

**Progress Report to the Board of Executive Directors  
On the Implementation of the Management’s Action Plan  
In Response to the Democratic Republic of Congo Inspection Panel  
Investigation Report on Transitional Support for Economic Recovery  
Project and the Emergency Social and Economic Reunification Project**

March 11, 2009

**Summary:**

- (i) On August 31 2007, the Inspection Panel distributed its Investigation Report No. R2006-0001/2 to the Board which addressed compliance with Bank policies with respect to specific forestry sector activities in two Bank-financed projects in DRC. On November 19, 2007 Management submitted its Report and Recommendations in response to the Inspection panel’s Investigation Report. Chapter V of the Management Report contained an Action Plan proposed to follow up on the Panel’s findings.
- (ii) On January 9, 2008, the Board discussed the Inspection Panel Investigation Report and Management’s Report, endorsed the Action Plan proposed by management and asked that Management report back on the progress with implementation of this Action Plan after one year.
- (iii) The present report is aimed at providing information to the Board regarding the progress in implementing the Action Plan proposed by Management. The Action Plan is first presented in matrix form, and then an explanation is provided of progress under the four main action areas.
- (iv) ***Agreed actions are grouped around four major themes:*** (i) improving and scaling up work in the region on safeguards and sound environmental and social design and implementation of the portfolio; (ii) scaling up the work on indigenous peoples in DRC (Democratic Republic of Congo) and ensuring that the relevant safeguards are appropriately triggered; (iii) supporting the forest policy reform agenda in DRC, and scaling up the forestry work; and (iv) improving outreach and communications.
- (v) ***Regarding safeguards,*** the work has been scaled up and given higher profile. The Region is moving towards the “triple bottom line” of economic, social and environmental sustainability. Progress has been made and further progress is planned through decentralization of staff in charge of safeguards, safeguard training for Task Team Leaders, country environment and social clinics and the use of lending to strengthen countries’ environmental and social management capacity.
- (vi) ***Regarding indigenous peoples in DRC,*** work has started, with the government, development partners and key stakeholders, on a “Pygmy Development Strategy”. Its aims are to analyze factors which threaten the cultural identity of Pygmy populations and contribute to their impoverishment, and develop a set of proposed actions to mitigate them. The study would seek to provide an informed basis on which a national and longer-term strategy would be developed by the Government in 2010. The Indigenous Peoples and Cultural Property safeguards have been triggered as appropriate in the portfolio and plans prepared; where implementation has been

constrained this has been, as with other aspects of the portfolio, because of security issues and the practical difficulties of working in remote areas.

- (vii) ***Regarding forestry***, government has continued to pursue a courageous reform agenda, moving towards a more modern approach to forest management supporting a mosaic of different uses. It has completed a legal review of concessions which has resulted in a dramatic reduction in the area of forest under concession management, from 43.5 million ha in 2002 to 9.7 million ha in 2008. Other reforms include the following: support for community based forest management; respecting the rights of traditional users; developing innovative ecosystem services models; and ensuring community participation and consultation in all decision making processes related to forest management. Development partners have remained engaged, and the Bank is scaling up its support, focusing on capacity building, community forest management and conservation, with an assistance package of US\$ 77 million planned for Board Approval in FY 09. It must be recognized however that building capacity to realize these reforms on the ground is a long term endeavor.
- (viii) ***Regarding outreach and communications***, the Bank has scaled up its work both outside and especially inside DRC. Four meetings were held with Indigenous groups to discuss the IP Action Plan; five radio interviews, a 45 minute television broadcast, three forest mission debriefings with Indigenous representatives as well as various briefings and interviews with journalists were organized in 2008. In addition, 15 sessions were held to discuss the design of the upcoming Bank-assisted forest and nature conservation project with local people from the project area. 215 representatives of Pygmy populations participated in these meetings between April and December 2008.
- (ix) Work is in progress and well embedded in the Country Program. The following pages provide details.



FORESTS	<p>Stay engaged in the DRC forest sector. Continue to monitor the Legal Review and the moratorium and assist the Government to help ensure compliance with the 2005 Presidential Decree; continue to mobilize attention of the highest level of government, and ensure that forest governance benchmarks feature in possible future policy lending or similar instruments (AFTEN/AFCC2). In particular, the Bank will:</p> <ul style="list-style-type: none"> <li>▪ Continue to provide advice on the Legal Review and follow-on steps</li> <li>▪ Continue to support and monitor progress on five TSERO indicators</li> <li>▪ Agree with Government on key benchmarks and policy instrument</li> </ul> <p>Ensure that capacity-building, participatory zoning, customary rights, critical natural habitats, and law enforcement, and independent monitoring feature in forthcoming forest-related operations. Include provisions to help provide equal opportunities to Indigenous Peoples. (AFTEN). In particular:</p> <ul style="list-style-type: none"> <li>▪ Include in FY08-10 CAS a forest sector project</li> <li>▪ Launch GEF Grant for national parks</li> <li>▪ Launch Multi-Donor Trust Fund for Forest Governance</li> </ul> <p>Continue to foster high-level public debate on alternative uses and innovative models, and to stimulate Government's commitment and donors' interest. In particular:</p> <ul style="list-style-type: none"> <li>▪ Help organize a Chatham House Meeting on innovative uses</li> <li>▪ Help the DRC access the new Forest Carbon Partnership Facility (FCPF)</li> <li>▪ Help pilot conservation concessions in DRC.</li> </ul>	<p>Ongoing 2008</p> <p>CAS approval September 2008 September 2008</p> <p>December 2007</p>	<p><u>Legal Review</u> completed and follow up provided</p> <p><u>TSERO indicators</u> monitored successfully</p> <p><u>Key benchmarks</u> and policy instruments agreed</p> <p><u>Forest Operation</u> included in CAS <u>GEF grant for national parks</u> negotiated in December 2008. <u>Multidonor Trust Fund</u> signed <u>Chatham House events</u> held in London, December 2007 and Kinshasa, June 2008) <u>DRC accessed FCPF</u> in July 2008 <u>Support for conservation concessions included in IDA-GEF Forest and Nature Conservation project.</u></p>
OUTREACH	<p>Continue to implement the Congo/Forest communication strategy, with media, civil society and donors, in-country and internationally. Mainstream forests in Bank's core communication and high-level events (AFREX/AFTEN). In particular:</p> <ul style="list-style-type: none"> <li>▪ Disseminate the multi-author 'Forests in Post-Conflict DRC'</li> <li>▪ Implement a strengthened outreach strategy, and update annually</li> <li>▪ Conduct targeted meetings with Pygmy communities and their representatives to discuss forest issues.</li> </ul>	<p>Ongoing 2008</p> <p>Ongoing 2007</p>	<p><u>Dissemination and more outreach work completed in 2008</u>: Four meetings to discuss the action plan and 15 sessions to discuss the new Bank-assisted forest and nature conservation program held with Pygmy representatives. Material disseminated local languages; several radio, television and press media events organized Facilitated participation of Pygmy groups in the Legal Review.</p>

## **Progress Report on the Management Action Plan**

### **Section 1: Safeguards.**

- Continue to strengthen safeguards quality control across the AFR portfolio to ensure that: (i) projects are properly classified and relevant Operational Policies are triggered; (ii) EAs and other safeguard instruments are prepared on time, including for emergency operations; and (iii) implementation of safeguard instruments is adequately monitored;
- In particular, ensure Task Team Leaders are adequately trained in safeguards;
- Review the AFR portfolio.

#### ***Strengthening safeguard work***

1.1. A QAG review of the quality of environmental and social aspects of the portfolio was conducted, covering the period 2005 to December 2007. It concluded that overall the quality of the Africa Region's safeguards work during preparation is comparable with other regions. Projects are appropriately classified. However, the costs of environmental and social management and mitigation plans were not always adequately integrated into detailed project design. Furthermore, there were weaknesses in supervision and monitoring during this period. Supervision missions were not adequately staffed and environmental and social issues have frequently not been adequately addressed. It thus confirmed that there is a need to strengthen the attention and resources that are given to the safeguard oversight function in Africa, especially during project implementation.

1.2. In 2008, the region conducted a desk review of twenty-seven emergency operations under implementation and found particular difficulties in ensuring adequate safeguard supervision during implementation.

1.3. The region has undertaken a number of significant measures to address these issues.

#### ***Monitoring safeguards work***

1.4. The region has established a systematic management review process for projects which are classified as corporate risk for environmental and social issues. The most experienced social and environment staff have been assigned to these projects. Meetings are held quarterly to discuss progress with action plans for addressing social and environmental risks, and the Regional vice-President herself chairs every alternate meeting. Country-specific portfolio reviews have also been undertaken (in Cote-d'Ivoire, South Sudan, Ghana and Uganda) and others are planned for DRC and Tanzania. A concept note laying out the key aspects of the DRC portfolio safeguard review has been prepared. The review is expected to take place in the last quarter of FY09 and involve Congolese officials and others who have been dealing with environmental and social management issues in World Bank-supported projects and senior World Bank safeguards staff.

### *Strengthening environmental and social assessment*

1.5. The Africa Region has scaled up and decentralized its safeguards staff since the Inspection Panel case started, and in particular over the last 12 months. Recognizing the importance of environmental and social assessment and safeguards work, the Region has created two lead positions, for a lead environment and lead social safeguard specialist respectively. Both positions are filled. An environmental assessment specialist and a social safeguards specialist have been appointed to the Kinshasa country office, with particular responsibility for safeguards oversight in DRC; the environment specialist relocated to Kinshasa in September 2008 and the social safeguards specialist is scheduled to move to Kinshasa in April 2009.

1.6. Over the last 12 months the number of country offices with staff spending a substantial portion of their time on environmental safeguards has increased from three to nine (Abidjan, Abuja, Yaoundé, Kinshasa, Lilongwe, Pretoria, Tananarive, Dar Es.Salaam and Kampala). Three additional social safeguards staff have been recruited and, in line with the Region's overall decentralization strategy, during FY 09 internationally recruited social safeguards staff will be based in Abidjan, Addis Ababa, Dar Es Salaam, and Kinshasa. Staff have been given more specific country assignments in recognition of the importance of the institutional and cultural context of specific countries. Further decentralizations are planned over the coming year.

1.7. Safeguards training for Task Team Leaders (TTLs) continues to be regularly offered. Safeguards training targeted at managers and sector leaders was offered in February 2008.

1.8. Recognizing that country capacity is equally important to ensuring adequate environmental and social assessment and safeguard oversight, country environment and social clinics are taking place, where project authorities work with Bank staff in problem-solving and sharing lessons on portfolio oversight. Based on the positive experience of such exercises in Mozambique, Ghana, Nigeria, Mali, Kenya, Ethiopia and Senegal, special safeguard training sessions with Senior World Bank specialists will be held in Kinshasa in March 2009 as part of the of the County Portfolio Performance Review.

1.9. Some support is being provided in strengthening country environmental and social management capacity through lending (e.g. in Uganda, Cameroon, Ghana and Madagascar). The Region will do more, however, to build country capacity in this area as part of its broader programs to strengthen public sector management and manage the risks associated with investments across all sectors. Environmental and social staff are increasingly involved early in project preparation, so that project design incorporates sound environmental and social measures. More still needs to be done to mainstream "good" environment and social design elements into projects (the "triple bottom line"), rather than simply to "mitigating harm" (addressing safeguards), but there is solid progress.

## Section 2: Indigenous Peoples

- Integrate Indigenous Peoples as a cross-cutting theme across the Bank’s activities in DRC (AFTCS/AFCC2). In particular, the Bank will:
- Analyze the current situation of vulnerable groups in DRC, including Pygmies, and draw and disseminate lessons from ongoing efforts to reach and support them with: (i) the Social Fund in terms of access to education, health and rural infrastructure; (ii) the Indigenous Peoples Plan of the Emergency Recovery Project; and (iii) the dialogue with Indigenous Peoples in the context of the forest reform agenda;
- Ensure upcoming Road, Agriculture and Forest Projects will include capacity building components to strengthen social safeguards and implement Indigenous Peoples Frameworks;
- Dialogue with Government on ways to address the special needs of Indigenous Peoples groups in the framework of the PRSP;
- Based on the above actions, discuss and agree with Government and other donors on measures to further strengthen development of Indigenous Peoples in DRC.

### *Economic and Sector Work on DRC Pygmy populations*

2.1. In order to support the Government in addressing development issues confronting Indigenous communities from a more comprehensive perspective, the Bank has initiated formal Economic and Sector Work (ESW), namely a “Pygmy Development Strategy” to be completed in early FY10. The aims of the study are to identify and analyze factors which directly and indirectly threaten the cultural identity of Pygmy populations and contribute to their impoverishment and marginalization, and to propose a set of actions to mitigate them. The study will seek to provide an informed basis on which a national and longer-term strategy would be developed by the Government. The study will analyze the experience and draw lessons from ongoing projects and IPDPs (Indigenous Peoples’ Development Plans) to reach and support the development of Pygmy communities.

2.2. More specifically, the study aims to:

- Identify and propose supportive measures to the Government, the Bank and other donors, including specific institutional arrangements, policies and capacity building for local Pygmy-led organizations and for government agencies working with Pygmy populations. The data and information collected, as well as the policy and institutional recommendations, could form the basis for a National Development Program for the Pygmies which would need to be developed and validated by the Government with donor-support; and
- Provide a reference document and baseline to be used, as needed, by Bank and donor-funded projects to prepare and monitor documented and well-informed IPDPs, thus avoiding a fragmented and, often, uncoordinated project-by-project approach; to support Pygmy development.

2.3. The dialogue with Government, as well as other stakeholders, on ways to address the special needs of Pygmy communities is taking place in the context of the ongoing ESW. An initial participatory consultation and information-sharing workshop was held on June 27-28, 2008 in Kinshasa, with the participation of Pygmy-led NGOs, government officials, donors and international observers. On the basis of this initial consultation and discussion, a preliminary set of issues was identified:

- Citizenship and registration;
- Access to health services, education, potable water and sanitation;
- Access to land, agriculture and livestock;
- Environmental protection and forest zoning;
- Pygmy leadership capacity;
- Improvement of housing and quality of life; and
- Sensitization of the public authorities (nationally, regionally and locally) to Pygmy-related issues.

2.4. In DRC, an estimated 450,000 to 600,000 Pygmies live in 9 provinces (out of 11), with considerable variation by province, thus requiring approaches which are appropriately targeted and take into account differences by province. To this end, the study aims to capture key differences and priorities through an additional data collection effort in the 9 provinces with Pygmy populations. The data collection, currently underway, is being carried out in a participatory manner by qualified Pygmy NGOs and NGOs working with Pygmy communities. Before completion, the ESW will be discussed and incorporate feedback from a national validation workshop to be held in Kinshasa in FY09. Participants will include Pygmy representatives, NGOs, donors, government officials and independent observers. Discussion and validation of the ESW will provide a framework to seek agreement with Government and other donors on an overall strategy and specific measures to strengthen development of Indigenous Peoples in DRC.

#### ***Improved portfolio management***

2.5. The World Bank has triggered the safeguard policy on Indigenous Peoples (OP/BP 4.10)<sup>1</sup> when implementing development activities in areas where Pygmy populations are present. In such cases, Indigenous Peoples' Development Plans (IPDPs) or frameworks have been prepared as appropriate. Since 2004, Bank staff have regularly met with Pygmy groups and representatives.

2.6. To date, six major projects have triggered OP/BP 4.10 for which mitigation measures have been identified and prepared. These projects are: ESAP (Emergency Social Action Project); PUSPRES (Emergency Economic and Social reunification project), PUAACV (Emergency Living Conditions Improvement project), ESAP (Emergency Social Action Project), PROROUTES, FNCP (Forest and Nature Conservation Project) and ARCSP (Agricultural Rehabilitation and Recovery Support Project). ESAP, PUSPRES and PUAACV are under implementation, PROROUTES has been launched in December 2008, and the FNCP and ARCSP are under preparation.

2.7. ESAP (Emergency Social Action Project). This US\$60 million project was approved in August 2004 with the objective to improve access of the poor to social and economic services and increase the availability and management of development resources at the community level. The project uses an Environmental and Social Management Framework to screen community micro-projects and an Indigenous Peoples Development Plan, including a program for ensuring the Pygmy populations benefit from project activities. The project's strategy to support Pygmy communities consists of: a) a series of outreach activities to inform pygmy communities about the project and help develop proposals for micro projects that would benefit them; and b) promote the

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<sup>1</sup> The Indigenous Peoples OP provides guidelines on Indigenous Peoples as a distinct, vulnerable, social and cultural group possessing certain characteristics in varying degrees. The Bank provides project financing only where free, prior, and informed consultation results in broad community support to the project by the affected Indigenous Peoples.

inclusion of pygmy communities as beneficiaries of activities such as schools and clinics proposed by non-pygmy communities in the same area.

2.8. PUSPRES (Emergency Economic and Social Reunification Project) and PUAACV (Emergency Living Conditions Improvement Project): These two projects, totaling US\$296 million are taking steps to strengthen mitigation measures related to indigenous peoples.

2.9. PUSPRES, approved in 2003, was one of the projects subject to the Inspection Panel and included balance of payments support, and support for institutional strengthening, infrastructure rehabilitation, urban rehabilitation and community empowerment. An Action Plan has been prepared by the implementing agency UCOP (Unite de Coordination de Projet) with support from the World Bank. The Action Plan is structured around five main components: (i) citizenship; (ii) income enhancement; (iii) education; (iv) health and other basic social services; and (v) sensitization campaigns. At the request of Pygmy groups and NGOs working with Pygmy communities, the rehabilitation of an additional road (Niania-PK68-Isiro) was added to the Action Plan, and US\$930,000 was allocated to finance implementation following project restructuring.

2.10. The implementation of the Action Plan was initially delayed due implementation difficulties and the withdrawal of the local NGO which was expected to facilitate the entire action plan. Since then, responsibility for implementation has been divided among three different local NGOs that were consequently recruited. These NGOs are respectively in charge for: i) improving the citizenship status and living conditions of Pygmy's communities; ii) supervising and monitoring the Niania-PK68-Isiro road works; and iii) facilitating health and education activities, access to other basic services, housing, agriculture and income generation. Implementation of the Action has started and is being monitored monthly by the UCOP.

2.11. PUAACV, approved in 2005 with an IDA grant of US\$ 82 million, aims to improve living conditions in key urban centers and two isolated areas, and to improve transport links. The project includes a Pygmy Action plan, prepared in consultation with local groups, to address the concerns of indigenous peoples related to the project.

2.12. High Priority Roads Reopening and Maintenance Project (PROROUTES): This is a US\$123.0 million project financed by DFID (US\$73 million) and IDA (US\$50 approved in May 2008). Its objective is to re-establish lasting access between provincial capitals, districts and territories in three provinces in a way that is sustainable for people and the natural environment in the project's areas. OPs on environmental assessment, critical natural habitats, Indigenous Peoples, physical cultural resources, involuntary resettlement, and forestry (4.01, 4.04, 4.10, 4.11, 4.12, and 4.36) were triggered. An ESMF (environmental and social management framework), RPF (resettlement process framework) and the IPDF (Indigenous Peoples Development Framework) were disclosed in September 2007 in six locations in DRC and the ESIA for one of the itineraries to be reopened was disclosed in February 2008. An independent NGO will assist the Bank with project implementation and make public the results of its reports. The project includes an environmental and social program (US\$18.7 million) whose objective is to support participatory land use planning and local livelihoods initiatives in the vicinity of the roads to be rehabilitated, as well as improved protected areas management. It includes specific measures to support pygmy groups and an HIV/AIDS prevention campaign. The recruitment of the consulting firm, to be assisted by NGOs, in charge of the environmental and social program is underway.

2.13. FNCP (Forest and Nature Conservation Project): The project is under preparation and includes an IDA grant of US\$64 million and a GEF grant of US\$6 million. Its objectives are to

increase the capacity of the Ministry of Environment, Conservation and Tourism and collaboration among government institutions, civil society and other stakeholders in order to manage forests sustainably and equitably for multiple uses in selected pilot areas of DRC. The operation has triggered OPs 4.01, 4.04, 4.10, 4.11, 4.12, and 4.36, and includes preparation of process framework documents covering all these OPs. Disclosure of the social environmental safeguard documentation started in Kisangani on November 10, 2008 and continued until January 6, 2009 covering Kinshasa and 16 additional locations throughout DRC. Summaries of the documentation in Lingala, Swahili, Tshiluba and Kikongo, as well as in French and English were presented and distributed to local and Indigenous populations. National and local radio stations were also used for enhanced outreach. Project design includes support for local livelihoods initiatives and participatory forest management and conservation. A GEF-supported National Parks project (US\$7million) that supports rehabilitation of three national parks has been negotiated and includes similar policies and measures.

2.14. ARCS (Agricultural Rehabilitation and Recovery Support Project). This FY10.US\$120 million IDA grant is to increase agricultural productivity and help small farmers to improve processing and marketing of crops, fish and animal products in selected areas. OP/BPs 4.01; 4.10; 4.12; and OP 4.09 (pest management), have been triggered including the preparation of process framework documents covering all these OPs. Three reports (Environmental and Social Impact Management Framework; Pesticide Management Plan; Involuntary Resettlement Policy Framework) have already been prepared. An Indigenous Peoples Action Plan is currently being completed. Disclosure of environmental and documents is expected in the coming months.

### Section 3: Forests

Stay engaged in the DRC forest sector. Continue to monitor the Legal Review and the moratorium and assist the Government to help ensure compliance with the 2005 Presidential Decree; continue to mobilize attention of the highest level of government, and ensure that forest governance benchmarks feature in possible future policy lending or similar instruments (AFTEN/AFCC2). In particular, the Bank will:

- Continue to provide advice on the Legal Review and follow-on steps;
- Continue to support and monitor progress on five TSERO indicators;
- Agree with Government on key benchmarks and policy instrument
- Ensure that capacity-building, participatory zoning, customary rights, critical natural habitats, and law enforcement, and independent monitoring feature in forthcoming forest-related operations. Include provisions to help provide equal opportunities to Indigenous Peoples. (AFTEN). In particular:
  - Include in FY08-10 CAS a forest sector project
  - Launch GEF Grant for national parks
  - Launch Multi-Donor Trust Fund for Forest Governance
  - Continue to foster high-level public debate on alternative uses and innovative models, and to stimulate Government's commitment and donors' interest. In particular:
    - Help organize a Chatham House Meeting on innovative uses
    - Help the DRC access the new Forest Carbon Partnership Facility
    - Help pilot conservation concessions in DRC.

#### *The Legal Review and follow-up steps*

3.1. The Bank continued to provide advice on the Legal Review, which was completed successfully on January 19, 2009 when the Minister announced publicly the results of the review and appeal stages of the process, and signed individual letters notifying the results to concerned companies.

3.2. The Legal Review involved 37 months of work by a national Technical Working Group, (TWG) assisted by a Consultant (World Resources Institute in partnership with Agreco) with the dual role of providing (1) initial technical assistance and subsequently (2) acting as Independent Observer to certify that the review was conducted in line with current laws and regulations.

3.3. The TWG analyzed 156 requests converting logging permits into long term concessions a total area of 22.4 million hectares. The TWG recommendations were reviewed by an Interministerial Commission that included 21 permanent members representing the President and Prime Minister of DRC; the ministries in charge of Forests, Justice, Finance, Budget, Planning, and Industry; the Federation of Timber Industries; a federation of national NGOs; and a federation of national NGOs dedicated to the cause of indigenous peoples. The Interministerial Commission also included one representative per forest title for each of local and Pygmy populations living near each logging concession to be examined. A total of 153 representatives covering 155 titles, were chosen by the communities with the aid of a national NGO of whom 133 (116 from the local populations and 17 from the Indigenous Peoples) were able to come to Kinshasa and collaborate with the CI. Of those 133, 17 were able to participate in the plenary

sessions to decide of the conversion or not of the titles, and all were provided the opportunity to express their views which were consigned in the title files.

3.4. Information on the review was disclosed by the Ministry of Forests at all stages of the process. As part of a significant drive towards improved transparency in the forest sector, at the end of both the review and appeal stages, the Minister provided detailed explanations on the process followed and the criteria used for examining and determining the legality of the forest titles. Reports on the review were published periodically by the WRI-AGRECO consortium in its capacity of Independent Observer to the Review. Information on the review was also posted on Internet sites maintained by the World Resources Institute, the International Union for Conservation of Nature (IUCN), and the Central Africa Region Program for the Environment.

3.5. Out of 156 requests, only 65 were found eligible for conversion. Provided that all companies will be able to successfully negotiate social and environmental responsibility agreements with local and indigenous populations, the area to be converted to long term forest management concessions in DRC will be 9.7 million hectares, a dramatic decline from the 43.5 million hectares prior to the 2002 forest reform and the 22.4 million hectares prior to the Review.

3.6. The review and appeal stages of the Legal Review have been certified by the Independent Observer which found that both had been carried out objectively, impartially and equitably, and in line with prevailing laws and regulations.

#### ***Monitoring TSERO Indicators***

3.7. The Bank has continued to work with the Government on monitoring the five Transitional Support for Economic Recovery Operations (TSERO) indicators. The first indicator dealt with the Legal Review, progress of which is described above. The fifth indicator dealt with the implementation of the Forest Code's provision that 40% of area taxes be ploughed back into development of localities where forests were utilized. Implementation is still pending because this provision intersects with a constitutional provision (the Constitution was passed after the Forest Code) and modalities of implementation are still under discussion. The forthcoming Bank-financed IDA-GEF Forest and Nature Conservation Project will help the Government accelerate resolution of this issue. As to the remaining three indicators, the situation is as follows:

*The moratorium.* No cases of breach of the moratorium were observed by the Bank since January 2008 when the Board discussed the Management Report. In a statement pronounced during a press conference on October 6, the Minister clarified that the moratorium on new forestry concessions would be maintained according to the conditions set forth in Presidential Decree 05/116 (including the participatory planning of concessions to be allocated during a three year period).

*Independent Monitoring.* The Government of DRC hired Global Witness (GW) from July 19 to October 11, 2007 to learn more about independent monitoring and test its relevance to DRC conditions. GW helped assess control procedures and operations, assisted national teams in control missions, provided technical expertise, documented infractions and ascertained whether controls were consistent with prevailing laws and regulations. While the mission revealed that legal and administrative instruments and implementation arrangements were inadequate to protect DRC's forests from illegal logging, the test was sufficient to convince the Government of the usefulness of Independent Monitoring. Based on this experience, the Government has just initiated a competitive process to recruit a long term assistance to act as third-party observer ("International Observer") and

participate in the control of commercial forest operations. Pending commencement of this long-term contract, the Government has requested Global Witness to undertake a second mission (four months) to follow up on cases needing attention in the aftermath of the Legal Review. The terms of reference for this mission are still being discussed between the Government and Global Witness.

*Production of regulations to implement the Forest Code.* Of the forty-two regulations deemed necessary to implement the 2002 Forest Code, twenty-five have been published and nine are under various stages of development. Of the remaining eight, four require additional studies, one was found outside the field of competence of the MECNT, and three depend on future policy developments. The MECNT has also prepared a new Framework Law on Nature Conservation and a new Environmental Law. Adoption of both is expected to take place at the next parliamentary session in March 2009.

### ***Agreement on key benchmarks and policy instruments***

3.8. A fruitful dialogue on policies and benchmarks, conducted with the Ministry in charge of Forests, culminated in a 14-point list of the next steps in forest sector reform. This list was announced to the public at a press conference held on October 6, 2008 to which relevant Government Departments, the ambassadors of countries represented in DRC, bilateral and multilateral development agencies, national and international NGOs and civil society groups as well as the national and international press had been invited (see box below).

#### **Next steps in the forest sector reform process announced on October 6, 2008**

- Cancel noncompliant contracts immediately after the appeal stage;
- Sign new concession contracts with compliant companies, provided that they receive approval from local and/or Pygmy populations for the social and environmental responsibility contract (*cahier des charges*), which is an essential component of the new concession contract;
- Sign the regulation specifically defining how noncompliant concessions will be cancelled on the ground;
- Support and monitor the process through which local and indigenous communities negotiate social and environmental responsibility contracts with the forest industry;
- Maintain the moratorium on new forestry concessions set forth in Presidential Decree 05/116;
- Establish effective control of forest operations with the support of international third parties;
- Transfer 40 percent of area tax revenues to the provinces and territories (sub districts) where commercial forest operations take place.
- Secure the preparation and implementation of sustainable forest management plans for all forest concessions;
- Implement participatory, multipurpose forest zoning in close consultation with local populations;
- Support small, family-based enterprises in forest areas;
- Expand rehabilitation activities in protected areas;
- Implement institutional reform in the Ministry of Forests, Nature Conservation, and the Environment, including reorganization of the institutions under its responsibility: the Congolese Institute for Nature Conservation (ICCN), the Kinshasa Botanical Garden, and the Zoo;
- Scale up efforts to disseminate the Forest Code and foster the adoption of regulations not yet adopted;
- Start the national multidonor program for Forest and Nature Conservation (Programme National Forêt et Conservation, PNFoCo).

3.9. Significant progress has been made since October 6, 2008 when the above agenda was announced to the public: the appeal stage of the review was completed successfully. The final results of the Review (including appeals) were announced in a public event held on January 19, 2009 with participation of the Donor Community, national and international NGOs, civil society groups as well as the national and international press. Ninety-nine out of 165 initially claimed logging contracts were declared ineligible for conversion to long term concessions and their holders were formally notified. The regulation defining how the decision to cancel logging permits will be implemented on the ground including provisions to effectively halt logging in cancelled permits was signed on January 30, 2009. The preparation of the Forest and Nature Conservation Program National (PNFoCo) was completed. This program is grounded to a comprehensive strategic environmental assessment and a set of safeguard related instruments including i) Environmental and Social Management Framework, ii) Resettlement Policy Framework, iii) Indigenous People Policy Framework; iv) Process Framework; and v) Cultural Resources Management Framework. The US\$70.0 million IDA-GEF project that supports this national program was appraised by the Bank and negotiations were completed on February 12, 2009.

***Measures related to Bank financed forest operations and forest management***

3.10. Bank-managed operations under preparation in DRC demonstrate the Bank's strong commitment to the sustainable forest management and to strengthening the contribution that forests make to poverty alleviation. Bank support has also been adopted by the Government as the backbone of a broader, multidonor national forest and nature conservation program (PNFoCo). Other important donors to this program include the European Union, the African Development Bank, the UK, France, Belgium, and Germany. The Bank and GEF operations are ready for final preparation and Board approval. The Bank-managed operations include:

3.11. *Forest and Nature Conservation Project (IDA/GEF, US\$ 70 million)*. The objective of the project is to increase the capacity of the Ministry of Forests and Nature Conservation (MECNT) and improve collaboration among government institutions, civil society, local communities and other stakeholders to manage forests sustainably and equitably for multiple uses in selected pilot areas of DRC (see also Para 2.12 above). Negotiations have been completed on February 12 and Bank Approval is planned for March 2009.

3.12. *Rehabilitation of National Parks Network (GEF, US\$ 7 million)*. The objective of the project is to improve management of selected protected areas and strengthen the capacity of the Congolese Institute for Nature (ICCN). Negotiations are completed and Bank Approval is planned for early CY 2009.

3.13. *Multidonor Trust Fund for Forest Governance (EU, Belgium, UK, Luxembourg, Netherlands, Germany, and France, US\$ 7.0 Million<sup>2</sup>)*. The objective of the Trust Fund is to strengthen forest sector governance. Support is provided for the following activities among others: third-party (Independent Observer) participation in forest control operations, enactment and oversight of new legal instruments, establishment of log-tracking systems, and assistance to forest communities so that they can take advantage of the new provisions of the Forest Code in their favor.

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<sup>2</sup> Dollar value is being reduced due variation of exchange rate against the Euro and UK Pound.

3.14. *Carbon Sink Project (Ibi-Bateke)*. (Bio Carbon Fund US\$ 2 million). The objective of the project is to produce environmental services through carbon sequestration and social benefits on 4200 ha of degraded lands.

3.15 *Readiness Plan for Reducing Emissions from Deforestation (REDD) Plan*. Support is structured in two stages. The first (US\$ 200,000 already approved) will finance the preparation of the readiness plan. The second (US\$ 3.4 million to be approved following acceptance of the readiness plan Forest Carbon Partnership Facility Committee) will finance the implementation of the plan including capacity building; technical assistance for forest cover monitoring and the building a legal framework to regulate REDD activities in the country.

***Promotion of alternative forest uses and innovative management models.***

3.16. *Help organize the Chatham House meetings on Innovative Uses*. The Bank helped to organize and participated in the Chatham House meetings on innovative uses in London on December 17 and 18, 2007 and in Kinshasa on June 23 and 24, 2008. The Bank's senior safeguard advisor led the Bank team at the London meeting and the Country director for DRC and the Republic of Congo led the bank team at the Kinshasa meeting.

3.17. The Bank facilitated DRC's access to the new Forest Carbon Partnership Facility, which was formally granted in July 2008. The Bank will also pilot alternative uses of forests including conservation concessions through the proposed Forest and Nature Conservation project, which allocated US\$ 4 million for this purpose.

**Framing expectations in the forest sector**

3.18 The above operations are expected to create the minimum conditions for principled access to and use of forest resources — that benefits local populations, respects both modern and traditional rights of forest dwellers and indigenous people, benefits the environment locally and globally, and forestalls the large-scale misappropriation or misuse of forests. The impact of these operations will not be felt instantly. They are part of a broader and longer-term agenda aimed at counteracting poverty, insecurity, and civil conflict, which are the major drivers of forest degradation in DRC. In this sense, sustainable forest management and improved wellbeing of forest populations cannot be achieved in isolation from a number of more general development aims, including widespread peace and civil security, better infrastructure and communications, a strengthened democracy, and wider community participation.

3.19. While the Inspection Panel and the Management Report drew attention to the risks of commercial forestry as a cause of deforestation and forest degradation, it is worth noting that DRC's deforestation (and CO<sub>2</sub> emissions) are driven primarily by subsistence-related small-scale farming. The national average deforestation rate has remained relatively low (*0.27% per year*)<sup>3</sup> in DRC in recent years, particularly in the forest rich regions, but it can escalate rapidly as political stability and improved transport will open the door to markets, investments and migration. Deforestation has occurred and is projected to continue to occur primarily in more heavily populated areas and in the mountain forest zone, driven by population pressure and expansion of slash and burn subsistence agriculture. Therefore, alternatives and solutions to deforestation must be sought not only within but also and perhaps primarily outside the forest sector, by helping the country's rural population to increase its productivity and find alternative sources of income.

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<sup>3</sup> Source: "Reducing Co2 Emissions From Deforestation And Degradation in The Democratic Republic Of Congo: A First Look". Nadine Laporte et Al., 2007

## Section 4: Outreach

Continue to implement the Congo/Forest communication strategy, with media, civil society and donors, in-country and internationally. Mainstream forests in Bank's core communication and high-level events (AFREX/AFTEN). In particular:

- Disseminate the multi-author 'Forests in Post-Conflict DRC'
- Implement a strengthened outreach strategy, and update annually
- Conduct targeted meetings with Pygmy communities and their representatives to discuss forest issues.

### *Information Dissemination*

4.1. Over 200 copies of the report, "Forests in Post-Conflict Democratic Republic of Congo: Analysis of a Priority Agenda," were distributed to various stakeholders in DRC, and additional copies were distributed to other interested parties outside the country. English and French version of the report were made available online (World Bank and Center for International Forestry Research (CIFOR) websites) for easy downloads.

4.2. The Board-approved Management Action Plan was translated into Swahili and Lingala and shared with NGOs and local pygmy groups. In addition, with the Government approval, all World Bank forestry missions share their aide memoires with development partners present in DRC.

### *Outreach through the media*

#### 4.3. *Media Outreach*

- A press briefing was conducted in Washington on January 10, 2008, in response to the media interest in the outcome of Board discussions on the Inspection Panel;
- A TV story on the Mbendjele pygmies of the Republic of Congo was produced by the Bank and broadcast by CNN International, CNN World Report and affiliated TV stations, in April-May 2008. The story showed how Pygmies were using global positioning satellite technology in collaboration with a forest company to demarcate and protect from logging sacred and other sites meaningful to them.
- A dedicated website on DRC forests was created in the external website of the Bank;
- Briefings for journalists and interviews with Radio Okapi were conducted by forestry task team leaders visiting DRC during 2008.
- A 45 minute television broadcast, interviews with the press, meetings with Parliamentarians involved in forest and environmental matters, meeting with NGOs representing Pygmy communities and other NGOs, and meetings many other civil society representatives were held in DRC during the appraisal mission for the IDA and GEF supported Forest and Nature Conservation Project (January 19- February 13, 2009)

#### 4.4 *Direct outreach*

- World Bank staff participated in a roundtable entitled "Sustainable Forestry in the DRC: the way out of poverty and conflict," hosted by the Dutch NGO, Both Ends, in The Hague on May 6, 2008. The audience included representatives of Inspection Panel requesters, DRC national and international NGOs, representatives of the EU, the Dutch Government and academia;

- Bank staff discussed the IP Action Plan of the Forest and Nature Conservation project with Pygmy representatives in Epulu, Goma, Bukavu and Bandaka between January and October 2008.
- 28 meetings financed by the Bank were organized in cities and field locations during 2008 to present, discuss and gather feedback on the new Bank assisted forest and nature conservation program and its social and environmental impact. A total of 1046 persons participated in these meetings during 2008.
- 15 of the above meetings consisted of consultations with people living in the provinces of concentration of the Bank-assisted forest and nature conservation project. 115 Pygmy representatives participated in 10 of these meetings. These meetings were organized by a local Environmental NGO and an NGO comprised of and representing the interests of Pygmy populations.
- The Bank encouraged the Government to facilitate a strong participation by Pygmy representatives in the Legal Review of Forest Contracts. 23 Pygmy representatives were selected by an NGO to participate in the Review: two as permanent members and 21 as rotating members (participating in discussion of forest contracts from their locality).

## **Section 5: Conclusions and Next Steps**

5.1 Substantial progress has been made on all four of areas of the agreed action plan. Management and Senior Management remain committed to continue supporting and following up the implementation of the Inspection Panel's recommendations. There are two areas in particular which require sustained attention. These include the safeguard strengthening work, where the "upscaling" will take time to yield results; and the field implementation of Indigenous People Plans where the logistical difficulties of working in remote areas of the DRC are considerable.

5.2 Over the coming year Management will continue monitoring the portfolio across the region for compliance with safeguards. It will work on strengthening country capacity to mainstream sound environment and social assessment into program design and implementation, as part of the sustainable development and poverty reduction, growth and governance agenda. Management will also work with country stakeholders to ensure that the rights of Indigenous Peoples and marginalized groups are better respected, though it must be recognized that issues of social exclusion and marginalization are deep-rooted in many societies and take decades to overcome. Management will continue to support a broad based approach to sustainable forest management in the Congo Basin, with a focus on ensuring that local people benefit from forests. Moving forward, the Bank will work to support governments in their communication, consultation and accountability strategies. Finally, communication and outreach will continue to be strengthened as features of the Bank's own work.