

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: PIDA35149

Project Name	Liberia Forest Sector Project (P154114)
Region	AFRICA
Country	Liberia
Sector(s)	Forestry (80%), General agriculture, fishing and forestry sector (20%)
Theme(s)	Environmental policies and institutions (30%), Other environment and natural resources management (30%), Climate change (20%), Biodiversity (20%)
Lending Instrument	Investment Project Financing
Project ID	P154114
Borrower(s)	Republic of Liberia
Implementing Agency	Forest Development Authority
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	17-Feb-2016
Date PID Approved/Disclosed	25-Feb-2016
Estimated Date of Appraisal Completion	17-Feb-2016
Estimated Date of First Grant Approval	30-Mar-2016
Appraisal Review Decision (from Decision Note)	The review did authorize the team to appraise and negotiate

I. Project Context

Country Context

1. Despite abundant natural resources, governance issues and social inequality have engendered poverty, conflicts, and low human development in Liberia. The country emerged from a fourteen-year conflict period in 2003, when a global peace agreement was signed. The civil war badly crippled much of Liberia's economy, damaged its physical infrastructure, and undermined its institutional capacity. A good track record of prudent macroeconomic management coupled with social stability helped Liberia weather the 2008-09 global crisis and post a strong recovery since. GDP growth annually averaged over 7 percent from the end of the civil war to 2014. Liberia's medium-term economic prospects are good but the country remains vulnerable to external shocks and emergency crises like the one from the Ebola epidemic that occurred in 2014-2015. Liberia made notable progress in the reduction of poverty between 2007 and 2010 but the poverty rate remains high. A little under half of the population lived below the national poverty line in 2010 and in 2014, Liberia ranked 175th out of 187 countries on the Human Development Index (HDI) and 145th out of 152 countries on the Gender Inequality Index (GII), highlighting the immense poverty

and social development needs of the country. Liberia still faces many challenges in laying the foundation to transition from post-conflict recovery to long-term development.

2. The forest sector has the potential to contribute to the reduction of extreme poverty and increased shared prosperity. Liberia contains approximately 4.3 million hectares (Mha) of lowland tropical forest that comprises 43 percent of the remaining Upper Guinea forests of West Africa extending from Guinea to Togo. While the overall extent of these forests has declined to an estimated 14.3 percent of their original size, Liberia still hosts two massifs of forest including evergreen lowland forests in the southeast and the semi-deciduous mountain forests in the northwest. The Upper Guinea Rainforest, part of which is in Liberia, is listed as one of 35 global biodiversity hotspots. Most of Liberia's rural population is dependent on forests and their various products and ecosystem services. Forests play an important role as safety net for vulnerable and marginalized people, especially those living around forest areas. The country's forests are under threat due to the continued clearance and degradation of its remaining blocks for the expansion of agriculture and mining activities both at industrial and subsistence levels. Deforestation and forest degradation remained low during the civil conflict, but as peace was restored, pressure on the forest and its natural resources has been escalating. Pressures increased from illegal and uncontrolled logging and overall poor management and weak oversight over the forest sector. Deforestation and forest degradation are the second leading cause of global warming, making the loss and depletion of forests a major issue for climate change. Between 1990 and 2010, Liberia lost approximately 12.2 percent of its forest cover with an average annual deforestation rate of 0.61 percent.

Sectoral and institutional Context

3. Despite its potential, Liberia has had limited success in managing its forests to contribute in a balanced way to long-term, sustainable economic growth, to support the livelihoods of local and rural communities, or to ensure that its important national and global heritage is conserved. The first major efforts to manage and regulate the forestry sector in Liberia began in the 1950s. During this time, operators began commercial logging activities, and legislation was established to set out a mechanism by which national parks and reserves could be identified and protected. This was followed in 1976 by the creation of the Forestry Development Authority (FDA) to conduct research, provide training, and "devote all publicly owned forest lands to their most productive use for the permanent good of the whole people, considering their direct and indirect values". The activities of the FDA over the next 25 years focused largely on timber concessions and promoting export of timber from Liberia. Before the 1980 coup, the timber industry accounted for a third of Liberia's export earnings – though it did relatively little to contribute to rural development because big commercial interests had largely captured the industry.

4. In 2003, the United Nations Security Council (UNSC) imposed sanctions on Liberia to prohibit trade in roundwood and timber products, as revenues from timber exports were being used to finance the country's 14-year civil war. Following this and the signature of the Accra Comprehensive Peace Agreement that ended Liberia's civil war in 2003, the new National Transitional Government established a road map for reforms towards a more sustainable, transparent and development-focused approach to forestry. This allowed for the lifting of UN sanctions on timber in 2006. The lifting of UN sanctions was explicitly an outcome of progress made in launching an ambitious forests sector reform process. This has become an example for other countries faced with similar challenges.

5. Reforms, policies and initiatives have been conducted by the Government (with the World Bank support) to serve the common interest in: managing Liberia's forests in a balanced way for long-term sustainable economic growth; to support the livelihood of local and rural communities; and to ensure that its important national and global heritage is conserved. Some of the reforms included: the National Forest Reform Law (NFRL) of 2006; the National Forest Sector Strategy of 2007 that provided the framework for the sector's legal, participatory, and transparent operation; and the Community Rights Law (CRL) with Respect to Forest Lands of 2009 which recognized local community rights to own forest resources on community forest lands. The Liberia Extractive Industries Transparency Initiatives (LEITI) was also established in 2009 to assist the country in ensuring that the exploitation and/ or extraction of the country's mineral and other resources are verifiably paid or provided; duly accounted for; and prudently utilized for the benefits of all Liberians and on the basis of equity and sustainability. These reforms introduced the "Three C's (3Cs)" approach (and most recently the 4th C - Carbon) that aims to balance and integrate community, commercial, conservation, and carbon uses of the forests. Consistent with the approach, the FDA was also restructured, creating three distinct departments each responsible for one of the "Cs", in addition to cross-cutting units of law enforcement, planning, research and development. Further in the reform process, in May 2011, a Voluntary Partnership Agreement (VPA) was signed with the European Union (EU) to establish a system for traceability and verification of legality of timber to a nationally-agreed definition and as part of the Forest Law Enforcement, Governance and Trade (FLEGT) program.

6. One of the most significant elements in the sector reform and the WB's engagement with Liberia has been the involvement of the country in the REDD+ efforts to reduce emissions from deforestation and forest degradation, and foster conservation, sustainable management of forests, and enhancement of forest carbon stocks. With support from the Forest Carbon Partnership Facility (FCPF), Liberia is advancing in a REDD+ strategy that will build the country's capacity to be ready to participate in the future in a large-scale system of positive incentives for REDD+. In 2012 Liberia obtained financing in order to conduct a consultative and quantitative analysis of the different land use options for development of the national REDD+ Strategy for Liberia . To date Liberia has advanced significantly in enhancing the national policy dialogue and legal framework that will enable it to manage forests with community engagement and leverage results based payments. In addition the technical aspects of strategic social and environment assessment, the REDD+ strategy and monitoring systems to detect changes in forest cover have been supported through the FCPF and are on track to be tested for the targeted landscapes in this project. The proposed project will contribute to the REDD+ strategy.

7. The reform process has, of course, not been trouble-free. Indeed, the challenges of introducing good governance are still to be addressed and the agenda remains unfinished. In 2012, a Liberian government investigation reported systemic legal violations, including fraud and corruption, in the issuance of logging licenses called Private Use Permits (PUPs), which covered a quarter of Liberia's surface area. In response, the Government ordered a moratorium on the issuance of further PUPs as well as large-scale Community Forest Management Agreements (CFMAs) recognizing the weak regulatory framework for any commercial activities in community forests. This moratorium still continues and regulations are being prepared to establish minimum levels of benefits for the resource's owners and protect them from possible elite capture and exploitation by logging operators.

C. Higher Level Objectives to which the Project Contributes

8. The proposed project will contribute to the World Bank corporate goals of ending extreme poverty and boosting shared prosperity. Most of Liberia's rural population depends on forests and their ecosystem services and products. Forests also play a key role as a safety net for vulnerable and marginalized people, an alternative source of income during low harvest seasons and essential in providing non-timber forest products like charcoal and firewood. Supporting the forest sector will thus directly contribute to achieving the World Bank corporate goals targeting the poorest population in the country. Creating enabling policy, legal and institutional conditions for community forestry will also have a direct impact on shared prosperity as it will give local communities concrete opportunities to manage and derive economic benefits from sustainable forest management and conservation. The proposed project is also in line with the World Bank's African Climate Change Action Plan presented in Paris in December 2015 during the 21st Conference of Parties (COP 21). The proposed project is included in the Plan given its contribution towards climate resilient landscapes and the overall purpose of accelerating resource mobilization and action for priority climate resilient and low carbon initiatives in Africa.

9. The proposed project will contribute to the implementation of Liberia's Country Partnership Strategy (CPS) for the period FY13-17. The objective of the CPS is to support the Government's Agenda for Transformation (AfT) contributing to sustained growth, poverty reduction and shared prosperity, while addressing fragility and building resilience. As stated in the CPS, the Bank will remain engaged in the forest sector through the REDD+ agenda, which will support the preparation and validation of a strategy to reduce emissions from deforestation and forest degradation. The proposed LFSP is also aligned with Liberia's second Poverty Reduction Strategy (PRS)—Agenda for Transformation (AfT) launched in 2012. The proposed operation will specifically align with the pillar related to Economic Transformation as well as the Environment cross cutting issue. The AfT also recognizes that due to its vast forest reserves, the country is in a position to benefit from carbon sequester programs if the markets develop.

10. The proposed LFSP is also part of the Post Ebola Economic Stabilization and Recovery Plan (ESRP), prepared and formulated through a consultative process with Liberia's Development Partners in April 2015 and with the primary aim to get the economy back on track toward the primary goals of the country's medium and long-term development plans. The ESRP stipulates that the forestry sector is expected to stagnate in 2015 and its major challenges are the lack of stakeholder capacity and weak governance. The overall Liberia Forest Program supported by the Government of Norway is mentioned in the plan as a key contribution to address these challenges.

11. The project will contribute to the national efforts for implementation of Liberia's Intended Nationally Determined Contributions (INDCs) submitted to the UN Framework Convention on Climate Change (UNFCCC) as preparation for the December, 2015 Paris Climate Summit that concluded on a major global agreement to address climate change. For Liberia, the INDC presents a platform to integrate its Low Carbon Development Strategy into the country's long-term sustainable development Vision by 2030. The project will contribute to the INDC objectives both for the mitigation and adaptation components through the establishment of MRV system increasing transparency and activities through which which Liberia aims to: increase awareness and strengthen participation of local dwellers in forest conservation; protect forest and biodiversity rich forest zones.

12. In September, 2014 the Government of Liberia (GoL) and the Government of Norway

(GoN), signed a partnership, through a Letter of Intent (LoI) with the purpose of: (i) supporting the development and implementation of Liberia's REDD+ strategy to ensure significant net reductions in greenhouse gas emissions from deforestation and forest degradation; (ii) contributing to sustainable development in Liberia through protecting natural forests, restoring degraded lands, and developing Liberia's agricultural sector; and, (iii) working together to support progress on global efforts regarding climate change and sustainable development in general and REDD+ in particular.

13. The proposed project is part of the Liberia Forest Program supported by this partnership between the GoL and the GoN, including: (i) the proposed Forest Sector Project –LFSP- (US\$37.5 million); and (ii) a Rubber Renovation Program, with the International Finance Corporation (IFC) to support the renewal of rubber plantations and which was approved by the WB Board as an emergency operation for post-Ebola recovery in January 2015 (US\$5 million). Once the LFSP implementation gets underway successfully, the process will be followed by the Program's following phase: a results-based carbon payment operation that will pay for verified emission reductions and carbon sequestered in target landscapes.

14. The Program Goal (PG) for which the proposed project will contribute is Reduced deforestation and degradation in targeted forest landscapes. The Program has three indicators:

- Area under forest cover in targeted forest landscapes (ha)
- Emissions Reductions and Carbon sequestration (tCO₂ e)
- People in targeted forest and adjacent communities with increased monetary or non-monetary benefits from forest (number) (core sector indicator – forestry).

Theory of Change

15. The causal relationship of activities/outputs and outcomes under the project and its components to the overall program goal is depicted (Diagram 1). The dotted line between the LFSP and the long term impact has been added to clarify that the programmatic goal is not entirely attributed to the LFSP. The project makes a substantial contribution to the achievement of reduced deforestation and forest degradation but with other important factors and initiatives such as private sector and government land use policies in play too. Furthermore, reduced deforestation and degradation is a long-term outcome (impact) and the full effect of interventions will materialize beyond the project period. Measurement of the change in deforestation and degradation as verified emissions reductions will take place as soon as the MRV system is in place and with the establishment of the emissions reference levels likely in year 4 or 5 of project implementation but will be done outside of the results framework. The diagram also shows the efficiency and effectiveness in relation to the theory of change.

16. The LFSP sets the foundation for an integrated landscape management in the targeted landscapes for long-term collaboration among different stakeholder groups and sectors to meet their land use interests without compromising the resource base, including forests, in the short, medium, and long term. The project takes an integrated approach in the targeted landscapes i.e. one where project interventions addressing improved management in protected areas, community forests and agriculture land use, and livelihoods linked deforestation and degradation contribute to cumulative impact within the landscape for realizing the socio economic development and the mitigation related outcomes.

17. The LFSP will cooperate with and build on work done or being designed by other initiatives (CI, FFI, USAID, KfW, IDH, VPA, Tropical Forest Alliance) within the targeted landscapes to ensure resources are allocated to activities that complement existing support, and lead to net positive impact on deforestation and degradation.

18. **Choice of Target Areas:** During project preparation, the FDA commissioned a spatial analysis of potential priority areas for REDD+ interventions to inform the selection of priority sites for engagement. The analysis covered geographic, economic and social aspects of the three pre-selected landscapes (Northwest, North Nimba, and Southeast), to help prioritize target areas for the project and optimize the impacts of interventions for addressing the drivers of deforestation and forest degradation. The study used four main criteria: (i) value for conservation, (ii) vulnerability to forest degradation, (iii) vulnerability to deforestation; and (iv) feasibility of effective interventions. As a result, the Northwest landscape (comprising Bomi, Lofa, Gharpolu, and Grand Cape Mount counties) was found to be effective at capturing the priority districts in this part of Liberia. Considering the strong presence of other partners in Nimba region, the project will not support community forestry activities in this area but will provide any relevant support on regulatory and institutional strengthening where key gaps are identified. Finally, the Southeast landscape was included comprising portions of Grand Gedeh, Sinoe, Grand Kru, River Gee and Rivercess counties. Further refining of the selection process for specific interventions at the District level will be conducted prior to implementation of on the ground investments for the corresponding subcomponents.

II. Proposed Development Objectives

Improved management of and increased benefit-sharing in targeted forest landscapes.

III. Project Description

Component Name

Component 1. Strengthened Regulatory and Institutional Arrangements for Implementation of REDD+

Comments (optional)

This component will finance technical assistance, consultants and non-consultant services, goods, works, trainings and workshops, and operational costs needed to reform and harmonize the existing legal regime and to strengthen institutional and professional capacities for improved management of forest landscapes including benefit sharing. The component will be divided into two subcomponents: Subcomponent 1.1. Strengthened capacity in institutions (public, private, CSOs) for improved management of forest landscapes; and Subcomponent 1.2 Legal Reform.

Component Name

Component 2. Strengthened Capacity for Management of Targeted Forest Landscapes

Comments (optional)

This component will finance technical assistance, works, goods, training and workshops, sub-projects and operational costs for land use planning, conservation, community forestry, sustainable agroforestry and forest management to support local communities and their organizations within the targeted landscapes to improve the sustainable management and conservation of natural resources and improve the economic and social benefits derived from them. The component is divided into four subcomponents: (i) 2.1, Improved Land Use Planning, (ii) 2.2, Strengthened Management of

Protected Areas of Targeted Forest Landscapes, (iii) 2.3, Community Forestry in Targeted Forest Landscapes, and, (iv) 2.4 Strengthening the Capacity for Sustainable Agriculture.

Component Name

Component 3. Forest Monitoring Information System

Comments (optional)

This component will finance technical assistance, goods, workshops, and operational costs to support, under Sub-Component 3.1 establishment and operation of a successfully tested and operational national system for Measurement, Reporting and Verification (MRV), and, under sub-component 3.2 the establishment of an information system for safeguards, as well as capacity building of FDA and other implementing agencies on the use of information systems for safeguards.. The capacity building will include activities targeted both at the national level staff as well as decentralized institutions working in the targeted landscapes.

Component Name

Component 4. Project Monitoring and Management

Comments (optional)

Support will be provided for FDA's day-to-day project implementation and management including, procurement, financial management, M&E, preparation of annual work plans and organization of audits. The component will support operating costs for the existent FDA REDD+ Implementing Unit as well as the costs for joint quarterly meetings of the implementing agencies. The component will support the M&E system to report on the expected project's results, systematizing the project's lessons learned. The component will also support the implementation of a communication strategy to inform different and diverse stakeholders about the project and its results. Resources will be provided for the management and supervision of the social and environmental safeguards and grievance redress mechanism.

IV. Financing (in USD Million)

Total Project Cost:	37.50	Total Bank Financing:	0.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
Borrower			0.00
BioCarbon Technical Assistance Trust Fund			37.50
Total			37.50

V. Implementation

The design and implementation of the LFS project will use the REDD+ management structures already established for the REDD+ strategy. The Forest Development Authority (FDA), which is assigned overall responsibility for the implementation of REDD+ activities, will be the responsible agency for overall project implementation, working in close partnership with the EPA. Housed in the FDA, the REDD+ Implementation Unit (RIU), which is also in charge of implementing the specific REDD+ readiness components financed by the FCPF, will be responsible for the proposed LFSP, working in collaboration with relevant directorates of the FDA (conservation, community, and GIS departments etc). The RIU will also work closely with regional, district and park offices to coordinate and support FDA staff in the implementation of project activities. The RIU provides leadership, managerial, and administrative support for REDD+ and consists of both administrative and technical specialists headed by a National Coordinator.

Implementation of the LFSP will be led by the Forest Development Authority (FDA) but with cross-sectoral support from other line ministries, bilateral partners, Non-Government Organizations (NGOs), Academia and Civil Society Organizations (CSOs) at central and decentralized levels. The FDA is expected to work closely with the following agencies who will have direct responsibility for implementation of specific project activities: (i) the EPA; (ii) Ministry of Agriculture (MoA); (iii) The Land Commission, , (v) the Ministry of Lands, Mines and Energy (MLME). This collaboration will be formalized and enabled through a series of Memorandums of Understanding (MoUs) agreed between the FDA and each of the relevant institutions before project negotiation (this will include MOUs with the EPA, LISGIS, MoA, MLME and Land Commission). The project has allocated significant resources to strengthen the implementing agencies ensuring they deliver results. The involvement of multiple agencies will ensure an integrated landscape approach to the multi-sectoral drivers of deforestation and forest degradations. The project will build on the coordination model between the FDA and EPA that has already been tested during the REDD+ Readiness phase as well as other similar examples of cross coordination.

Project implementation at regional and local levels will be strongly supported by task teams (EPA, FDA, MoA) and service delivery partners (private sector, NGOs, CSOs, CBOs). The project will provide support to these service delivery partners including capacity building and trainings to work with FDA and other lead agencies in implementation.

For the LFSP, the NCCSC will act as the body in charge of ensuring inter-sectoral coordination. The NCCSC will meet once per year at the end of the calendar year to review reports on project performance and results, and budget and approve the new operational plan and budget. Monitoring of the activities and responsibilities registered in the MoUs between FDA and other implementing agencies will be conducted through quarterly meetings chaired by the FDA's Managing Director (MD). These meetings will allow taking stock of progress against approved operational plan and procurement plan. FDA will also discuss and gather advice from the Community Forestry Working Group on all activities related to community forest management.

As part of efforts to leverage and align with existing donor coordination mechanisms, the project will share project progress reports and key findings with the National Multi-stakeholder Monitoring Committee (NMSMC) inaugurated under the VPA to coordinate donors and engage sector partners in the objectives of project. The NMSMC is chaired by the FDA's MD and the meetings will allow sharing progress in the project's activities, establishing synergies and collaboration and avoiding duplication of efforts. Subject to discussions with donors, it is further anticipated that the project's goals will be integrated into the scope of the NMSMCC.

Overall, no new platform will be created for coordination among different development agencies but the scope of existing mechanisms such as the REDD+ Technical Working Group, and the Community Forestry Working Group, National Climate Change Steering Committee and the Monitoring Committee could be reviewed and modified in the context of the project.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04	x	

Forests OP/BP 4.36	x	
Pest Management OP 4.09	x	
Physical Cultural Resources OP/BP 4.11	x	
Indigenous Peoples OP/BP 4.10		x
Involuntary Resettlement OP/BP 4.12	x	
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)

VII. Contact point

World Bank

Contact: Paola Agostini
 Title: Lead Environment Specialist
 Tel: 473-7620
 Email: pagostini@worldbank.org

Contact: Neeta Hooda
 Title: Senior Carbon Finance Speciali
 Tel: 458-5182
 Email: nhooda@worldbank.org

Borrower/Client/Recipient

Name: Republic of Liberia
 Contact: Amara Konneh
 Title: Minister of Finance
 Tel: 231886611777
 Email: Akonneh@mopea.gov.lr

Implementing Agencies

Name: Forest Development Authority
 Contact: Hon. Harrison S. Karnwea
 Title: Managing Director
 Tel: +231-886-513358
 Email: hkarnwea@yahoo.com

VIII. For more information contact:

The InfoShop
 The World Bank
 1818 H Street, NW
 Washington, D.C. 20433
 Telephone: (202) 458-4500
 Fax: (202) 522-1500
 Web: <http://www.worldbank.org/infoshop>