 100% ER delivery)	338.90	197.26	123.78
NPV (high carbon price, 100% ER delivery)	1,538.84	991.27	692.26
NPV (low carbon price, 10% ER delivery)	8.51	0.99	(2.51)
NPV (high carbon price, 10% ER delivery)	128.51	80.39	54.34
NPV (low carbon price, 40% ER delivery)	118.64	66.41	39.59
NPV (high carbon price, 40% ER delivery)	598.62	384.02	266.98

Table 3.2. NPV and Benefit Cost

	Discount Rate (%)	NPV (US$, millions)	Benefit-to-Cost Ratio
100% delivery of tCO_2, low social cost of carbon	5	338.90	1.4
	10	197.26	1.3
	15	123.78	1.3
100% delivery of tCO_2, high social cost of carbon	5	1,538.84	2.8
	10	991.27	2.7
	15	692.26	2.6
10% delivery of tCO_2, low social cost of carbon	5	8.51	1.1
	10	0.99	1.0
	15	(2.51)	1.0
40% delivery of tCO_2, low social cost of carbon	5	118.64	1.3
	10	66.41	1.3
	15	39.59	1.2

11. **This analysis follows a conservative approach, assuming only direct benefits as well as lower-bound parameters for key variables (price of carbon and performance results).** It does not include spillover effects achieved through better sustainable forest management or improved livelihoods (income increase). The project NPV assuming 100 percent ERPA performance is US$338.9 million, assuming a discount rate of 5 percent and the low social cost of carbon (US$41 as of 2021), with the benefit-to-cost ratio at 1.4.

12. **The NPV is underestimated, since the value of benefits resulting from ecosystem services—other than carbon sequestration—was not included, and intangibles related to community resilience, improved governance, and social equality are not quantifiable at this point.** Other aspects of the project, such as productivity increases (for example, related to smallholder agroforestry or market demand for sustainably certified forest products) will likely increase the value of the program beyond the five-year project lifetime.

13. **Rationale for public sector financing and World Bank support.** The project intends to improve environmental, land, and forest management which would lead to the set of social benefits beyond the local and regional scale. The World Bank maintains a strong comparative advantage and value add, demonstrated through its strong programmatic approach for the forest sector (World Bank Forest Action

Plan FY16–20 and New Generation Africa Climate Business Plan) and comprehensive forestry portfolio in the country, including REDD+ Readiness from the FCPF, the ongoing Forest and Economic Diversification Project and its Additional Financing, the upcoming FIP and DGM projects, and the current project, that is, performance-based payments from the FCPF Carbon Fund.

ANNEX 4: Summary of Potentially Eligible Activities under the ERP-SL

COUNTRY: Republic of Congo
Emissions Reductions Program in Sangha and Likouala

1. **Table 4.1 summarizes enabling and sectoral activities that are supported under the ERP-SL according to the 2018 ERPD.** Note that these activities are subject to change during the finalization of the BSP.

Table 4.1. Summary of the Enabling and Sectoral Activities of the ERP

National REDD+ Strategic Option	Activity	Description	Impact on ERs	Geographic Focus
Sectoral activities				
Forest SO2 Sustainable forest management	**SA1.** Reduced impact logging with concession holders	Adopt RIL to minimize DF and DG in production areas.	Reduced planned DG from improved extraction processes	Entire ERP area
	SA2. Logged to protected forest	Protect areas that could have been logged.	Reduced planned DG from protecting areas that would have been logged	Entire ERP area
	SA3. PES for smallholders	Collective and individual PES to support conservation	Reduced unplanned DF and DG in forest areas by participating communities	Entire ERP area
Agriculture SO3 Improvement of agricultural systems	**SA4.** Smallholder shade cocoa in community development zones	Promote the production of cocoa by smallholders in deforested/degraded forest in/near community areas in forestry concessions based on local land use planning to reduce shifting agriculture.	Increased forest carbon stocks by adding cocoa plantings and shade crops to degraded forests, which reduces the surface area under annual crops and unplanned DF and DG in forest areas within impact zone of participating communities	Entire ERP area
	SA5. Sustainable subsistence farming and other livelihoods activities	Promoting improved agricultural productivity and crop diversification	Reduced unplanned DF and DG	Entire ERP area
	SA6. Palm oil outgrower schemes in community development zones	Oil palm concession holders (or others with processing capacity) promote new plantings in non-forest areas to smallholder outgrower schemes for processing in their facility.	'Reforestation' into new smallholder oil palm systems Reduced unplanned DF and DG in forest areas within impact zone of participating communities	Western Sangha

National REDD+ Strategic Option	Activity	Description	Impact on ERs	Geographic Focus
	SA7. Avoided conversion in industrial oil palm plantations	Contractual agreements to not convert HCV areas within concessions that could be legally and biophysically cleared and planted with oil palm	Reduced conversion from forest to oil palm (avoided planned DF) 'Reforestation' of non-forest to oil palm	Southwest Sangha
Enabling activities				
Governance SO1 Governance reinforcement	**EA1.** National land-use planning	Support for rollout of national land-use planning to optimize land use	Will help reduce unplanned and planned DF and DG by optimizing land use and avoiding overlapping land use claims	National
	EA2. Local land-use planning	Planning land use in community development zones	Will help reduce unplanned DF and DG to direct establishment of agroforestry and intensified agricultural systems	Entire ERP area
	EA3. Community-level governance	Reinforce local governance and local development funds	Will help reduce unplanned DF and DG by enabling communities to harness carbon payments for local development initiatives	Entire ERP area
Enabling forest SO1 Governance reinforcement SO2 Sustainable forest management	**EA4.** Forest governance	Adoption of new forest code Improved governance of timber operations Supplemental investments: Support VPA/FLEGT	Will help reduce planned DF and DG	National
	EA5. Improve protected area management	Support management of protected area, creation of new protected area, implement ecological corridor Local multi-stakeholder anti-poaching strategy	Will help reduce unplanned DF and DG	Entire ERP area
Enabling agriculture SO3 Improvement of	**EA6.** Support for developing sustainable palm oil production	Inclusion of RSPO as priorities in national agricultural/oil palm strategy	Will help reduce unplanned and planned DF and DG	Western Sangha

National REDD+ Strategic Option	Activity	Description	Impact on ERs	Geographic Focus
agricultural systems	**EA7.** Support for developing sustainable cocoa production	NDP Cocoa Supplemental investments: Infrastructure investments (roads and port storage)	Will help reduce unplanned and planned DF and DG	Entire ERP area
	EA8. Support for sustainable subsistence farming value chain	NDP Agriculture Supplemental investments: Infrastructure investments (roads and port storage)	Will help reduce unplanned and planned DF and DG	Entire ERP area
Mining SO5 Development of a green mining sector	**EA9.** Reduced impact mining	Reduced deforestation through government requirements for permits and better governance Voluntary adoption of more sustainable practices by mining companies	Will help reduce planned DF and DG	Entire ERP area

Note: DF = deforestation; DG = degradation; OS = Strategic Option.

ANNEX 5: Republic of Congo Country Program Adjustment Responding to COVID-19

COUNTRY: Republic of Congo
Emissions Reductions Program in Sangha and Likouala

1. The first case of the COVID-19 epidemic in the Republic of Congo was registered on March 15, 2020. The country adopted rapid measures to respond to the severe health, economic, and social shock caused by the COVID-19 pandemic. After 45 days of total lockdown (from April 1 through May 16, 2020), the Government began lifting the restrictions. A curfew still applies in Brazzaville and Pointe-Noire (from 11 p.m. to 5 a.m.) but was lifted in the rest of the country, and the international borders were opened on August 24, 2020. The peak of the first wave of the pandemic was reached in July 2020. Cases started to decrease in July, but a second wave has been developing since November 2020. As of February 16, 2021, the Republic of Congo had a total of 8,625 confirmed cases (of which 1,362 were active, with Brazzaville and Pointe-Noire accounting for 93 percent of confirmed cases) and 127 deaths, corresponding to a 1.5-percent death rate.

2. The Republic of Congo, whose economy is heavily dependent on oil exports, is affected not only by the COVID-19 health crisis but also by the decline in global demand for oil and resulting drop in oil prices. Previous growth forecasts for the calendar year 2020 were revised downward with a sharp reduction in GDP growth rate to −8.6 percent. This contraction is driven by the underperformance of the oil sector and non-oil private sector companies and the adverse effects of COVID-19. According to the National Institute for Statistics, the national consumer price index increased by 1.8 percent (year on year) in November 2020. Inflationary pressures continue to be driven by rising transport prices (transport prices increased at an average rate of 5 percent since March 2020) and, to some extent, food prices. The increase in both transport prices and food prices observed in November 2020 disproportionately affects low-income households as they usually allocate a higher proportion of their income to these basic consumption items.

3. The economic impact of COVID-19 is likely to exacerbate the Republic of Congo's debt distress situation. The Debt Sustainability Assessment Update of June 2020 concludes that the Republic of Congo is still in debt distress, and external and domestic arrears have continued to accumulate. The present value of the external debt-to-GDP ratio could fall below the 30 percent sustainability threshold only after 2029. The Republic of Congo has been approved for the G-20 Debt Service Suspension Initiative (DSSI) with estimated savings of US$196 million in 2020.[60] These savings represent 12 percent of the total revenue of the revised year 2020 budget, or 47.6 percent of budget allocations to health. Resources freed up by the DSSI are expected to ease the financing of the national health plan, projected at US$39.6 million (CFAF 23 billion), and help the country build its resilience in facing the impacts of the COVID-19-related crisis.

4. The socioeconomic effects of COVID-19 on the living conditions of Congolese are substantial as households had difficulty accessing various services such as transport (55 percent), electricity (41

[60] All IDA-eligible countries subject to the Sustainable Development Finance Policy, including the Republic of Congo, should prepare Performance and Policy Actions anchored in country programs for the current fiscal year 2021. As of January 7, 2021, the Performance and Policy Actions of the Republic of Congo under IDA's Sustainable Development Finance Policy have been approved by IDA's senior management.

percent), telephone and internet (36 percent), and reimbursement of a loan (45 percent). In addition, three out of four households have experienced problems in paying their rent, 69 percent of households have experienced a decline in their ability to meet their food needs, and more than 15 percent of heads of households lost their job. Due to lockdown measures, access to health care has been compromised as 25 percent of households needing medical care were unable to access treatment, mainly due to lack of money (in 68 percent of cases) and to difficulties in finding available medical personnel (in 19 percent of cases).

World Bank Group Support for Responding to the Crisis

5. As in other countries, the World Bank Group crisis response in the Republic of Congo is to reposition from regular operations as planned in the Country Partnership Framework FY20–24 (Report No 126962-CG), which was presented to the Board of Executive Directors on December 10, 2019. The program is being adjusted to align with the four pillars of the World Bank Group COVID-19 Crisis Response Approach Paper: (a) Saving lives; (b) Protecting the poor and vulnerable; (c) Ensuring sustainable business growth and job creation; and (d) Strengthening policies, institutions, and investments for rebuilding better. The adjustments to the CPF program, according to these pillars, are presented in Table 5.1.

Table 5.1. World Bank Group COVID-19 Crisis Response in Republic of Congo

Pillar	Approach and Actions Taken by the World Bank Group in Congo, Rep.	Instruments
I. Saving lives	Immediate financial support to the COVID-19 health response: rehabilitate health facilities and procure critical medical equipment and supplies for prevention and case management as well as testing kits. Additional funding for COVID-19 vaccine purchases and vaccination implementation related expenditures, including support for all elements of vaccination implementation—cold chain, logistics, management, and vaccinator training and recruitment Grant resources to further finance COVID-19 response activities Strengthen national and regional cross-sectoral capacity for collaborative disease surveillance and epidemic preparedness (participating countries: Congo, Rep., Central African Republic, Chad, Angola, and Congo, Dem. Rep.)	**New stand-alone Multiphase Programmatic Approach (MPA) Investment Project Financing (IPF)**. Republic of Congo COVID-19 Emergency Response Project (P173851) (US$11.31 million) **Additional Financing to COVID-19 MPA**. for purchasing and distribution of vaccines- COVAX initiative (US$12 million), to be approved early 2021 **PEF grant through 3 United Nations (UN) agencies–**World Health Organization (WHO), United Nations Children's Fund (UNICEF), and United Nations Population Fund (UNFPA) (US$ 1.3 million) **Regional IPF.** Regional Disease Surveillance Systems Enhancement Project (REDISSE) Phase IV (P167817) (US$15 million)

Pillar	Approach and Actions Taken by the World Bank Group in Congo, Rep.	Instruments
II. Protecting the poor and vulnerable	**Social protection.** Compensate for the loss of income due to lockdown measures and assist the most vulnerable households (emergency cash-transfers of XAF 50,000 [US$91] for at least 200,000 households and expand the existing social safety net interventions to support households in restoring their livelihoods as the pandemic recedes). Partnership with United Nations High Commissioner for Refugees (UNHCR) to provide help to refugees. **Education.** Just-in-time advice for the Government strategy in the education sector and support for schools reopening at all levels in mid-October 2020 (including printing of school textbooks and booklets). **Urban development.** COVID-19 primarily affected the urban slums whose residents are the most at risk given the density/promiscuity and severe lack of access to basic urban services (water, sanitation, and so on). The Urban Development and Poor Neighborhood Upgrading Project includes an emergency component to address emergency issues (floods and COVID-19) that are affecting the poorest urban neighborhoods in Brazzaville and Pointe-Noire.	**New IPF with IDA18.** Republic of Congo Lisungi Emergency COVID-19 Response project (P174178) (US$50 million) **Ongoing IPF.** Lisungi Safety Nets System Project (P145263) (US$34 million) – including partnership with UNHCR **Ongoing IPFs.** Education Sector Support Project (P152910) (US$30 million) Skills Development for Employability Project (P128628) (US$10 million) **Ongoing IPF + Contingent Emergency Response Component (CERC).** Urban Development and Poor Neighborhood Upgrading Project (P146933). CERC to be activated in early 2021.

Pillar	Approach and Actions Taken by the World Bank Group in Congo, Rep.	Instruments
III. Ensuring sustainable business growth and job creation	**Agriculture.** Provision of matching grants/business plans for targeted beneficiaries/smallholder farmers (co-financing conditions have been revisited to facilitate access to grants). Emergency support for an immediate and effective response to the COVID-19 crisis in the agriculture and rural development sectors. **Private sector development.** Support micro, small, and medium enterprises in affected sectors with matching grants (co-financing conditions of business plans have been revisited to facilitate access to grants). Help improve enabling environment for business creation, and seize COVID-19 crisis as an opportunity to resume dialogue. Support to business high-frequency survey of around 500 formal enterprises across the country. The survey will assess the impact of COVID-19 on enterprises in the country and the mechanisms they use to cope with the shock.	**Ongoing IPF + CERC.** Commercial Agriculture Project (P159979) (US$100 million). CERC to be activated in early 2021. **Ongoing IPFs.** Support to Enterprise Development and Competitiveness Project (P161590) (US$25 million) Statistics Capacity Building Project (P133731) (US$29.28 million)
IV. Strengthening policies, institutions, and investments for rebuilding better	**Public financial management.** Revised Government 2020 budget reflecting expenditure on addressing the impacts of the pandemic-related crisis and incorporating fiscal measures in line with the International Monetary Fund (IMF) program. **DSSI.** Congo, Rep. has been accepted to the G-20 DSSI with estimated savings of US$196 million. These savings represent 12% of the total revenue of the revised budget, or 47.6% of budget allocations to health. **Data availability.** A high-frequency household survey has been launched in early September 2020. It aims to assess the impact of the pandemic on household living conditions. Various topics are covered in the survey such as knowledge of COVID-19 and government measures, education, health, employment, food security, and coping mechanism.	**New Development Policy Operation (DPO) in the pipeline for early FY22.** Congo Fiscal management, economic and social resilience DPF (P168337) (US$100–200 million) Just-in-time advice and support provided by World Bank to request DSSI for Congo, Rep. **Ongoing IPF.** Statistics Capacity Building Project (P133731) (US$29.28 million)

Selectivity, Complementarity, and Partnerships

6. As articulated in the CPF, the World Bank Group engagement in the Republic of Congo has adopted a fragility, conflict, and violence (FCV) lens in preparing larger and more impactful projects that

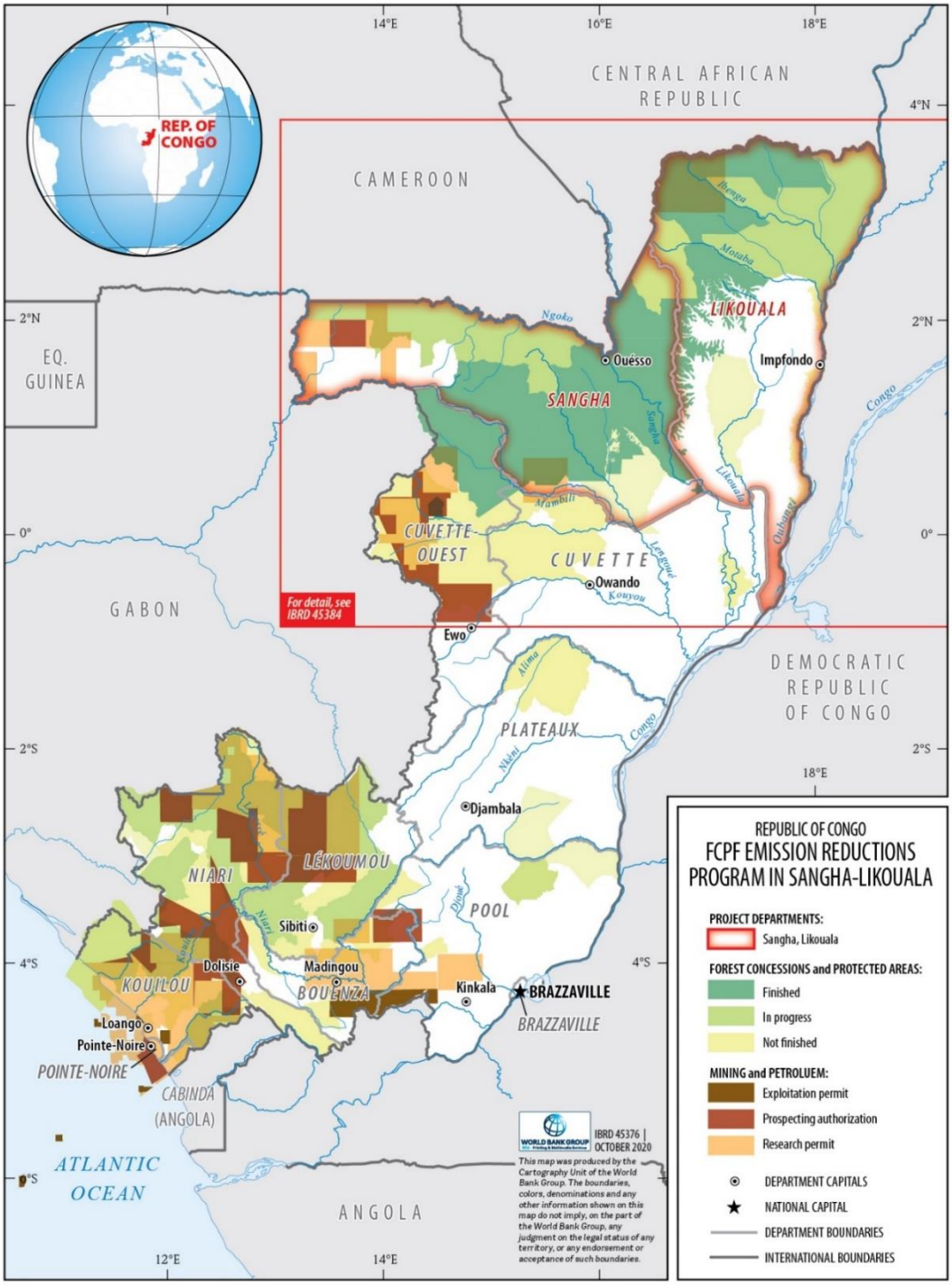
reflects complementarity of the portfolio. Preparedness to shocks is embedded in the portfolio by ensuring all new and current IPFs have a CERC, in addition to gender and climate co-benefits tags. All PIUs were provided with training on the new safeguards framework, and implementation of the new safeguards guidelines is ongoing.

7. Out of 13 existing IPFs in the Republic of Congo (active portfolio), 5 have a CERC, 2 of which should be activated to respond to the COVID-19 crisis and 1 should be activated to respond to floods in the north of the country. There is currently no Development Policy Financing (DPF) in the country portfolio, but the first budget support operation is envisaged for early FY22 if all the conditions are met (including a satisfactory macro-framework and good progress with the IMF program).

8. Given financing needs and specific FCV circumstances, and to maximize catalytic effects, the World Bank Group will step up and consolidate partnerships with several partners, notably UN agencies such as the WHO, UNICEF, UNDP, UNHCR, and UNFPA and bilateral donors such as the US and the EU.

ANNEX 6: Map of Area of Intervention

COUNTRY: Republic of Congo
Emissions Reductions Program in Sangha and Likouala



Source: World Bank 2021.