



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 12-Jul-2024 | Report No: PIDDC00738



BASIC INFORMATION

A. Basic Project Data

Project Beneficiary(ies) Cameroon, Cameroon, Cameroon, Central African Republic, Central African Republic, Central African Republic, Congo, Democratic Republic of, Congo, Democratic Republic of, Congo, Democratic Republic of, Congo, Republic of, Congo, Republic of, Gabon, Gabon	Operation ID P505923	Operation Name Sustainable Congo Basin Forest Economies	
Region Other	Estimated Appraisal Date 18-Feb-2025	Estimated Approval Date 12-Jun-2025	Practice Area (Lead) Environment, Natural Resources & the Blue Economy
Financing Instrument Investment Project Financing (IPF)	Borrower(s) Ministry of Economy	Implementing Agency Central Africa Economic and Monetary Union	

Proposed Development Objective(s)

To scale up sustainable forest landscapes management, forest value chains and livelihoods opportunities in Congo Basin Forest countries

PROJECT FINANCING DATA (US\$, Millions)

Maximizing Finance for Development

Is this an MFD-Enabling Project (MFD-EP)?	To be decided
Is this project Private Capital Enabling (PCE)?	Yes

SUMMARY

Total Operation Cost	1,070.20
Total Financing	1,070.00



of which IBRD/IDA	1,070.00
Financing Gap	0.20

DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	80.00
International Development Association (IDA)	990.00
IDA Credit	950.00
IDA Grant	40.00

Environmental and Social Risk Classification	Concept Review Decision
High	The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Regional Context

- Congo Basin Forests are indispensable to the economies and peoples of Central Africa and are also at the center of global attention for the climate benefits they provide to the world.** With an area bigger than that of Indonesia or Mexico (200 million hectares), they support the livelihoods of around 60 million people, including Indigenous Peoples and other communities from at least 150 different ethnic groups, and play an essential social and cultural role in their lives. They are the only tropical forests still serving as a global carbon sink, absorbing around 600 million tons of carbon annually (6 times more than the Amazon) and, are estimated to store approximately 60 Gt of carbon, equivalent to 30 years of the carbon emissions from the US economy. These forests are also vital for maintaining large freshwater ecosystems, and they are the source for “atmospheric rivers”, clouds formed by rainforest evapotranspiration that provide rainwater to the central and eastern Sahel.
- Despite this rich resource endowment, Congo Basin countries¹ struggle to reach their full economic potential.** Countries in CEMAC² have not been able to transform natural resource revenues into productive forms of capital, which are key components of economic growth. On average, resource revenues (hydrocarbons, minerals and timber) represent 46% of total revenues in these countries, highlighting the high exposure of the overall economy to volatile commodity markets³. Growth in the Economic and Monetary Community of Central Africa (CEMAC) region

¹ Moist Tropical forest area extending across parts of six countries: Cameroon, Central African Republic, Democratic Republic of Congo, Equatorial Guinea, Gabon, Republic of Congo.

² Economic and Monetary Community of Central Africa (includes Cameroon, Central African Republic, Chad, Equatorial Guinea, Gabon and Republic of Congo). Cameroon, Central African Republic, DRC, Gabon, Republic of Congo and Equatorial Guinea are part of ECCAS (Economic Community of Central African States).

³World Bank. CEMAC semi-annual Economic Barometer April 2024.



decelerated to 2.0% in 2023, down from 3.1% in 2022. An average regional growth rate of 2.3% is projected for 2024, which falls below the estimated average growth rate of 2.9% in Sub-Saharan Africa. Cameroon, which has a relatively higher level of economic diversification and lower dependence on hydrocarbons, emerged as the fastest-growing economy in the CEMAC region over the past three years, with an average GDP growth of 3.6% during 2021-2023.

3. **High levels of poverty are exacerbated by conflict and climate change, making these some of the most fragile countries in the world.** In 2023, approximately 31.1% of the region's population lived with less than US\$2.15 (2017 PPP) per day.⁴ Over 52 million people live in extreme poverty in Congo Basin countries, approximately 10% of the global population living in extreme poverty; and they are mainly in the rural (forested) areas⁵. Conflicts have led to the forced displacement of millions of people and worsening misuse of natural resources. Fragility and conflict dynamics are rooted in economic, governance and social factors including competition for control of natural resources. Despite not contributing to the climate crisis, this region is likely to be considerably impacted by climate change, with more erratic rainfall and higher temperatures, and these changes are likely to accelerate in the coming decades. For example, the Republic of Congo (RoC) Country Climate and Development Report (CCDR)⁶ predicts that agricultural crop yields will likely decrease by 5-15% by 2050, exerting significant pressure on a rapidly growing population where 36% of the population is already food insecure. Climate change will also act a conflict risk multiplier.
4. **Regional bodies that harmonize economic and forest management policies across Central Africa including the Congo Basin have a critical role to play in accelerating growth and enabling sustainable forest management.** The CEMAC leads the charge in implementing the “Master Plan for Industrialization and Economic Diversification for Central Africa”⁷, which includes forestry value chains. However, this goal cannot be achieved without the contribution of the **Central African Forest Commission (COMIFAC)**, a specialized technical body under the **Economic Community of Central African States (ECCAS)** that aims for regional coherence in conservation and sustainable forest management.
5. **Rapid, resilient and inclusive economic growth is an urgent priority for the region and Congo Basin Forests (CBF) can provide a sustainable pathway to realizing this goal.** Africa’s population is expected to rise to 2.5 billion by 2050 accompanied by a surge in urbanization. Higher demand for food and wood products⁸ could cause expansion of agriculture into the forest frontiers and increase the pressure on forests. However, with sustainable management⁹, countries in the Congo Basin can rely on their forests to not only drive economic growth and employment in the region and offer pathways out of poverty but also increase regional and global climate benefits. Restoration of degraded landscapes to grow timber, fuel and plantation crops, combined with increased value addition to forest products and services, can invigorate entrepreneurship and generate employment in rural and peri-urban areas.

Sectoral and Institutional Context

6. **The sub-region has a history of low deforestation rates compared to other tropical regions, but forest loss is on the rise¹⁰.** Artisanal forestry, mining, and subsistence agriculture are the main direct drivers of deforestation and degradation. Wood provides most of household energy in the region (80-90%), and fuelwood and charcoal production contribute to forest degradation. Although mining, commercial logging, and commercial agriculture have small

⁴ Equatorial Guinea is not included in this analysis due to lack of data.

⁵ Figure 1 data is taken from World Bank Poverty Briefs (October 2023), except Equatoguinean data which is taken from UNFPA (2022) estimates.

⁶ Link to CCDRs

⁷ CEMAC, 2022, “Plan Directeur d’Industrialisation et de Diversification Economique pour l’Afrique Centrale” (PDIDE)

⁸ Annual demand for industrial wood could increase four-fold to 300 million m³ by 2030. African Natural Resources Centre (ANRC). 2021. Wood processing and trade of wood products in Africa. African Development Bank. Abidjan, Côte d’Ivoire.

⁹ Studies indicate forest concessions with management plans, especially which are third party certified contribute to biodiversity and reduced deforestation. [Zwerts, J.A., et.al. Nature 2024.](#) & [Tritsch, J, et.al., Ecological Economics. September 2020.](#)

¹⁰ Regional Assessment 2022: Tracking progress towards forest goals in the Congo Basin



relative contributions to overall deforestation, the medium/long-term these activities create access to previously inaccessible forests and initiate human settlement that often leads to deforestation. Some larger logging companies have third-party sustainability certifications (Forest Stewardship Council (FSC)); however, unmanaged informal timber extraction needs to be addressed to reduce unsustainable harvesting of timber.

7. **Insecurity of land tenure and use rights, poor governance and weak institutions create the underlying conditions for unsustainable use of forests and conflicts.** Forest management regimes are based on state control of land and large spatial units allocated to commercial forestry concessions¹¹ or conservation areas. This arrangement often features overlapping and conflicting claims of communities' customary land rights. This issue is exacerbated by the lack of digital land registries. Logging companies' contribution to local community development (as mandated by the governments) is generally not monitored. Greater participation of local communities in forest governance is an aim of most national forestry legislation, but this has usually not yet been realized in practice¹². Women have limited land ownership or rights and are sometimes marginalized in decision-making on forests, despite their crucial role in community forests.
8. **Despite these challenges, the forest sector accounts for significant employment and export earning of Congo Basin countries but is still far below its potential.** It is one of the top export earners (e.g., second most valuable export for Gabon, RoC, Central African Republic (CAR) and the third for Cameroon after the cocoa and hydrocarbon sectors). Although the forest sector is the largest private sector employer with over 200,000 jobs, most jobs are in the informal sector. Informality drives low wages, poor working conditions, and increases unmanaged and unsustainable logging.
9. **Lack of value addition equals lost opportunities for economic growth.** These countries have less than 0.5% share in the Global Value Chain for wood and paper. National trade balances are positive for primary processed wood, but uniformly become negative when analyzing trade balances of secondary and tertiary processed wood where they had a negative trade balance of \$1.15 billion and \$785 million (Figure 3)¹³. The African Development Bank (AfDB) (2018) estimates that adding value by processing wood in these countries could generate margins between 350% to 1,000% and a multiple of 4-12 times more jobs.
10. **There are considerable challenges to private sector-led growth in the forest sector.** In addition to infrastructure shortcomings, bureaucratic challenges and shortages of skilled workforce result in limited participation in global and regional wood value chains. For example, it takes 37 days to process a shipping container in Congo Basin countries, compared to 14 days in North African countries¹⁴. CEMAC's log export ban has been implemented only by some member countries signaling that it may not be an appropriate response to the lack of value addition. Access to finance remains low in the region as credit to the private sector for all CEMAC member countries remains below 15 percent of GDP. MSMEs obtain less than 20 percent of all loans even though they represent about 98 percent of all businesses in the region. Access to finance for MSMEs is constrained by a multitude of exogenous and endogenous factors including underdeveloped bank and non-bank financial institutions, weak credit infrastructure, poor contract enforcement, informality, and lack of collateral. Though larger corporates in value chains are privileged in accessing short- and medium-term loans, they too face challenges to access long term finance for investment due to the maturity structure of deposits and illiquid capital markets in the region.

¹¹ eg. 80% of Southwest Massif in CAR and 65% of all Gabonese forests are allocated to forest concessions

¹² For example, the establishment of "community forests" are the basis for the most common form of participatory forestry. However, the exclusionary nature of the model as it is currently implemented prevents it from being applied in areas where there are overlapping rights and uses, including on land traditionally recognized as indigenous peoples and local communities within forestry or industrial agriculture concessions, mining areas or where there are oil and gas wells (Source: CIFOR-ICRAF (2022) *State of the Forests*).

¹³(i) Primary processed wood products are defined as: roundwood, sawnwood, veneer, plywood; (ii) secondary wood products: furniture, building woodwork, cane and bamboo; (iii) tertiary wood products: carton-board, household/sanitary papers, paper, newsprint.

¹⁴African Union Commission/OECD (2022), "Integrating value chains in Central Africa and the wood industry", in *Africa's Development Dynamics 2022: Regional Value Chains for a Sustainable Recovery*, African Union Commission, Addis Ababa/OECD Publishing, Paris.



11. **Conserving large tracts of primary forests for biodiversity and ecosystem services requires long-term finance and international cooperation.** Currently, the protected area network including transboundary areas that allow for the movements of wildlife across international borders, covers 800,000 km² (almost 19%) of the CBF area. Over 50% of these protected areas have been established since 2000, highlighting the commitment of Congo Basin countries to conservation. However, funding the management and maintenance of these extensive areas is challenging for national budgets. A new generation of innovative financial instruments, such as sustainability-linked loans, carbon credits and guarantees need to be developed to mobilize private capital for nature conservation.

Relationship to CPF

12. **The proposed Program is aligned with the objectives in the Country Partnership Frameworks (CPFs) and the Nationally Determined Contributions (NDCs) of all Program countries and builds on the experience of ongoing and past operations and provides a concrete path to operationalize the CCDRs¹⁵.** The program will benefit from the ongoing Regional Advisory Services and Analytics (ASA) on Leveraging Natural Capital Accounting and Climate Finance for the Congo Basin Forests and will build on the lessons from several ongoing and recent forest landscapes operations in the region as well as the regional Amazon Sustainable Landscapes program.

C. Proposed Development Objective(s)

To scale up sustainable forest landscapes management, forest value chains and livelihoods opportunities in Congo Basin Forest countries.

13. **The proposed PDO-level indicators are:**

- (i) Climate mitigation outcomes measured in million tons of CO₂ sequestered: 200million tons of CO₂;
- (ii) People with new or better jobs: in 5 years: 1,000,000; Total in 8 years: 3,000,000;
- (iii) Forest landscapes, including transboundary protected areas, under enhanced conservation and management (ha) in 5 years: 16 million; Total in 8 years: 31 million;
- (iv) Degraded forests restored/planted (ha) in 5 years: 3 million; Total in 8 years: 6 million; and
- (v) People with enhanced resilience to climate risks

D. Concept Description

21. The program will have 3 Pillars forming a cohesive framework to respond to the key sector challenges with a 'menu of options' for each Pillar.
22. **Pillar 1: Governance, Regulations and Finance** will focus on robust institutions, regulations, and sustainable financing, essential for effective forest landscape management.
23. **Pillar 2: Management of Forest Landscapes** will support investments in restoration and management of forest landscapes, community forest management, and protection of national and transboundary protected areas.
24. **Pillar 3: Value-added Products and Services** will support value addition for small and micro enterprises, small infrastructure and services, and a regional platform for learning and stakeholder engagement.
25. Countries will have flexibility to prioritize from the menu of options under each Pillar, depending on their national strategies and plans for the sector. The starting points and end targets will be **adjusted to country circumstances** for all pillars in country project documents.

¹⁵ CCDRs of Democratic Republic of Congo, Cameroon, Republic of Congo, Central African Republic



The World Bank

Sustainable Congo Basin Forest Economies(P505923)



Legal Operational Policies

	Triggered?	
	Last approved	Current
Projects on International Waterways OP 7.50	No	
Projects in Disputed Area OP 7.60	No	

Summary of Screening of Environmental and Social Risks and Impacts

This MPA is focused on the entire Congo Basin Forest (CBF) biome, and will cover 6 countries: Cameroon, Central African Republic, Republic of Congo, Democratic Republic of Congo, and Gabon. The biodiversity of this biome is unique and critical, and while it comprises primarily humid tropical rainforest, it also contains a diversity of 64 different ecosystem types including tropical peatlands, mangroves, and dry forests. About 30% of the species are endemic, like the Bonobo, Okapi, and Mandrill. The CBF biome is also vital for maintaining large freshwater ecosystems, including the Congo, Kasai, Ubangi and Ogooué. Although this biome serves as one of the largest global carbon sink, it is also highly vulnerable to climate change with significant risks to its natural, physical, and human capital. although the CBF has a comparatively low rate of deforestation than other tropical regions, it still witnessed the loss of 2.2 million hectares of forest and the degradation of 1.5 million hectares between 2012-2020. The biome supports forest-dependent Indigenous Peoples and other communities from at least 150 different ethnic groups (including around 1 million pastoralist Ba’Aka and Mbororo peoples) and plays an essential social and cultural role in their lives. Another 40 million from urban and peri-urban centers of the region are dependent on this rich resource. The Region is characterized by high levels of extreme poverty, which is particularly focused in the rural (and forest) areas, with countries having wide differences. Some of the countries are classified as FCV, with significant risk of conflict and fragility. The MPA recognizes that with sustainable management, the CBF biome can drive economic growth and employment in the region and increase income and climate resilience of rural populations.

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APPROVAL

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