

CLIMATE INVESTMENT FUNDS

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Cape Town, South Africa
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SUMMARY OF COMMENTS AND ANSWERS ON THE INVESTMENT PLAN SUBMITTED BY THE DEMOCRATIC REPUBLIC OF CONGO



Answers from the Government of the Democratic Republic of Congo to the main questions & comments received about the DRC's Investment Plan for the Forest Investment Program

Rationale

The Democratic Republic of the Congo (DRC) was selected in June 2010 as one of eight pilot countries for the Forest Investment Program, reflecting recognition of the significant progress made by the country in the preparation process for REDD+.

In November 2010, the FIP Sub-committee decided to allocate 40 to 60 million dollars to DRC under the Forest Investment Program. During the scoping mission in November 2010 and the two joint missions of the Multilateral Development Banks (MDB) in February and May 2011, the Government of DRC reiterated its wish to submit the Investment Plan for approval at the next FIP Sub-Committee Meeting scheduled for end of June 2011.

After sharing the investment plan with members of the DRC joint missions, numerous stakeholders as well as an expert from the Technical Advisory Panel roster, the government of DRC received several formal and informal comments. The main questions are listed in the present document, followed by the answers from the Government of DRC.

1. Is DRC's investment plan limited to the sole biomass-energy sub-sector?

No, this is not the case; the proposed Investment Plan supports a wide range of sub-sectors and activities.

While there is indeed an important focus in the Investment Plan on the wood-energy driver of deforestation, identified as one of the main drivers of deforestation in DRC, the proposed activities tackle several other drivers of deforestation: (i) Agroforestry activities in savannah areas, representing an important share of the total FIP Investment Plan budget, also aim at targeting shifting agriculture in the remnant forests, another key driver of deforestation, by providing alternative job opportunities (private sector projects) as well as alternative and sustainable sources of income (community projects as well as mixed private sector/communities projects), as well as increasing agricultural productivity. The DRC already has successful experiences and experiments in this field; (ii) Community forestry provides an alternative to informal and unsustainable artisanal logging as well as industrial logging, in addition to the sustainable provision of fuelwood and charcoal.

The importance given to the wood-energy driver of deforestation is also related to the need to generate measurable emission reductions, one of the key criteria by which the FIP sub-committee will judge the Investment Plans from the pilot countries. The fact that the wood-energy driver of deforestation is mainly concentrated around the large urban areas (deforestation hotspots), allows for the limited resources available under the FIP to have a stronger emissions reduction impact than would be generated by investments of similar size in the transformation of the widely spread and thus more difficult to reach shifting agriculture in forest areas. Furthermore, transforming shifting agriculture is recognized in the international literature as extremely complex and context-dependent, and research shows that any intervention that improves the efficiency of farming in the forest zone runs the risk of increasing deforestation rather than decreasing it. The DRC government feels it requires more time and research to address this issue in a systemic manner. Strong links are being made in this regard with the ambitious and long-term USAID-funded Central Africa Regional Program for the Environment (CARPE) as well as research institutions.



Having said that, the proposed small-grants program, which aims to identify and support promising innovative projects, is open to all activities relevant to REDD+ (project incubator) and thus allows for experimentation with transforming shifting cultivation as well.

**2. Are activities proposed in the Investment Plan only located outside the forests?
Do these activities not provide for the security of forest dwellers' rights?**

No, the majority of the proposed intervention area is covered by forests and the Investment Plan contains many activities specifically aiming to improve the security of local communities' and indigenous peoples' rights.

The DRC government is fully aware that answers to deforestation and forest degradation are located inside as well as outside the forest. While many activities proposed in the investment plan are indeed targeting consumers and producers outside the forest (energy-efficient stoves, alternative sources of energy, agroforestry; in urban and savanna areas), community forestry is directly focusing on the sustainable management of forests and does strongly and directly contribute to the security of forest dwellers' rights. In addition, the focus of the enabling activities to be funded under the Investment Plan (i.e. local tenure clarification and land use zoning) also contributes to securing the rights of Local Communities and Indigenous Peoples (LCIP) inside and outside the forest.

The total area of forest in the proposed intervention area is 9.1 million ha (primary forest: 6.3 million ha; secondary forest: 2 million ha, wooded savanna: 1.4 million ha) out of a total land area of 17.7 million ha (51%). The proportion of forest cover in each of the three priority areas is as follows: (i) Kinshasa intervention area: 26%, (ii) Kananga/Mbuji-Mayi: 56%, and (iii) Kisangani: 89% (the Kisangani supply area lies in the heart of DRC's rainforests).

3. Why were these particular three areas selected when there are other areas of high deforestation?

The three areas were selected on the basis of transparent criteria, by a multi-stakeholder committee. Considering the sheer size of the DRC, the 1st joint mission identified the need to select only 2 or 3 pilot areas for the FIP. The selection of priority areas was done through the creation of a matrix scoring each "deforestation hotspot" against the same set of criteria, by a committee that included 3 government representatives and 3 civil society representatives (of which one was not able to participate). Though part of the Eastern DRC was rated second according to the selection matrix (and presents the highest rates of deforestation in the country), it was argued that the fluctuating security situation as well as the highly complex situation regarding land tenure there would not ensure an appropriate environment for investment and thus dismissed. The 3 proposed priority areas were the 3 highest ranking remaining areas.

4. Why is the private sector not more involved in the investment plan?

While the expert from the TAP roster felt that the private sector was not sufficiently targeted in the investment plan, the DRC government believes that a satisfactory balance was found in the budget between the support to projects from LCIPs and projects from the private sector (small to large-scale; national and international private sector). A specific program for the private sector is proposed, though targeting the same priority areas and activities as the LCIPs-focused integrated geographical projects, considering the specificity of the situation in DRC: (i) weak business climate requiring a mix of grants and long-term concessional loans from the FIP along with private investment from the project developers and other investors, (ii) complex financial arrangements required, mentioned previously, as no bank in DRC will provide long-term loans and no alternative mechanism exists yet (hence the



proposed creation of a Development Finance Company, as a transformational and long-term solution for private sector involvement in REDD+ in DRC).

While the international private sector is strongly encouraged to participate in the FIP in DRC, the national private sector is going to be targeted as well, especially the (formerly sizable) industrial and agro-industrial sector which does have the business skills and land required, and is familiar with the national context and actors.

Several models and related business plans shall be developed for the various activities identified in order to assist the private sector and local communities in developing meaningful and viable project proposals. The DRC government believes that this should be done after the validation of the investment plan, during the identification of the specific MDB programs. The Investment Plan also promotes the development of partnerships between the private sector and local communities whenever appropriate, as well as projects exclusively targeting local communities, considering the pivotal role of these local communities in either the unsustainable or sustainable management of the country's natural resources.

5. Has the FIP process in DRC moved too fast? Are critical elements lacking for informed decision-making?

No, the preparation of DRC's FIP Investment Plan has proceeded at a reasonable pace, and there is no need to postpone the validation of the Investment Plan by the FIP sub-committee.

The FIP process in DRC is part of a broader national process of preparation for REDD+, which started in 2008 and which includes many elements that are critical for the successful implementation of REDD+ in general and of the FIP Investment Plan in particular. Following the signature of the second grant of the Forest Carbon Partnership Facility for US\$3.4 million and the renewal of support from UN-REDD and other donors, the REDD+ preparation process has launched a series of critical studies: (i) causes and factors of deforestation, of which the first and most important phase has been completed; (ii) modalities for REDD national fund; (iii) analysis of the legal framework,);(iv) definition of a benefit-sharing scheme (first¹ workshop held in November 2010 and a consultant coming on board in September 2011); (v) reference level setting, MRV development (ongoing process), to name but the most important ones.

DRC believes that the national REDD process is progressing well, independently of the FIP, and that all requirements critical to the implementation of the FIP Investment Plan will be in place by the time the MDB projects concerned will become effective on the ground. Therefore, there is no need to postpone the validation of DRC's FIP investment plan. In any case, the broad strategic vision contained in the investment plan will need to be translated into concrete activities during the actual development of the proposed programs over the following 8 to 10 months, while the actual release of the funds will occur much later. This leaves plenty of time for other elements to be put in place).

6. Does the country have the capacity to implement the Investment Plan?

Country capacity is indeed an issue and therefore capacity building is an integral part of the proposed Investment Plan.

The insufficiency of the current country capacity has been identified as a risk and integrated in the matrix of risks and proposed risk management strategies. An important portion of the proposed FIP budget is therefore allocated to capacity building, and DRC proposes that a capacity building plan will be defined for each program during the project development phase. Capacity building is also a strong focus of the broader preparation process for REDD+.



7. Do the proposed implementation arrangements for the FIP Investment Plan lack key practical details?

No, the level of detail provided in the Investment Plan is appropriate at this stage of the FIP process.

As explained above, the DRC government believes that the investment plan represents a broad strategic vision based on a thorough analysis of the situation (opportunities and constraints). This first step shall be followed by a comprehensive effort to operationalize this vision and develop detailed implementation arrangements (implementation design, development of project profiles and related business plans, identification of partners and co-financing, etc.) adapted, wherever required, to each specific priority area, including through comprehensive consultations with local stakeholders. The DRC believes that the development of detailed implementation arrangements should be done after the Investment Plan has been validated in order to ensure efficiency and to avoid raising false expectations with stakeholders.

8. Will the Investment Plan have few biodiversity co-benefits?

No, the Investment Plan is designed to have important, but mainly indirect biodiversity co-benefits. The areas targeted are hotspots of deforestation, mostly around the main urban areas, and many of these are less interesting in terms of biodiversity. But the proposed activities are particularly aiming at limiting the extension of the urban supply areas, thus contributing to the protection of more distant areas, which would become future urban supply areas in the absence of FIP investment, and which are richer in biodiversity. Also, the proposed intervention areas do include some relatively intact forest areas, which will be specifically targeted by community forestry investments in order to prevent the destruction of these ecosystems through the empowerment of LCIPs towards the sustainable management of the forests. Links will be made with the USAID-funded CARPE program, aiming at protecting some of the richest ecosystems of the Congo Basin, as well as the national Environment, Forest & Biodiversity Program (PNEFB, prior-PNFoCo) which is supported by multiple technical and financial partners.

9. Does the Investment Plan not target any Governance activity?

No, the DRC government believes that its Investment Plan provides for substantial improvements in national governance in general, and in the forest sector in particular.

The support to community forestry, which was introduced in the 2002 Forest Code, in synergy with other initiatives, represents a very important shift in forest governance.

Furthermore, the focus of the enabling activities on land tenure and land use planning included in the Investment Plan, both at the national level (taking the first steps towards deeper and longer-term reforms) as well as at the local level (direct support to actual projects), are truly transformational in DRC.

Again, the FIP will benefit from key elements established through the broader national preparation process for REDD+, namely: (i) the governance bodies for REDD+ (national and inter-ministerial REDD committees); (ii) the registration procedure for REDD+ projects and the national REDD+ registry, which will help to maximize transparency, synergies and learning; (iii) the inclusion of risks and co-benefits in the MRV & management mechanism, (with the SESA); (iv) the transparency of the MRV system; (v) links established between the REDD+ and FLEGT processes.