



**The World Bank**

Support to the effectiveness and operationalization of the Emission Reductions Payment Agreement under the  
Mai-Ndombe ER Programme

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# Project Information Document/ Identification/Concept Stage (PID)

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Concept Stage | Date Prepared/Updated: 11-Jun-2019 | Report No: PIDC188877

## BASIC INFORMATION

### A. Basic Project Data

Project ID	Parent Project ID (if any)	Environmental and Social Risk Classification	Project Name
P170835		Moderate	Support to the effectiveness and operationalization of the Emission Reductions Payment Agreement under the Mai-Ndombe ER Programme
Region	Country	Date PID Prepared	Estimated Date of Approval
AFRICA	Congo, Democratic Republic of	11-Jun-2019	
Financing Instrument	Borrower(s)	Implementing Agency	
Investment Project Financing	Ministry of Environment and Sustainable Development (MESD)	Coordination Unit of the Forest Investment Program (CU-FIP)	

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## PROJECT FINANCING DATA (US\$, Millions)

### SUMMARY

<b>Total Project Cost</b>	5.00
<b>Total Financing</b>	5.00
<b>Financing Gap</b>	0.00

### DETAILS

#### Non-World Bank Group Financing

Trust Funds	5.00
3A Africa REDD+ Program	5.00

### B. Introduction and Context

#### Country Context

The Mai-Ndombe Emission Reductions (ER) Program covers an area of 12.3 million hectares, including 9.8 million hectares of forest. It is the first jurisdictional REDD+ program for results-based payments on a large

scale in DRC and the Congo Basin and among the first in Africa and worldwide. The project is a major building block to provide the necessary investments for community-based activities in the Mai Ndombe District to pilot a performance-based payment system under the ER program. Its goal is to develop a provincial-level model for forest-smart development that provides alternatives to slash-and-burn agriculture while simultaneously reducing emissions from avoided deforestation, mitigating climate change, reducing poverty and securing local livelihoods, enhancing the governance of natural resources and protecting biodiversity.

The World Bank and the government signed an Emission Reductions Payment Agreement (ERPA), for a value of \$55 million, in September 2018, based on a net emission reductions target of 29 MtCO<sub>2</sub>e over 2018-2022, and with the following six conditions of effectiveness to be met within 12 months:

1. Submission of a Letter of Approval;
2. Submission of a final Benefit Sharing Plan (BSP) which, based on the advance draft version of the BSP, takes into account specific guidance to be provided by the Trustee, following consultations with the respective Participants, on the outstanding issues that need further clarification in the final version of the Benefit Sharing Plan;
3. Action Plan which describes further steps and timelines to adopt a final Reversal Management Mechanism;
4. Submission of the final terms of reference for the selection of an ER Program Management Unit tasked to manage the ER Program on behalf of the Seller;
5. Action Plan which describes further steps and timelines for the Seller to demonstrate its ability to transfer Title to ERs, free of any interest, Encumbrance or claim of a Third Party, prior to any ER Transfer; and
6. Provide evidence which demonstrates that the Seller has secured funding of USD 2,200,000 (through the Central African Forest Initiative (“CAFI”) or other sources of funding) to operationalize and improve the components and subcomponents listed in the guidance applying to the Readiness Package Assessment Framework (as specified in Annex I of FMT Note 2013-1 rev) required for ER Program implementation.

#### Sectoral and Institutional Context

Under the ER- Program DRC's transition from the preparation phase to the investment phase is achieved. Since then, DRC started its process of preparation of the Purchase Agreement of the Reductions of Emissions (ERPA), concentrated at a jurisdictional level in Mai Ndombé and whose terms are defined by the Methodological Framework of the Carbon Fund. The Main challenges to ERPA operationalization include:

- Lifting all 6 conditions of effectiveness listed above. One main task will be the finalization of the benefit-sharing plan, which will not only set out the principles for distributing payments among beneficiaries but also the technical and institutional modalities for such distribution. Significant ground work and extensive consultations – including with local communities and indigenous peoples and the private sector – are required.



- Operationalizing the national REDD+ tools, including the national REDD+ registry and its transactional module, REDD+ socio-economic standards and safeguards, the Feedback and Grievance Redress Mechanism (FGRM), National Forest Surveillance System, etc.
- Revising the REDD+ Homologation Decree to ensure effective on-boarding of REDD+ investments and strong alignment with the benefit-sharing plan.
- Strengthening capacities at the national and provincial levels to ensure strong and sustained engagement of all relevant stakeholders in addressing the above challenges.
- Establishing a continuous improvement process to support the evolution of the national REDD+ infrastructure – as needed.

#### Relationship to CPF

The proposed project is in line with the World Bank’s FY2013-FY2016 Country Assistance Strategy (a Country Partnership Framework, to replace the CAS, is currently under preparation) for the DRC, which focuses on four strategic objectives: (i) increase the effectiveness of the state at the center and at decentralized levels and improve good governance while strengthening the development impact of World Bank operations; (ii) boost the competitiveness of the economy by accelerating private-sector-led growth that will create jobs; (iii) improve social service delivery to raise human development indicators; and (iv) address the development deficits contributing to fragility and conflicts in DRC’s Eastern provinces – with gender and climate change as cross-cutting themes throughout. The proposed project responds to Objective 1 by empowering the Mai Ndombe Province as the ER Program owner; Objective 2 by contributing to private-sector-led growth and job creation; and Objective 3 by improving community livelihoods.

### **C. Project Development Objective(s)**

#### Proposed Development Objective(s)

The development objective of the proposed project is to: (i) meet ERPA effectiveness in a timely manner; (ii) kick start operationalization; and (ii) establish a continuous improvement process to support the sound implementation of ERPA terms over the ERPA period at the jurisdictional level.

#### Key Results

- ERPA effective in a timely manner;
- ERPA payments made to the final beneficiaries in a timely and sound manner

### **D. Preliminary Description**

#### Activities/Components

Activities to be supported and estimated budget are presented hereafter:

##### 1- Conditions of Effectiveness of the ERPA (\$1.2 million):

- Finalization of the BSP, including support to the work and operations of the established BSP Working Group overseeing the BSP finalization process, preparation of technical analysis underpinning benefits distribution (e.g. determination of sub-reference levels for territories, projects etc.), support to engagement and consultations with local communities and indigenous populations including in the field.
- Definition and establishment of the Reversal Management Mechanism (procedures, legal and institutional framework).
- Legal study and engagement on issues related to transfer of title to ERs at different levels including Program entity, sub-project proponents, international buyers and investors.
- Technical work and engagement on other conditions.

##### 2- National REDD+ tools and provincial level application (\$1.65 million):

Enhancement and operationalization of REDD+ national tools and application at the provincial level including:

- Hosting and administration of the National REDD+ registry and upgrading with a transactional module.
- Operationalizing national REDD+ socio-economic standards and safeguards for the ER-Program.
- Setting up the Feedback and Grievance Redress Mechanism (FGRM) with related communication channels and tools.
- Support to the National Forest Surveillance System and other monitoring, notification and verification (MNV) components.

##### 3- REDD+ Homologation Decree and operations manual (\$0.50 million):

- Support to the operations of the Working Group on Homologation Decree revision.
- Expert support on specific legal issues and development of implementing, cross-cutting legislation.
- Development of a fully-fledged operations manual including modalities and procedures for implementation, validation, registration and verification of REDD+ investments, ER transactions and oversight framework, reporting etc.

##### 4- Capacity Building and Stakeholder Engagement (\$0.40 million)

- Institutional support for central and provincial authorities on REDD+ tools and frameworks.
- Engagement and communication with beneficiaries and investors on ER-Program features and launch.

##### 5- Continuous improvement process (\$0.75 million):

Fora and workshops for collective stock taking and return on experience on the application of the REDD+ processes and tools and required improvements (including for FGRM, REDD+ social and environmental standards, the legal framework, etc.)

##### 6- Project management (\$0.50 million):

The FIP Coordination Unit (UC-PIF) would be responsible for the day-to-day operational and financial

management of the project, under the supervision of the Steering Committee (SC) consisting of FONAREDD, CN-REDD, civil society and private sector. SC would provide overall guidance and oversight for the project including the approval and control of project work plans, annual budgets, inter alia.

## Environmental and Social Standards Relevance

### E. Relevant Standards

ESS Standards		Relevance
ESS 1	Assessment and Management of Environmental and Social Risks and Impacts	Relevant
ESS 10	Stakeholder Engagement and Information Disclosure	Relevant
ESS 2	Labor and Working Conditions	Relevant
ESS 3	Resource Efficiency and Pollution Prevention and Management	Not Currently Relevant
ESS 4	Community Health and Safety	Relevant
ESS 5	Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Relevant
ESS 6	Biodiversity Conservation and Sustainable Management of Living Natural Resources	Relevant
ESS 7	Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Relevant
ESS 8	Cultural Heritage	Relevant
ESS 9	Financial Intermediaries	Not Currently Relevant

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## Legal Operational Policies

Safeguard Policies	Triggered	Explanation (Optional)
Projects on International Waterways OP 7.50	No	The Grant will not finance activities related to International waterways
Projects in Disputed Areas OP 7.60	No	The Grant will not involve disputed areas

### Summary of Screening of Environmental and Social Risks and Impacts

Environmental and social risks and impacts related to the implementation of this Grant have been screened, and are expected to be negligible. Any risk or impacts related to TA outputs that may arise under ESS3, ESS4, ESS8 will be managed under the implementation of the Mai-Ndombe ER Program (P160320). The project will also develop and implement a strong and clear SEP to ensure adequate communications with stakeholder groups, and implement the existing GRM.

## CONTACT POINT

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### Borrower/Client/Recipient

Borrower :	Ministry of Environment and Sustainable Development (MESD)		
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### Implementing Agencies

Implementing Agency :	Coordination Unit of the Forest Investment Program (CU-FIP)		
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