



**United Nations Development Programme**  
**Countries: Regional (Cameroon, CAR, Equatorial Guinea,**  
**Gabon, Congo, DR Congo)**  
**PROJECT DOCUMENT**

**Project Title: Partnerships for Biodiversity Conservation: Sustainable Financing of Protected Area Systems in the Congo Basin**

**UNDAF Outcomes:** Cameroon: the rural sector is supported through the implementation of the strategy of development of the rural sector, to contribute to food security by 2012; CAR : By 2011, the trend of degradation of basic social indicators is reversed, poverty is reduced and the country begins a process of sustainable development with full community participation ; Equatorial Guinea : The capacity of state institutions and civil society have improved significantly in their exercise and their effectiveness; Gabon : By 2011, efficiency and performance of institutions and community stakeholders improved; Republic of Congo : Institutions and national stakeholders develop and implement sectoral policies including gender, HIV / AIDS, environment and risk management and disaster; DRC: Natural resources are managed in a sustainable manner on the basis of legal codes.

**UNDP Strategic Plan Environment and Sustainable Development Primary Outcome:** Environmental financing is mobilized

**Expected CP Outcomes:** Cameroon : Effective management of environmental and energetic resources to protect environmental and energetic resources in accordance with international convention on climate change; CAR: Sustainable management of environment and natural resources integrated into national and sectoral development; Equatorial Guinea: The national capacities for sustainable management of natural resources and environment in the areas of water, soil, forests and management of sanitation and waste are reinforced; Republic of Congo: Capacities of coordinated planning and management of environmental issues and low cost energy, including those related to climate change adaptation, are reinforced; Gabon : An operational and effective Framework for ecological monitoring is set up;

**Executing Entity / Implementing Partner:** CEEAC OR UNOPS (see para. 239 for details)

**Implementing Entity/Responsible Partners:** UNDP, African Development Bank

**Brief Description**

The economic value of the ecosystem services generated by the natural resources of the Congo River Basin is immense, and the economic costs and losses incurred through ecosystem degradation and loss are therefore substantial. Such costs have far reaching implications both for national efforts at sustainable economic development and poverty alleviation and for economic processes in other parts of the world.

Such high values strongly imply a high economic and development value to protected area (PA) conservation in the region. In many cases, this value far exceeds those arising from alternative—and less sustainable—land and resource use options. Increasing global recognition of the value of ecosystem services, together with the development of mechanisms such as REDD+ aimed at their monetization, are creating new opportunities for capturing and conserving the Congo Basin's natural values. Marginal benefits from investing in capital improvements and ongoing management of protected areas—particularly beginning from current low levels of investment—are therefore likely to be very high. However, current spending levels are low, management effectiveness of existing spending is low and countries are lacking models and tools to take advantage of new opportunities to improve the situation. All 21 elements of PA financial sustainability measured in each country in the region were found to be operating at a sub-optimal level, i.e., they presented some kind of barrier to sustainable PA financing.

The project design calls for utilizing GEF funding to address barriers to PA financial sustainability within six Congo Basin countries. According to this demonstration approach, approaches to removal of individual barriers would be demonstrated in one or more countries and at pilot PAs, with the resulting lessons captured and shared at national and regional levels and made available for replication. This approach will be further strengthened through a strong reliance on partnerships with donors and other stakeholders across the region that are active in support to PAs and/or PA finance, as a means of covering more ground and stimulating replication. In this way, the project offers a comprehensive yet realistic approach to the challenge of sustainable PA financing across the region and thus provides tangible support to the regional Plan de Convergence.

The present project proposal offers an approach and a methodology for addressing the PA financing challenge at local, national and regional levels. Its objective is to have in place capacities, institutional frameworks and model mechanisms for the long term financial sustainability of PA systems and associated ecosystems within six Congo Basin countries. It aims to achieve this objective through three interconnected and complementary outcomes: (i) Outcome 1: Legal, policy and institutional frameworks to support sustainable conservation financing strengthened at regional and national levels; (ii) Outcome 2: Enhanced / innovative revenue generation, management and disbursement mechanisms piloted; (iii) Outcome 3: Business planning and cost effective management tools applied at PAs and associated landscapes

Programme Period:	2011-2015
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PIMS #	3447
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End Date:	Mar 2016
Management Arrangements:	NEX
PAC Meeting Date	

Total resources required	US \$ ____
Total allocated resources:	
• Regular	---
• Other (UNDP)	---
GEF	\$8,181,818
Government (including in kind)	---
Other (NGOs and other partners)	---

Agreed by (Government):

\_\_\_\_\_  
Date/Month/Year

Agreed by (Executing Entity/Implementing Partner):

\_\_\_\_\_  
Date/Month/Year

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\_\_\_\_\_  
Date/Month/Year

Agreed by (Africa Development Bank):

\_\_\_\_\_  
Date/Month/Year

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## List of Acronyms and Abbreviations

AfDB	African Development Bank
APR	Annual Project Report
AWP	Annual Work Plan
CAR	Central African Republic
CBD	Convention on Biological Diversity
CDR	Combined Delivery Report
CI	Conservation International
CIFOR	Center for International Forestry Research
CITES	Convention on International Trade on Endangered Species of Wild Flora & Fauna
DRC	Democratic Republic of Congo
EG	Equatorial Guinea
IA	Implementing Agency
IP	Implementing Partner
IW	Inception Workshop
MDG	Millennium Development Goals
MOA	Memorandum of Agreement
M & E	Monitoring and Evaluation
NBSAP	National Biodiversity Strategy and Action Plan
NGO	Non-Government Organization
NWFP	Non-wood forest product
PA	Protected Area
PACEBCo	Programme d'Appui à la Conservation des Ecosystèmes du Bassin du Congo
PB	Project Board
PES	Payment for Environmental Services
PIR	Project Implementation Review
PMU	Project Management Unit
PWS	Payment for Watershed Services
REDD	Reducing emission from deforestation and degradation
WB	World Bank
WRI	World Resources Institute

## **Part 1: Situation Analysis**

### **1.1 Context and Global Significance**

1. This section presents the context and global significance for the present project, which is designed to strengthen the financial sustainability of Congo Basin protected area (PA) systems. It includes the following four sub-sections: environmental context; environmental economic and socio-economic context; protected area system context, and; institutional context.

#### ENVIRONMENTAL CONTEXT<sup>1</sup>

2. Only three large regions of relatively intact tropical forest remain in the world. These are: (i) Amazonia, (ii) the Congo Basin, and (iii) New Guinea and parts of Indonesia. In nearly all respects, these are the most important remaining areas of wilderness in the world. Each contains over one hundred million hectares of wet broadleaf forest and is at least 70% intact; each remains capable of providing a full array of ecosystem services at national, regional and global levels. The significance of these forests is one which, in GEF terms, spans multiple focal areas, namely biodiversity, climate change and land degradation. The coming five to ten years will be critical to the persistence of the long-term global benefits generated by these regions, in particular their ability to support high levels of biodiversity while helping to mitigate climate change. Their significance to global objectives in these areas can scarcely be overstated.

3. The Congo Basin drains a watershed area of some 3.7 million km<sup>2</sup>, including nearly all of the Democratic Republic of Congo (DRC), as well as parts of the Republic of Congo, Cameroon, the Central African Republic, Equatorial Guinea, Gabon, Burundi, Tanzania, Zambia and Angola. Approximately 90% of the total area of the Basin is found within the first six of the countries listed, which are the subject of the remainder of this analysis and of the project.

4. Within this Basin are approximately 162 million ha. of dense forest. Together, these forests constitute a carbon sink recently estimated at some 47 billion tons. These forests represent the second largest area of dense tropical forest in the world, forming a vast and largely contiguous block similar to that of Amazonia.

5. About 80% of Congo Basin forests are found at altitudes ranging from 300 to 1,000 meters. Remaining forests are those of the coastal sedimentary basin (7%), sub-montane forests between 1,000 and 1,600 meters (2.8%) and montane forests above 1600 meters (0.8%). The central area of the Congo Basin, occupying broad swaths on either side of the Congo River and its main tributaries, is an area of swamp forest and floodplain forest covering some 200,000 km<sup>2</sup>. As recently as 2,000 years ago, the Basin's forest formations were in retreat due to natural causes, and were highly fragmented due to the spread of grasslands. Ongoing forest recolonization since that time is evidenced both by the presence of pioneer forests as well as by a natural reforestation process from savannah which has been observed in various locations throughout the sub-region.

6. The Congo Basin region is globally outstanding in biodiversity terms largely because much of the fauna and flora in its forests do not exist anywhere else on earth. This uniqueness is apparent at the species and genus levels, as well as, to a lesser extent, the family level. The flora in the low-altitude forests is comprised of over 10,000 species of higher plants, of which 3,000 are endemic. Nine families are endemic: *Dioncophyllaceae*, *Huaceae*, *Hoplostigmataceae*, *Lepidobotryaceae*, *Medusandraceae*, *Octoknemaceae*, *Pandaceae*, *Pentadiplandraceae* and *Sctopetalaceae*. The flora of the afro-montane forests is comprised of only 4,000 species, but at least 70% of these are endemic, with two endemic families – Barbeyaceae and Oliniaceae. With respect to fauna, unlike the Amazon Basin forests, the Congo Basin continues to support a full complement of terrestrial megafauna, including elephants and great apes. These forests house forest forms of the African elephant and the buffalo, together with species endemic to Africa such as the okapi, the bongo, the bonobo and the lowland gorilla. The avifauna includes the endemic Congo peacock and several families endemic to Africa.

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<sup>1</sup> Unless otherwise noted, this sub-section relies on de Wasseige C., Devers D., de Marcken P., Eba'a Atyi R., Nasi R. and P. Mayaux (eds). 2008. *The Forests of the Congo Basin - State of the Forest 2008*. Publications Office of the European Union, Luxembourg.

7. The region's flora and fauna are unequally distributed across the region, as is the composition of various associations and communities. Within the DRC, the highest levels of endemism are found in the forest in the east as the lowlands move into the Albertine Rift. There are also local endemics in the central Congo basin and sub-specific / specific barriers caused by the various rivers flowing through the basin. Mammal distribution is compartmentalized, and thus particularly uneven, due to the geographic barriers posed by the various large watercourses. Overall, the biogeography of the Congo Basin forests is considered highly complex and remains, partly for this reason, poorly understood. An attempt has been made to bring some 'order' to this situation by defining 14 ecoregions; this concept is widely used, particularly among conservation NGOs working in the region. However, there is some debate as to the utility of this classification system, which is generally considered more useful as a tool for planning rather than for scientific research.

## ENVIRONMENTAL ECONOMIC AND SOCIO-ECONOMIC CONTEXT<sup>2</sup>

8. It is critical to understand, from an early stage, the important nexus between economic factors and the biodiversity of the Congo Basin, and particularly its PAs. The economic value of the ecosystem services generated is immense and accrues from the micro-level of local livelihoods, through the national economies of host countries and up to the global economy. The economic costs and losses which are incurred from ecosystem degradation and loss are likewise substantial, and have far reaching implications both for national efforts at sustainable economic development and poverty alleviation and for economic processes in other parts of the world.

9. At the same time, many of the most pervasive causes of biodiversity loss are also economic or financial in nature. Economic activities, ranging from local-level clearance of natural habitats for agriculture through to large-scale extractive industries and global demands for resources, directly degrade natural ecosystems. Economic policies also, in many cases, constitute the underlying or root causes of biodiversity loss because they discourage, or present perverse incentives to, sustainable land and resource uses, provide positive incentives to unsustainable uses and marginalize biodiversity conservation in mainstream policy-making and budget decisions.

10. For these reasons, economic and financial factors lie at the core of this GEF project – in terms of the actions that are required to tackle the root causes of biodiversity loss, as well as in relation to their great potential to encourage more sustainable, equitable and effective biodiversity conservation. Environmental economic and socio-economic values represent a critical component of the context for the present project. An enhanced understanding of these values, and conversely of the costs associated with deforestation and forest degradation – both of which are outlined below – offers potentially critical arguments in favor of increased and more effective investment in PA management. Such arguments have the potential to sway decision-makers, not least among them Ministries of Finance.

11. PAs constitute far more than a static stock of biological and ecological resources – they represent a valuable natural asset, which if managed wisely and sustainably will continue to yield these economic values in perpetuity. However, there is little reliable quantitative data on the economic value of ecosystem goods and services of the PAs established within the Basin, or more generally for the forests of the Congo Basin as a whole. Although several detailed studies on the economic value of forest environmental goods and services have been carried out over the last decade in Cameroon<sup>3</sup>, there is only one comprehensive study of the economic value of forest ecosystems in the region. This was carried out in 2007 by the Center for International Forestry Research (CIFOR), CIRAD and the World Bank, and focuses on the Democratic Republic of Congo<sup>4</sup>. The

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<sup>2</sup> This section relies on Emerton, L. and J.H. Nlom. May 2010. "Congo Basin PAs: Revenue-Generation and Disbursement Options." Background study prepared during PPG Phase of present project.

<sup>3</sup> Lescuyer G. 2000. Evaluation économique et gestion viable de la forêt tropicale : réflexion sur un mode de coordination des usages d'une forêt de l'Est CAMEROUN. Thèse de Doctorat, Ecole de Hautes Etudes en sciences Sociales (EHESS), Paris; Ngo Nonga F. 2002. Gestion soutenable de la forêt tropicale et développement intégrée au Cameroun. Thèse de Doctorat d'Etat en sciences économiques, Université de Yaoundé II-Soa. Lescuyer G. 2006. L'évaluation économique du parc national de l'Ivindo au Gabon : Une estimation des bénéfices attendus de la conservation de la nature en Afrique. Rapport final, CIRAD Forêt, UPR 36. Montpellier.

<sup>4</sup> Debroux, L., Hart, T., Kaimowitz, D., Karsenty, A. and G. Topa. 2007. Forests in Post-Conflict DRC – Analysis of a Priority Agenda. CIFOR, the World Bank and CIRAD.

following discussion takes the basic framework for analysis and the key assumptions from this study, and extends and updates them with data provided from other reports and literature in order to come up with broad estimates of the economic value of Congo Basin protected areas (PAs). Indicative gross values<sup>5</sup> are presented for key goods and services. As the estimates rely on different source data and calculation methods, represent a mixture of actual and potential values (i.e. not all of the values presented are currently being captured), and only consider key goods and services, the figures cannot be summed to give a single figure for the total economic value of Congo Basin PAs. In addition, the values presented below inevitably cover only a tiny proportion of the total economic value of Congo Basin PAs. Indeed, many of the values associated with Congo Basin PAs – especially those relating to cultural, existence and option values – cannot easily be quantified, and in some cases arguably represent values far beyond those measured here. Balanced against this, it is important to emphasize that the data presented below do not take account of sustainability. Insufficient data were available to assess this – and thus some of the values included may refer to forest, land and resource uses which are not sustainable over the long-term.

12. However imperfect currently available information is, there is unquestionably a high (although largely unrecognised) economic and development value to PA conservation, and in many cases this value far exceeds those arising from alternative—and less sustainable—land and resource use options. Congo Basin forest ecosystems are important to local, national and even global economic processes in ways that go well beyond the (mainly timber) benefits that are reflected in conventional economic analyses and official statistics. For example, the total economic value of a tropical forest in the East Cameroon region has been estimated at US\$ 1,561/ha<sup>6</sup>. This includes timber (logging), non-timber forest products (NTFP) and carbon sequestration. The total economic value of Ivindo National Park in Gabon has been estimated at US\$ 76.6 million<sup>7</sup> (about US\$255/ha), including ecotourism, carbon sequestration, and non-use values. This compares to a logged value of US\$ 32.4 million. A value of US\$ 1,175/ha has been attributed to the conservation of tropical forest in Cameroon<sup>8</sup>, where only harvesting of NTFP and medicinal product are allowed, as well as factoring in the value of carbon sequestration.

13. The remainder of this section describes major elements of economic value within Congo Basin forests in general and its PAs in particular. These are divided into two main categories, i.e., direct values / provisioning services and indirect values / supporting and regulating services. It is worth noting that both lack of complete data regarding environmental economic values, as well as a lack of understanding or awareness of the data that does exist, are contributing to the weak political and financial support for PA and forest conservation.

#### *Direct values / provisioning services*

14. **Timber:** Immense values have long been generated from the exploitation of timber resources in Congo Basin countries – although the formal forestry sector's contribution to GDP has been consistently decreasing over time, especially for countries where the oil and minerals sectors have been growing<sup>9</sup>. Currently, it is estimated that the formal forestry sector contributes between 0.2% (in Equatorial Guinea) and 6.0% (in Cameroon) to GDP, and earns almost €120 million in tax income each year for the governments of Congo Basin countries (see **Table 1** below). In addition, it generates a range of other benefits to national economies; in CAR, for example, timber comprises 41% of all export earnings, and in both CAR and Gabon the forestry sector is the second largest employer after the state<sup>10</sup>. Forest companies also often play a significant role in terms of construction and maintenance of roads, schools, water wells and village electrification.

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<sup>5</sup> In other words, figures do not deduct harvesting, input, production, processing, transport and other intermediate consumption costs.

<sup>6</sup> Lescuyer 2000 op. cit.

<sup>7</sup> Lescuyer G. 2006. L'évaluation économique du parc national de l'Ivindo au Gabon : Une estimation des bénéfices attendus de la conservation de la nature en Afrique. Rapport final, CIRAD forêt, UPR 36. Montpellier

<sup>8</sup> Ngo Nonga F. 2002. Gestion soutenable de la forêt tropicale et développement intégrée au Cameroun. Thèse de Doctorat d'Etat en sciences économiques, Université de Yaoundé II-Soa.

<sup>9</sup> de Wasseige *et al* 2008 op. cit.

<sup>10</sup> Ibid.

**Table 1: Formal forestry sector economic contribution in Congo Basin countries (2007)**

	Cameroon	Central African Republic	Congo	Democratic Republic of Congo	Equatorial Guinea	Gabon	Region
Timber production, all types (m <sup>3</sup> '000)	3,164	630	1,595	396	423	3,963	10,171
Timber exports, all types (m <sup>3</sup> '000)	967	96	778	362	716*	2,330	4,533
Export values, all types (US\$ '000)	556,934	60,971	268,102	178,203	517,071	1,017,114	2,598,395
Value of domestic consumption (US '000)	281,084	165,581	136,632	18,461	n.d.	373,682	975,439
Tax earnings (€million)	62.1	--	10.0	1.7	13.8	31.3	118.9
Contribution to GDP (%)	6.0	6.3	5.6	1.0	0.2	4.3	

From de Wasseige C., Devers D., de Marcken P., Eba'a Atyi R., Nasi R. and P. Mayaux (eds). The Forests of the Congo Basin - State of the Forest 2008. Publications Office of the European Union, Luxembourg.

15. The formal forestry sector in Congo Basin countries produces more than 10 million tons of timber a year, with production dominated by Gabon (3.96 million tons) and Cameroon (3.16 million tons). A large proportion of this timber is exported – around 50% overall, ranging from 15% in Central African Republic to over 90% in the Democratic Republic of Congo. The current total annual value of these exports exceeds US\$ 2.5 billion, while the market value of domestically-consumed timber and timber products is estimated to total almost US\$ 1 billion. In total, formal-sector forestry earnings contribute as much as 6.3% of official GDP in Congo Basin countries.

16. It is likely that in Congo Basin countries, the informal forestry sector is at least as important as the formal sector – although reliable data do not exist about the exact volume of timber extracted. One estimate for the Democratic Republic of Congo suggests that informal timber harvesting totals around 1.5 to 2.5 million m<sup>3</sup> a year<sup>11</sup>, or between four and six times as much<sup>11</sup> as officially-recorded production. If we take a conservative estimate of informal harvesting at twice the recorded figure of formal sector timber production, and apply domestic market prices, this suggests a minimum annual value for the region of some US\$ 4.3 billion.

17. Woodfuel is the dominant energy source in both rural and urban areas of the Congo Basin, and most is sourced from natural forest areas<sup>12</sup>. Annual consumption is recorded at around 95 million m<sup>3</sup>, mainly comprised of firewood, with a total value of some US\$2.8 billion.

18. Non-wood forest products (NWFP) are arguably the most important direct use value obtained from Congo Basin forests, because they are so vital to the income, nutrition and health of a large proportion of the rural population. A study in the tropical forests of East Cameroon has, for example, found an economic value for NWFP harvesting of around US\$ 54/ha/year<sup>13</sup>.

19. The most significant NWFP in value terms is no doubt bushmeat, which provides a significant and direct source of protein to communities across the region. Overall, approximately 80% of the volume of meat eaten in Congo Basin countries comes from wild animals<sup>14</sup>, which contribute between 30% and 80% of the protein consumed by forest-dwelling families<sup>15</sup>. In many places this rises as high as 98%<sup>16</sup>. Bushmeat provides a cheap and easily-accessible source of nutrition, and plays a vital part in the diets, livelihoods and food security of rural households<sup>17</sup>, especially during the hungry season and in situations of stress and emergency<sup>18</sup>. Around the Dja

<sup>11</sup> Djiré 2009 cited in Debroux *et al* 2007 op. cit.

<sup>12</sup> de Wasseige *et al* 2008 op. cit.

<sup>13</sup> Lescuyer 2000 op.cit.

<sup>14</sup> Biodiversity Support Program & Bushmeat Crisis Taskforce. 2001. Bushmeat Crisis Causes, Consequences and Controls. Issues Brief #23, Congo Basin Information Series, Central African Regional Program for the Environment (CARPE), Kinshasa.

<sup>15</sup> Usongo and Nagahuedi 2008 op. cit.

<sup>16</sup> Tchamie T.T.K. 1996. Aires protégées au TOGO: Nécessité d'une redéfinition des stratégies de conservation et de protection de la faune. le Flamboyant 39 : 12 – 15.

<sup>17</sup> Bowen-Jones, E., Brown D. and E. Elizabeth Robinson. 2002. Assessment of the Solution-orientated research needed to promote a more sustainable Bushmeat Trade in Central and West Africa. Produced for UK Department of Environment, Food and Rural Agriculture, London.

<sup>18</sup> de Merode, E., Homewood K. and G. Cowlishaw, 2003. Wild resources and livelihoods of poor households in Democratic Republic of Congo. ODI Wildlife Policy Briefing, Overseas Development Institute, London.

Wildlife Reserve in Cameroon, for example, bushmeat contributes up to 98% of protein intake of nearby communities and in Gabon up to 73%<sup>19</sup>. It is estimated that the rural revenue generated by bushmeat is at least equal to, and possibly more than, that produced by the formal logging industry<sup>20</sup>.

20. A comprehensive study of the total volume of bushmeat harvesting, for both home consumption and sale, estimates total annual consumption to be in excess of 1 million tons a year, or an average of 35 kg per capita<sup>21</sup> (). At local market prices, this translates into an annual value of nearly US\$ 3 billion. It is worth noting that this probably represents a conservative estimate, as other studies put this figure at a much higher level. For example, in the Democratic Republic of Congo alone, bushmeat consumption has been estimated at between 1.1 and 1.7 million tons a year<sup>22</sup>, and it has been proposed that the total annual harvest across the sub-region exceeds 2 million tons<sup>23</sup>. However, it should be noted that current levels of bushmeat consumption appear to be well beyond what is sustainable, as evidenced by reports of sharply reduced fauna levels in DRC and elsewhere.

21. Other NWFPs harvested from Congo Basin forests and PAs include a diverse range of products used for income, shelter, food, medicines and handicrafts. More than half of the population in Central Africa takes part in the harvest of NWFP<sup>24</sup>. One feature of NWFPs is that they are often collected and traded by women, and so help to increase their income and livelihood status. For example, in the humid forest zone of Cameroon, an estimated 94% of NWFP traders are women<sup>25</sup>. However, while women tend to dominate the collection and trade of many NWFPs, men are more involved in the harvest of higher-value commodities such as rattans, bushmeat and medicinal plants<sup>26</sup>.

**Table 2: Value and volume of bushmeat consumption in Congo Basin countries**

	Cameroon	Central African Republic	Congo	Democratic Republic of Congo	Equatorial Guinea	Gabon	Total
Total consumption (tons/yr)	78,077	12,977	16,325	1,067,873	9,763	11,381	1,196,396
Average harvest (kg/km <sup>2</sup> forest/yr)	503	248	77	897	574	50	645
Average consumption (kg/person/yr)	21	17	11	41	24	15	35
Bushmeat value (US\$ '000/yr)	195,193	32,443	40,813	2,669,683	24,408	28,453	2,990,990

Harvesting data sourced from Inamdar, A., Brown, D. and S. Cobb. 1999. What's special about wildlife management in forests? Concepts and models of rights-based management, with recent evidence from West-Central Africa. *Natural Resource Perspectives*, No. 44, ODI, London. Values calculated using average price for Democratic Republic of Congo cited in Debroux *et al* 2007.

22. NWFPs provide an important source of cash income for many households. In Equateur Province in the DRC, for example, households selling NWFPs (including leaves, caterpillars, mushrooms, charcoal and palm wine) earn a monthly income of US\$ 84, which is equivalent to, or higher than, that of a civil servant or secondary school teacher<sup>27</sup>. For local traders the monthly profit from selling the same range of products is between US\$ 130 and US\$ 216, roughly equivalent to that of a doctor, and for those trading in Kinshasa income

<sup>19</sup> Bowen-Jones *et al* 2002 op. cit.

<sup>20</sup> Usongo, L. and J. Nagahuedi. 2008. Participatory land-use planning for priority landscapes of the Congo Basin. *Unasylva* 230(59).

<sup>21</sup> Inamdar, A., Brown, D. and S. Cobb. 1999. What's special about wildlife management in forests? Concepts and models of rights-based management, with recent evidence from West-Central Africa. *Natural Resource Perspectives*, No. 44, ODI, London.

<sup>22</sup> Debroux *et al* 2007 op. cit.

<sup>23</sup> Nasi, R. and N. van Vliet. Hunting for Livelihood in Northeast Gabon: Patterns, Evolution, and Sustainability. *Ecology and Society* 13(2): 33.

<sup>24</sup> Ndikumagenge, C. and P. T. Ngome. Quantifying NTFPs. ITTO Tropical Forest Update 18/4.

<sup>25</sup> Ndoye, O. and Tieguhong, J. C. 2004. Forest resources and rural livelihoods: the conflict between timber and nontimber forest products in the Congo Basin. *Scand. J. For. Res.* 19 (Suppl. 4): 1-9.

<sup>26</sup> Hoare 2007 op. cit.

<sup>27</sup> Ndoye, O., Awono, A., Preece, L. and B. Toirambe. 2007. Markets in non-timber forest products in the provinces of Equateur and Bandundu: Presentation on a field survey. In BYC. What does the future hold for the forests in the Democratic Republic of Congo? Innovative tools and mechanisms for sustainable forest management. Reflection and discussion paper - 2007/01. Belgian Development Agency, Kinshasa.

can reach as high as US\$ 1,352. For the Azande in the DRC, wild foods comprise around one third of household production, while contributing a quarter of household sales<sup>28</sup>.

23. NWFPs sourced from Congo Basin countries also supply international export markets. Five products alone (honey, *Gnetum* spp., *Irvingia* spp., *Dacyodes edulis* and *Prunus Africana*) have an annual turnover of US\$ 45 million, supplying both domestic and export markets<sup>29</sup>. An estimated 32.0 tons of NWFPs from Congo Basin countries, worth more than US\$ 96 million, are imported annually into France, UK, Belgium, Spain and Portugal<sup>30</sup>.

24. Medicinal plants are another key NWFP sourced from forests in the Congo Basin. Up to 80% of Cameroonians use wild medicinal plants to cater to all or part of their healthcare needs, and more than 90% in the Democratic Republic of Congo<sup>31</sup>. For example, around Mbalmayo Forest Reserve, more than 70% of the population depends on plant-based medicines, which are 50-90% cheaper than their bought alternatives<sup>32</sup>. In a survey in Equateur and Bandundu Provinces of the DRC, 85% of households were found to use medicinal plants to cure common ailments<sup>33</sup>. The annual income from medicinal plants has been estimated at between US\$ 0.70/ha/year<sup>34</sup> and US\$ 18/ha/year<sup>35</sup> in Cameroon.

25. Tourism: Congo Basin PAs support both nature tourism and recreational hunting. However, poor tourist infrastructure, combined with the region's perceived insecurity, history of civil unrest and high levels of corruption, as well as the relative inaccessibility of many PAs, means that the region's tourism potential remains relatively unrealized – with the notable exception of gorilla tourism, particularly in the north of the DRC.

26. Little or no information exists on the scale or value of hunting; there are no published accounts and few unpublished sources of information, and safari hunting companies are disinclined to discuss their operations and profitability<sup>36</sup>. Various figures for the economic value of PA tourism in Congo Basin countries do however exist<sup>37</sup>. In Cameroon, it is estimated that biodiversity-related tourism contributed 1.35% to the balance of trade and provided tax earnings of about € 697,000 in 2007. The biodiversity-related tourism sector is thought to directly employ nearly 800 people in CAR and to provide tourist revenues of nearly €1 million. The recreational value of gorilla in Dja Wildlife Reserve has been estimated at US\$ 192/tourist<sup>38</sup>. The economic value of ecotourism potential in Ivindo National Park in Gabon has been calculated to be US\$ 1.4 million for the sites of Kongou and Baï de Langoué Waterfalls, and between US\$ 125 – 170 per tourist day for gorillas<sup>39</sup>.

27. Gorilla tourism is one of the most well-developed, and lucrative, sources of international tourism into the PAs of the Congo Basin. Recent estimates<sup>40</sup> have been made of the total value of this tourism for the four PAs of the Bwindi/Virunga forest region: Bwindi Impenetrable Forest and National Park in Uganda, Parc des Volcans in Uganda, Park de Virunga Sud in the DRC, and Mgahinga Gorilla Park in Uganda. Just looking at the Ugandan and Rwandan portions of this landscape, each international visitor spends an average of US\$ 1,254 on gorilla-viewing travel; in addition, each gains an average of US\$ 953 in consumer surplus<sup>41</sup>. It is further estimated that of the total spent, around 36% is retained in-country.

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<sup>28</sup> de Merode *et al* 2003 op. cit.

<sup>29</sup> Ingram, V. 2009. The hidden costs and values of NTFP exploitation in the Congo Basin. Paper presented at XIII World Forestry Congress, Buenos Aires.

<sup>30</sup> Hoare, L. 2007 op. cit.

<sup>31</sup> Ingram 2009 op. cit.

<sup>32</sup> Hoare, L. 2007 op. cit.

<sup>33</sup> Hoare, L. 2007 o. cit.

<sup>34</sup> Ruitenbeek H.J. 1990. The Korup project: plan for developing the Korup National park and its support zone. WWF, London, 98 p

<sup>35</sup> Lescuyer G. 2000. Op. Cit.

<sup>36</sup> Wilkie, D.S. and J.F. Carpenter. 1999. The potential role of safari hunting as a source of revenue for protected areas in the Congo Basin. *Oryx* Vol 33(4): 339–345.

<sup>37</sup> All taken from de Wasseige *et al* 2008 op. cit.

<sup>38</sup> Nkolo Ndzodo L.M. 2005. Approche économique des bénéfices d'une espèce menacée d'extinction : le cas du gorille de la plaine occidentale de la réserve de faune du Dja au cameroun. Mémoire de DEA en sciences économiques, Programme de Troisième Cycle Interuniversitaire en sciences économiques, Université Omar Bongo, Libreville, Gabon

<sup>39</sup> Lescuyer 2006 op. cit.

<sup>40</sup> Hatfield R. and D. Malleret-King. 2007. The economic value of the mountain gorilla protected forests (The Virungas and Bwindi Impenetrable National Park). International Gorilla Conservation Programme (IGCP), Nairobi.

<sup>41</sup> The difference between what a consumer would be willing to pay for a good or service and what that consumer actually has to pay.

28. The above study also estimates the current international gorilla sustainable tourism potential of Park de Virunga Sud in the DRC to be in the region of 20,000 visitors a year. Although this assumes the renovation and rebuilding of tourist infrastructure and a return of international confidence in the DRC as a tourist destination, it is based on actual pre-war tourism figures and on gorilla tourism to neighboring countries and PAs, and may therefore be a realistic estimate. Based on these figures, and on the per capita values imputed to gorilla tourism in Rwanda and Uganda, this suggests a potential economic value of US\$ 44.14 million a year, of which US\$ 15.89 million might be retained in-country.

*Indirect values / Supporting and regulating services*

29. Watershed protection: According to the World Resources Institute (WRI)<sup>42</sup>, the Congo River Basin drains a watershed area of 3,730,474 km<sup>2</sup>. It covers all of the Democratic Republic of Congo, as well as parts of Congo, Cameroon, the Central African Republic, Equatorial Guinea, Gabon, Burundi, Tanzania, Zambia and Angola. PAs and forests in general provide important protection services to the Congo watershed, as well as to several other major basins - the Ogoué, Sanaga, Cross and the lower Niger, and a number of smaller basins which drain into the Gulf of Guinea<sup>43</sup>. The Congo Basin is, however, by far the largest, with annual renewable water resources of about 1.3 billion cubic meters, supporting more than 77 million people<sup>44</sup>.

30. Unfortunately, a severe lack of hydrological research and data mean that little is known of the exact relationships between forests and hydrological processes in Congo Basin countries. However, there is no question that forested PAs yield a number of important water-related ecosystem services, including water supply, flow regulation, control of siltation and sedimentation and water quality for domestic and industrial use, irrigation, hydropower and other activities. Watershed protection is particularly important to the hydropower industry, which currently represents most of the installed capacity for generating electricity in Congo Basin countries. In 2008, the total installed operational capacity for hydropower fed by Congo Basin rivers was reported at 6,490 MW<sup>45</sup>; 3,634 MW or almost 56% of this total is located in the project countries (mainly the DRC).

31. Looking at the costs avoided of replacing natural forest watershed protection functions with artificial infrastructure, and assuming a per hectare value which is taken from forest areas in the broader region with similar conditions<sup>46</sup> can be averaged across all forest in the Congo Basin, the annual value of these services may be in excess of US\$ 1.05 billion a year.

32. Micro-climate and global rainfall: A large part of the rainfall in the Congo Basin is thought to come from the recycling of moisture by the forest: it is estimated that between 75% and 95% of rainfall is recycled within the Congo Basin and that evaporation from the region contributes about 17% of rainfall in West and Central Africa<sup>47</sup>. Deforestation in the Congo Basin is thought to have a strong effect on both local and global rainfall.

33. Regional-scale atmospheric simulation experiments have shown that deforestation in timber concessions could affect precipitation inside adjacent PAs in Congo and Gabon, indicating that in some parks rainfall has been reduced by as much as 15% as a result of loss of forest<sup>48</sup>. It is also asserted that deforestation in the Congo Basin causes a decrease in precipitation of 5-15% in the Great Lakes region of the USA, and affects parts of

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<sup>42</sup> Revenga, C., S. Murray, J. Abramovitz, and A. Hammond, 1998. *Watersheds of the World: Ecological Value and Vulnerability*. Washington, DC: World Resources Institute

<sup>43</sup> de Wasseige *et al* 2008 op. cit.

<sup>44</sup> de Wasseige C., Devers D., de Marcken P., Eba'a Atyi R., Nasi R. and P. Mayaux (eds). 2008. *The Forests of the Congo Basin - State of the Forest 2008*. Page 141. Publications Office of the European Union, Luxembourg

<sup>45</sup> This includes Angola, Burundi, Cameroon, CAR, Congo, DRC, Gabon, Rwanda, Tanzania and Zambia.

<sup>46</sup> The range of US\$ 3-10 per hectare per year is taken from Debroux *et al* 2007 op. cit., and averaged at US\$6.5/hectare/year. The total area of dense forest in the Congo Basin countries is cited as 161,987,859 hectares in de Wasseige *et al* 2008 op. cit.

<sup>47</sup> Maniatis, D. 2008. *Ecosystem Services of the Congo Basin Forests*. Forest Foresight Report No. 3. Global Canopy Programme, London.

<sup>48</sup> Baidya Roy, S., Walsh, P.D. and J.W. Lichstein. 2005. Can logging in equatorial Africa affect adjacent parks? *Ecology and Society* 10(1): 6.

Ukraine and Russia where May precipitation is reduced by as much as a quarter<sup>49</sup>. Satellite observations on tropical rainfall distribution and historical river flow observations also appear to document a natural see-saw oscillation across the Atlantic Ocean, showing that floods over the Amazon basin tend to coincide with droughts over the Congo Basin and vice-versa<sup>50</sup>. Deforestation in the Congo Basin could thus have an important effect on this natural oscillation, as large variations in rainfall over the continental centre of convection and rainfall of the Amazon and the Congo are likely to have significant impacts on the hydrology and climate of surrounding regions<sup>51</sup>. No data are available on the economic value of these important ecosystem services, by definition leading to the undervaluation of such services in decision-making and a resulting weak case for their conservation.

34. **Carbon sequestration:** Much attention has recently been focused on the role of Congo Basin forests in carbon sequestration and storage and the consequently devastating impacts of deforestation and forest degradation on global carbon emissions and global warming trends. Recent estimates made in the 2008 State of the Forests Report<sup>52</sup> estimate the total stock of carbon in Congo Basin forests to be some 47 billion tons ().

**Table 3: Stock of carbon in Congo Basin forests (million tons)**

	Cameroon	Central African Republic	Congo	Democratic Republic of Congo	Equatorial Guinea	Gabon	Total
Humid forests	3,203	886	3,263	18,056	383	4,033	29,824
Mosaic forest/croplands	414	167	534	1,945	57	287	3,404
Mosaic forest/savanna	628	2,437	145	3,059	3	20	6,292
Closed deciduous forest	6	54	73	1,625	0	10	1,768
Deciduous woodland	684	1,658	6	1,812	1	2	4,163
Open deciduous woodland	108	258	199	760	0	31	1,356
Total	5,043	5,460	4,219	27,258	445	4,383	46,808

Data sourced from de Wasseige C., Devers D., de Marcken P., Eba'a Atyi R., Nasi R. and P. Mayaux (eds). The Forests of the Congo Basin - State of the Forest 2008.

35. Applying the average price for carbon in voluntary offset markets<sup>53</sup>, which represents a very conservative estimate of carbon values<sup>54</sup>, to the total carbon stored in the Congo Basin's humid and closed deciduous forests, deciduous woodlands and forest/savanna mosaics suggests that the total value of this carbon stock is some US\$ 1.5 trillion.

36. The above figure represents the 2008 market value of the total amount of carbon sequestered in the Congo Basin's forests. In order to come up with a meaningful annual figure, we need to look at the carbon sequestration value of forests in terms of costs avoided – in other words, what well managed PAs could save in terms of avoided emissions due to reduced deforestation and forest degradation. According to a recent study based on FAO estimates of deforestation<sup>55</sup>, the Congo Basin loses 65.9 million tons of carbon per annum. The next question is: how much of this carbon is being lost from currently protected areas? Given that PAs cover approximately 56.5 million ha, or some **15%** of land area, a first estimate would be 10 million tons. However, this assumes both that carbon stocks are evenly distributed across the landscape and that deforestation and degradation rates are also evenly distributed.

<sup>49</sup> Avissar, R. and D. Werth. 2005. Global Hydroclimatological Teleconnections Resulting from Tropical Deforestation. Journal of Hydrometeorology 6, 134-145, cited in Matae 2008.

<sup>50</sup> Eltahir, E.A.B., Loux, B., Yamana, T.K. and A. Bomblies. 2004. A see-saw oscillation between the Amazon and Congo basins. Geophysical Research Letters 31, cited in Matae 2008.

<sup>51</sup> Maniatis 2008 op. cit.

<sup>52</sup> de Wasseige *et al* 2008 op. cit.

<sup>53</sup> See Ecosystem Marketplace. 2010. Fortifying the Foundation: State of the Voluntary Carbon Markets 2009. This report puts the average 2009 retail over-the-counter market value at US\$8.90 / tonne of CO<sub>2</sub>e.

<sup>54</sup> As compared to, for example, the Shadow Price of Carbon calculations given in the Stern Review, the so-called "social costs" of carbon, avoided climate damage costs or emissions reductions costs.

<sup>55</sup> Matae 2008 op. cit.

37. In considering the first assumption, it is worth bearing in mind that the sub-region as a whole supports some 162 million ha. of dense forest, 37 million ha of forest-cropland mosaic and 68 million ha of forest-savannah mosaic.<sup>56</sup> Given that the sub-region's PAs tend to be concentrated in areas of dense forest, it seems likely that the preponderance of dense forest is well above average within PAs as compared with the broader landscape. We therefore estimate that 60% of the PA estate, or some 33.9 million ha. consists of dense forest – representing about 21% of the sub-region's total for that ecosystem type. It is further assumed that the remaining 17 million ha. of the PA estate consists of forest-savannah mosaic and forest-cropland mosaic, representing approximately 16% of the sub-region's total for this ecosystem type. With these figures in hand, we estimate that about roughly 20% of the sub-region's carbon stocks are found within the existing PA estate.

38. Given the current low levels of protection and the relative richness of forest resources within protected areas, but bearing in mind that many have been established in relatively remote and thus less heavily pressured, locations, it appears reasonable to assume that the baseline rate of deforestation within PAs is equivalent to at least half that of the broader landscape as a whole. Given this assumption, it is estimated that roughly 10% of the sub-region's emissions to deforestation and degradation, or 6.6 million tons of carbon (24.2 million tons of CO<sub>2</sub>e) per annum, are being emitted annually due to deforestation and degradation of the sub-region's PA estate. Applying the average 2008 retail over-the-counter market value of US\$ 8.90/tons of CO<sub>2</sub>e<sup>57</sup>, this translates into an annual value of some US\$ 215 million. While this figure is rather roughly derived, and bears careful updating, it should hopefully offer some idea of the order of magnitude of potential REDD+ values within the region's PA system.

#### *Option and existence values / cultural services*

39. The option and existence values associated with Congo Basin PAs are immense, although – as noted above - largely unquantifiable in monetary terms. Constituting one of the world's High Biodiversity Wilderness Areas<sup>58</sup>, and supporting a huge array of rare and endangered species, the continued conservation of PAs in the Congo Basin implies a substantial, though effectively inestimable, option value in terms of possible future uses and applications of wild resources and ecosystems. Meanwhile, so-called 'charismatic megafauna', such as gorillas, chimpanzees and bonobo, are likely to have high existence values.

40. Culturally diverse peoples have inhabited the forests of the Congo Basin for thousands of years, and over millennia local social and economic processes have been intimately entwined with nature<sup>59</sup>. The social, cultural, spiritual and traditional value of the species and ecosystems contained within the sub-region's PAs is vast, both for local populations and at the national and sub-regional level. At the same time, the rich and unique biodiversity and ecosystems that are contained in national PA networks hold a huge value for the global community, regardless of actual use, simply because they are known to exist.

41. In the absence of specific data, the global existence and/or option value of Congo Basin PAs can be tentatively – although only very partially – estimated by the flow of international donor assistance for nature conservation which, at present, is approximately US\$ 25 million per year<sup>60</sup>.

42. **Figure 1** below summarizes the information provided on environmental economic values of Congo Basin forests.

### **Figure 1: Summary of key Congo Basin forest ecosystem values**

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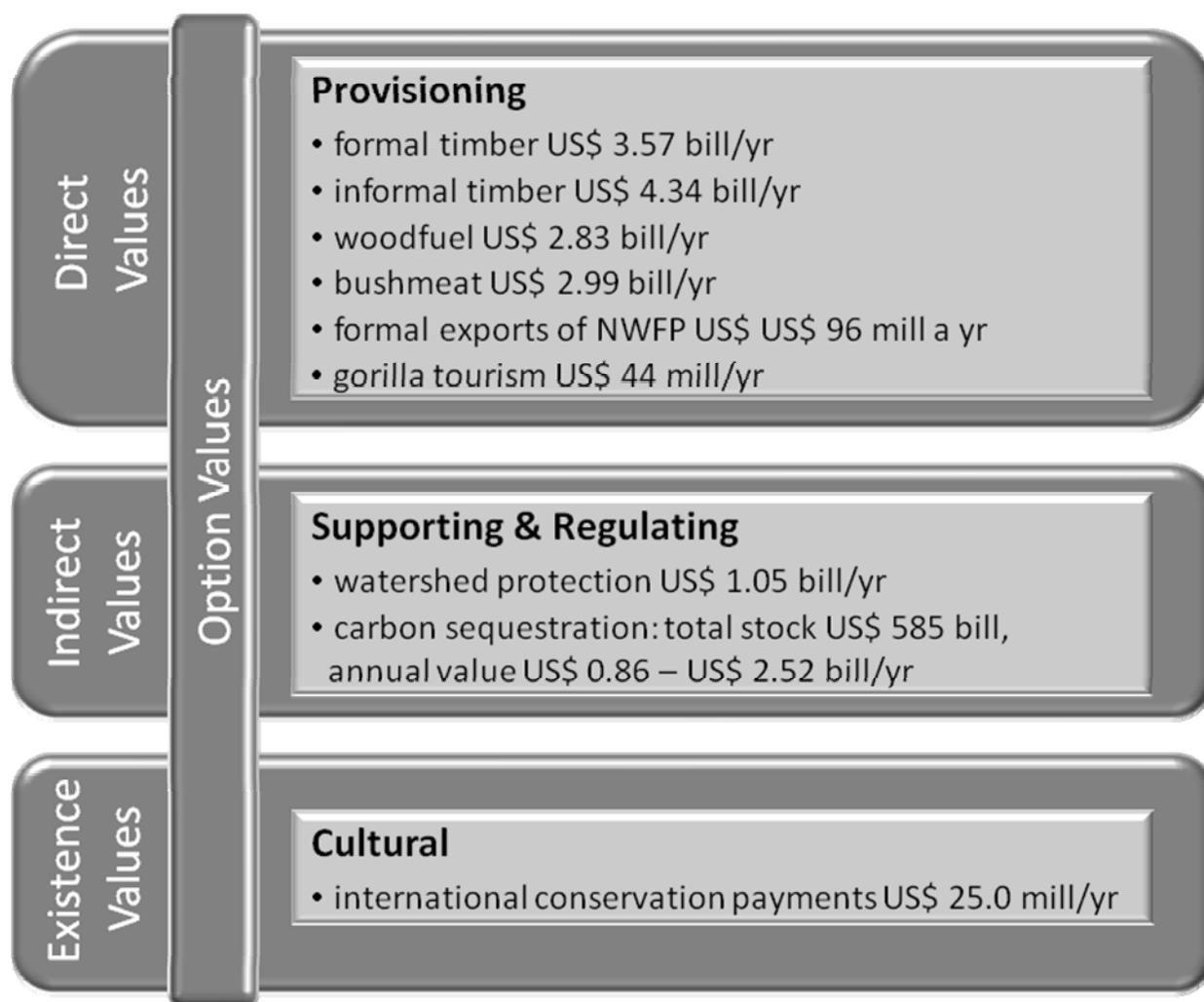
<sup>56</sup> SoF 2008, p.17.

<sup>57</sup> Ecosystem Marketplace. 2010. Fortifying the Foundation: State of the Voluntary Carbon Markets 2009.

<sup>58</sup> See [http://www.conservation.org/explore/priority\\_areas/wilderness/Pages/default.aspx](http://www.conservation.org/explore/priority_areas/wilderness/Pages/default.aspx)

<sup>59</sup> Toham, A., D'Amico, J., Olson, D., Blom, A., Trowbridge, L., Burgess, N., Thieme, M., Abell, R., Carroll, R.W., Gartlan, S., Langrand, O., Mikala Mussavu, R., O'Hara, D. and H. Strand. 2003. A Vision for Biodiversity Conservation in Central Africa: Biological Priorities for Conservation in the Guinean-Congolian Forest and Freshwater Region. WWF, Washington DC.

<sup>60</sup> Donor assistance figure from Galindo, J. 2010. Activity #1: National Sustainable PA Financing Baseline Assessments Deliverable 1: Draft report items 1.1 – 1.5. GEF Congo Basin PA Financing Project, Yaoundé.



#### PROTECTED AREA SYSTEM CONTEXT

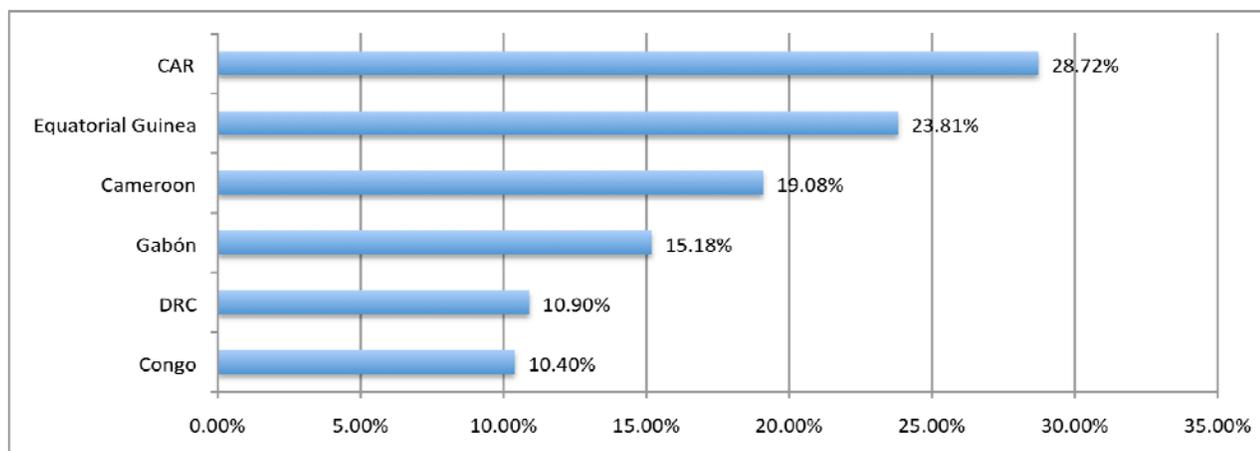
43. The previous section has provided an overview of the key environmental economic values to be found within Congo Basin forests. Some of these values – particularly those related to water, carbon and biodiversity existence values – can be realized through conservation of PAs, others – particularly timber and NWFPs – through sustainable use of surrounding landscapes. Henceforth, our focus will be on the former, i.e., the PAs, sustainable financing of which represents the central theme of the present project. Nevertheless, key landscape areas – including buffer zones and connective corridors – and their populations will remain important elements of the overall financial sustainability picture.

44. Protected Areas (PA) in the six Congo Basin countries have their origins in the colonial era. The colonial powers created wildlife and hunting reserves, botanical gardens and zoos, before the establishment of National Parks. During the colonial era, there were only a few national parks: Central African Republic had two (National Parks of the Ubangi-Shari and Manavo Gounda-Saint Floris), Democratic Republic of Congo had three (Albert National Park, Garamba and Upemba), Equatorial Guinea and the Republic of Congo, had one each (Monte Alen and Odzala), while Cameroon and Gabon had none. These national parks were created between 1925, when the first African Park (Parc National Albert, now the Virunga National Park) was established, and the 1950s.

45. The tremendous expansion of protected area systems took place mainly after independence. Not only has the size of these networks increased significantly, but the post-colonial period has also been characterized by the emergence of new types of protected areas, including Biosphere Reserves, scientific and natural forests and natural monuments. This expansion has taken place continuously from the 1960s to date, with recent protected

areas being developed in Cameroon, Democratic Republic of Congo and Gabon. If the establishment of PAs during the colonial era addressed the need for escape, aesthetics and recreational activities, based on the model already developed in the USA, the extension of post-colonial PAs appears to be related more to the conservation and sustainable use of biodiversity together with, for example, tourism and scientific research. The process has also come in a context of international conventions and treaties to which these countries have subscribed, notably the 10% protected area target of the Convention of Biological Diversity, associated with development assistance funding. **Figure 2** shows the PA system in the six basin countries as a percentage of land surfaces.

**Figure 2 PA system as a percentage of national surface**



Source: Estimates based on figures provided during financial scorecard workshops undertaken during PPG.

46. Altogether, the six countries have thus far established approximately 278 protected areas covering some 56.5 million hectares (see **Table 4** below). These include major recent commitments such as the creation of a network of 11 protected areas by Equatorial Guinea in 2000, the establishment of 13 National Parks by Gabon in 2002 and the significant extension of its protected area network by the Republic of Congo through the extension of Odzala-Kokoua National Park and the creation of Conkouati National Park. These countries have now set up – or are about to set up – National Agencies to strengthen the management of their protected areas network. Since the 2006 State of the Forest report was issued, the Democratic Republic of Congo has extended its network from 8.6% to 10.3% and has made a formal commitment to extend it further to cover at least 15% of the country; this would mean an increase of about 5,000,000 hectares. Several transboundary protected areas have also been established; these have significant potential to conserve transboundary ecosystems and migratory species. Without these gazetted PAs, nearly all priority landscapes in the Congo Basin would be zoned for production uses to meet consumer demands in the Central Africa region, Europe, America and particularly China.

47. This network includes 18 different types of protected areas including: Botanical Garden, Zoos, Botanical / Zoological Gardens, Scientific Reserves, Ultimate, Special, Forestry, Nature, Community, Wildlife Reserve and Biosphere National Park, Park, Sanctuary, Natural Monument, Hunting Area, Area of Interest Hunting and Community Management and Hunting Area of Interest (Area farmed out hunting). These 18 types fall within all six categories of IUCN PA: Ia (Nature Reserve), Ib (Wilderness Area), II (National Park), III (Natural Monument), IV (Habitat Management Area or species), V (Protected Landscape / Seascape) and VI (protected area managed resource). Depending on the country, the same type of PA can belong to more than one IUCN category. For example, wildlife reserves in Cameroon belong to Category Ib, while in the DRC, some belong to Category IV and others to Category VI. National Parks are the type of protected area covering the largest area (17,055,651 ha), followed by Areas of Interest for Hunting (11,263,900 ha) and Hunting Areas (10,112,606 ha).

**Table 4: Congo Basin protected areas, by type**

ID	PA type	Number	IUCN category	Area (ha.)
01	Scientific reserve (EG)	2	Ia	51.500
02	Botanical garden	4	Ia	269
03	Zoological gardens	6	Ia	8
04	Botanical & zoological garden (DRC; combined)	2	Ia	307
05	Integral reserve (CAR)	1	Ia	86.000
06	Special reserve (CAR)	2	IV	316.815
07	Wildlife reserve (CAM & DRC)	17	Ib (CAM), IV & VI (RDC)	4.965.975
08	Forest reserve (CAM)	77	Ia	880.496
09	Nature reserve (EG & DRC)	8	IV	5.170.262
10	Biosphere reserve (RCA, RDC, Congo)	6	I & IV	444.706)
11	National park (All countries)	36	II	17.055.651
12	Park (DRC)	2	IV	426.000
13	Sanctuary (Congo)	3	IV	280.300
14	Natural monument (EG)	2	III	39.000
15	Hunting area (DRC, Congo)	18	VI	10.112.606
16	Area of interest for hunting and community management (ZICGC) (CAM, CAR)	33	VI	4.728.432
17	Area of hunting interest (CAM, CAR)	58	VI	11.263.900
18	Community reserve (Congo)	1	VI	461.815
	Totals	278		56.478.942

**Key :** CAM = Cameroun ; Congo : Republic of Congo ; EG = Equatorial Guinea ; CAR = Central African Republic ; DRC= Democratic Republic of Congo.

48. A significant trend within the sub-region has been the regional integration of portions of PA systems. Several transboundary protected areas have been created within large ecological units (landscapes). These include the following:

- TRIDOM consists of the Dja Reserve (Cameroon), National Park Odzala-Koukoua (Congo) and Minkebe (Gabon) in the Dja landscape Odzala-Minkebe. The complex was defined by an inter-governmental cooperation agreement COMIFAC TRIDOM, signed in 2005, which defines it as a border complex of protected areas connected by a wide inter-zone in the territory of Cameroon, the Republic of Congo and Gabon. The agreement states that TRIDOM's boundaries include the protected areas as well as open spaces without special protection status between them (inter-zone), in order to create a homogenous and coherent ensemble. In 2006, a COMIFAC meeting on TRIDOM established the criteria to be taken into account by each country to define the limits of TRIDOM, namely: (a) the general land use plan, (2) peripheral areas of the Protected Areas, including ecological corridors, (3) natural boundaries (including roads). Subsequent application of these criteria resulted in the creation of a landscape of 191,541 square kilometers, which includes timber concessions bordering the protected areas. Protected areas account for 15.5% of this overall landscape<sup>61</sup>.
- Sangha Trinational (TNS), including the National Parks of Lobeke (Cameroon), Nouabale Ndoki (Congo) and Dzanga Ndoki (Central African Republic) is located within the landscape of the Tri-National Sangha (TNS). The area is being established based on a 2000 agreement between Cameroon, Central African Republic and the Republic of Congo on the border management of the protected areas concerned. Following this cooperation agreement, several memoranda of understanding were signed by the three countries, the latest of which relates to the creation of a TNS anti-poaching brigade (2009). This landscape covers approximately 45,200 km<sup>2</sup> and PAs therein represent approximately 15.4% of this area.
- The Monte Alen National Park (Equatorial Guinea) and Monts de Cristal (Gabon) are within the Monte Alen - Monts de Cristal landscape. Unlike the PAs contained in TRIDOM and TNS, the two protected areas of the Monte Alen - Monts de Cristal landscape do not as yet benefit from a formal agreement between Gabon and Equatorial Guinea. An official border drawn at the landscape between these two countries would represent an important prerequisite for such an agreement. Nevertheless, a land use plan for this landscape as a whole has

<sup>61</sup> De Wachter, 2008.

been designed, as well as for Monte Alen and Monts de Cristal National Parks specifically. ECOFAC has made the development of a land use plan for Monts de Cristal among its top priorities.

49. Overall, the above eight protected areas cover a total area of 4,053,529 ha, of which 2,971,074 ha, 692,455 ha and 390,000 ha respectively for Tridome, TNS and Monte Alen - Crystal Mountains. Currently, the process of creating additional transboundary Protected Areas is in progress between the Democratic Republic of Congo and Congo in the Tele-Lac Tumba landscape, and between Congo and Gabon in the Léconi-Batéké-Lefini landscape.

50. While making clear progress on paper in terms of expanding their networks of protected areas, the countries of the sub-region have run into the thorny problem of effective management of these PAs in the light of inadequate government funding allocated to them (see PA financial baseline section below) and conflicts with local communities. To try to address this problem, these countries have initiated numerous partnerships with NGOs and donors; indeed, while the vast majority of PAs in the region today can be considered as non-functional, the few which are functional depend to a great extent on donor and/or NGO support.

51. Many PAs in the region have a legal framework with strong protection against logging, agriculture and other destructive forest operations, and several countries have set up PA agencies providing for more effective protection and control of illegal activities. Many of these protected areas also support ecosystem values such as protection of watersheds that are key to combating deforestation.

52. While making clear progress on paper in terms of expanding their networks of protected areas, the countries of the sub-region have run into the thorny problem of effective management of these PAs in the light of inadequate government funding allocated to them (see PA financial baseline section below) and conflicts with local communities. To try to address this problem, these countries have initiated numerous partnerships with NGOs and donors; indeed, while the vast majority of PAs in the region today can be considered as non-functional, the few which are functional depend to a great extent on donor and/or NGO support.

#### INSTITUTIONAL CONTEXT

53. The Directorates of Wildlife and Protected Areas in Central African Republic and Congo (DFAP), the National Institute of Forest Development and Management of Protected Areas in Equatorial Guinea (INDEFOR-PA), Department of Wildlife and Protected Areas Cameroon and the Institut Congolais pour la Conservation de la Nature (ICCN) in the Democratic Republic of Congo and the *Agence Nationale des Parcs Nationaux* (ANPN) in Gabon are the institutions responsible for management of protected areas in these countries.

54. With the exception of the Congolese Institute for Nature Conservation (ICCN) and ANPN in Gabon, which are public institutions enjoying administrative autonomy and having legal personality, the other PA management institutions mentioned above represent internal structures of various ministries to which they are responsible. Thus, the Department of Wildlife and Protected Areas of the Congo is part of the Ministry of Forest Economy, the Department of Wildlife and Protected Areas of the Central African Republic is within the Ministry of Water, Forests, Hunting and Fishing, INDEFOR is part of Equatorial Guinea's Ministry of Agriculture and Forestry, and the Department of Wildlife and Protected Areas is part of Cameroon's Ministry of Forestry and Wildlife. Despite having a legal personality and financial autonomy, ICCN is, however, under the Ministry of the Environment, Nature Conservation and Tourism.

55. Each of the above management institutions has a distinct structure. The Department of Wildlife and Protected Areas of the Congo is one of six divisions of the Directorate General of Forest Economy, along with divisions for the management of forests, management of forest resources development, management studies and planning, administrative and financial management and regional management of the forest economy. It counts among its three departments: the department of conservation and wildlife management, service inventory and development of wildlife and the department of Parks and Protected Areas.

56. In the case of the Central African Republic, the Direction of Wildlife and Protected Areas is a division of the Ministry of Water, Forests, Hunting and Fishing. INDEFOR-AP in EG is headed by a Director, who is

also supported by an Assistant Director for Wildlife. Cameroon's Department of Wildlife and Protected Areas is headed by a Director assisted by two Assistant Directors, the Assistant Director of the Protected Areas and the Deputy Director of Wildlife.

57. The Congolese Institute for Conservation of Nature is led by a Director General who is assisted by a Deputy Managing Director. The Branch includes the Technical Management, Financial, Administrative, Tourism and Research.

58. In DRC, ICCN is in the midst of an overall institutional reform, with a new organigramme under development; its internal structure will soon change. The situation is similar in Congo, where the process of creating an agency responsible for PA management is nearing its end through the Support Project for the Exploitation of Protected Areas (PAVAP).

59. Chains of command within Congo Basin national PA systems present, on the whole, two quite distinct characteristics: (1) subordination at the field-level to the local office of the Ministries to which the PA management institutions belong, and (2) the independence of PA managers vis-à-vis the local representation of these ministries. Cameroon, Equatorial Guinea and Central African Republic fall in the first scenario and the Democratic Republic of Congo in the second.

60. Indeed, in Cameroon, for PAs located within the divisions, the division representative of the Ministry of Forestry and Wildlife is the direct head of conservation, for APs located in at least two divisions within the same province, the provincial representative is the direct head of conservation, while PAs whose territory extends over several provinces are directly dependent on the Ministry. In EG, the various links in the chain of command are as follows: the Site (Conservative or National Director), Department (Head of Department of PA), Directorate General for INDEFOR-AP (Director General of the INDEFOR-AP), Directorate General of Forest Guards and Conservation (CEO of rangers and conservation), the Ministry (Minister of Agriculture and Forestry). Central African Republic, the chain is as follows: the post, cantonment, forest inspection, the Regional (including 2 or 3 prefectures), the Directorate General of General Services and the Central Administration. However, for sites dependent on ECOFAC support, PAs depend on the Site Director who, in turn, depends on the National Director who reports directly to the office of Minister for Water, Forests, Hunting and Fishing. In the Democratic Republic of Congo, managers depend directly on the Directorate General of ICCN and on collaborative relationships with the local Departments.

61. Conflicting institutional Responsibilities (e.g., Mining ministry can assign concessions, etc.): There are two types of conflicts at the level of PA management: internal conflicts and external conflicts. Internal conflicts are taking place within the institutions of PA management and external conflicts are those that occur between the ministries to which the PA management authorities belong and other ministries.

62. There are in fact not so many internal conflicts in the management of PAs. In the course of consultations across the region, only two relatively minor conflicts have been reported, namely in CAR and Cameroon. In CAR, there is a jurisdictional conflict between the Department of Wildlife and Protected Areas Management and a National Project funded by ECOFAC. The latter is directly accountable to the Minister's office to which the project is attached without reference to the Department of Wildlife and PA which is responsible for managing all PAs. In Cameroon, conflicts arise between the representatives of the Ministry of Forests and Wildlife (MINFOF) and conservation managers. The latter often ignore the authority of the representatives of the Ministry, especially when the PAs that they manage benefit from the international attention of donors.

63. On the other hand, in almost all the six Congo Basin countries, except the Republic of Congo, inter-ministerial conflicts related to PAs abound. These conflicts are mainly of two kinds. On one hand are conflicts related to encroachment of PAs following the granting of mining concessions by the Ministry of Mines, land titles by the Department of Land Affairs or operating permits by the Department of Pastoral agriculture. The second type of conflict relates to the actual management of PAs.

64. Regarding conflicts related to encroachment, Cameroon is now seeing exploitation of minerals within TRIDOM and TNS, CAR for diamonds in its hunting areas and DRC for mining of several minerals in various PAs, including Okapi Wildlife Reserve, Kahuzi-Biega National Park, Game Reserve Area and Lower Kando. In DRC, land titles have been awarded in the ecological corridor linking the higher and lower altitude portions of

Kahuzi-Biega and in more than half of suburban Park of N'Sele. In hunting areas of the CAR, the Ministry of Agriculture, by decree, has authorized the installation of livestock management units in hunting areas.

65. Regarding conflict related to management of PAs (conflicts of jurisdiction), there is often ambiguity among the various ministries. In Cameroon, there is a problem in the operation of tourism. The Ministry of Forestry and Wildlife manages the PAs and puts them at the disposal of the Ministry of Tourism, which is responsible for the operation of tourism. However, once the latter has been given that responsibility, it attempts to eliminate the Department of Forestry and Wildlife from all matters concerning the PA. In CAR and EG, the Ministry of Environment would also like to manage the PAs that, in fact, are the responsibility of other Ministries, namely the Ministry of Water, Forests, Hunting and Fishing for RCA and the Ministry of Agriculture and Forestry for EG.

66. The above process, along with management of national-level PAs, has been supported by a Network of Protected Areas of Central Africa (RAPAC), which has been established under COMIFAC.

## **1.2 Threats and Root Causes**

67. The Congo Basin's unique biodiversity and important climate change mitigation services face a number of threats. The demand for natural resources in the Congo Basin is greater than at any time in the past. In the case of PAs, buffer zones and corridors, a key threat is the commercial bushmeat trade, which is often linked to timber extraction. A second threat is deforestation, which is tied mostly to clearing for agricultural purposes, along with forest degradation due to selective logging. Other threats include overexploitation of non-timber forest resources and, increasingly, large- and small-scale mining operations. Additional threats are from habitat conversion for agriculture, roads and mining. These activities are allowed – and sometimes even encouraged – to take place in ways and at levels which harm biodiversity because of much broader economic conditions and circumstances. While one of the primary underlying causes of PA biodiversity degradation is obviously inadequate funding (which is considered in section 1.5 below), a whole host of other economic policy, price and market failures and distortions also act as economic disincentives / causes. These are described below.

68. Wealth, poverty and economic needs: One set of underlying economic drivers of PA biodiversity degradation arises from people's economic conditions and circumstances, because these influence how and what they produce and consume, and determine what sources of income and employment are available to them. It is clear that both economic poverty and wealth act as drivers of PA biodiversity degradation and loss in Congo Basin countries. Many of the land and resource demands placed on PAs and forests result from the needs of a growing and increasingly urbanized, globalised and more affluent population, with changing tastes and aspirations – within and outside the sub-region. Examples include the rapidly increasing demand for timber and construction materials, agricultural food crops, minerals and energy, or the positive correlation that has been found between household wealth and bushmeat consumption. The growing entry of global markets and industries into the sub-region, notably extractive industries, has also in many instances hastened the process of PA degradation. The underlying policy factors influencing these processes are described in more detail below.

69. Equally, there is a broad consensus that the weak and unstable livelihoods and high incidence of poverty faced by a large majority of the Congo Basin's population – especially those which have suffered from, or been displaced by, the effects of civil unrest – have had devastating effects on the sub-region's biodiversity. While there is evidence that poorer rural communities engage less in the high-value commercial activities that have more immediately devastating effects on biodiversity, forest products continue to play a major role in the income and livelihoods of the rural poor across the sub-region. In some cases the basic requirements for human survival (such as food, energy, shelter and cash) are being sourced unsustainably from PAs.

70. Clearly, for the rural poor, the lack of alternative or affordable, more sustainable, sources of income and subsistence, coupled with the high opportunity cost of reducing unsustainable land and resource uses in and around PAs, acts as a major disincentive to PA biodiversity conservation. In many cases this imbalance of conservation costs and benefits has been exacerbated by a history of conservation management in the sub-region which has been driven by a dominant paradigm of excluding local communities from PAs and from the benefits that they generate. Although this situation has changed somewhat over recent years, on paper at least, it is still only in a minority of cases that efforts are being made to share the revenues or benefits from PAs with adjacent

communities. In the absence of these benefits, few people are likely to be willing to support conservation when it imposes a net cost on them, and many will simply be economically unable to do so.

71. Disincentives and perverse incentives from domestic economic policies and instruments: A wide variety of policies influence, and in some cases exacerbate, the underlying economic conditions which cause people and industries to produce, consume, trade and invest in an unsustainable manner. The economic policies and instruments that have been used by governments across the sub-region to stimulate growth and development have also in several cases acted as disincentives to PA biodiversity conservation.

72. All too often the economic policies in Congo Basin countries have prioritized or promoted activities, products and markets that impact negatively on PAs and forest ecosystems. At the worst, they have distorted prices and markets so as to present “perverse incentives” which actually encourage people to degrade, deplete and convert forests in the course of their economic activities, because it is more profitable for them to do so. One important point to make here is that sustainable biodiversity-based enterprises are rarely, if ever, subject to the same preferential treatment and incentive packages – and thus, even if they are more profitable in either market or broader “social” terms, they cannot compete on an equal footing with those industries which are subject to favorable price and policy distortions.

73. Although many of the subsidies that were provided to agricultural producers in the Congo Basin over much of the 1970s and 1980s have been dismantled over the last decade, their net impact on biodiversity and forest cover cannot be discounted. It is thought that approximately 14% of forest in the Congo Basin has been converted to agriculture, mostly as a result of small-scale cultivation by individual households<sup>62</sup>. A wide variety of market distortions were set in place, all aiming to encourage the expansion of arable agriculture and the production of primary commodities (particularly for food and export). Examples include subsidies to fertilizer and other inputs, low-cost credit, land allocation and resettlement schemes, inflated producer prices, and a variety of fiscal incentives to investments in the agro-industrial sector. In many cases agricultural expansion resulted in the clearance of natural habitat, or the opening up of previously remote areas to human settlement and land uses<sup>63</sup>.

74. Trade and investment policy in the sub-region is also heavily oriented towards foreign exchange-earning investments and production activities. Extractive industries and export-oriented companies (including those dealing with logging, mining and oil) are accorded a host of tax breaks and tax holidays, duty and tariff exemptions, preferential acquisition of land and resources, and other investment inducements. In few cases are environmental costs incorporated into the prices, taxes or profits that these companies face.

75. The commercial forestry sector, in particular, has historically been subject to a high degree of protection. Today it still enjoys some degree of preferential treatment, even though many of the direct subsidies to the sector that were present in previous years have been reduced. At the same time, economic policy and pricing regimes often act to discourage sustainable use and biodiversity conservation in the course of logging operations. One of the most pervasive forms of perverse subsidy that has impacted on PAs and forest biodiversity has been the history of low charges and royalty rates in many countries of the Congo Basin, that has acted to create windfall profits and encouraged companies to log rapidly because of greater than normal profits.

76. Some of the macroeconomic policies followed by Congo Basin countries have also had negative – albeit often indirect – impacts on biodiversity and PAs. It has been argued that the economic liberalization policies of the last decade have resulted in a focus on timber to buoy Central African economies and service debt payments<sup>64</sup>. Another obvious example is the public expenditure cuts, accompanied by a massive downsizing of government agencies, which have taken place across the sub-region over the last decade. Most PAs today face a situation where available staffing, budgets and access to revenues is simply not enough to maintain an adequate level of biodiversity conservation. Another example is the effects of exchange rate policy on rural poverty, earnings and thus pressure on PAs and biodiversity. It has been widely argued that the long history of the fixed

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<sup>62</sup> Toham *et al* 2003 op. cit.

<sup>63</sup> Usongo and Nagahuedi 2008 op. cit.

<sup>64</sup> Toham *et al* 2003 op. cit.

and overvalued CFA Franc has artificially lowered the price of imports and undermined export earnings<sup>65</sup>, impacting negatively on rural economies and leading to large increases in poverty<sup>66</sup>.

77. Global markets and perverse incentives: Much of the forest clearance that has occurred across the Congo Basin has been driven by high international demand for timber, minerals, oil and primary agricultural commodities, and by the perverse incentives in consumer countries which make it cheap to exploit these resource unsustainably. At a global level, perverse subsidies against the environment have been estimated to amount to roughly US\$1 trillion per year worldwide<sup>67</sup>. Many of these have acted to undermine biodiversity in the sub-region.

78. Over recent years there has been a growing entry of East and Southeast Asian nations into trade and commerce with Congo Basin countries, and an increasing concern with their domestic policies as regards natural resource extraction and trade. The Chinese government has emerged as a particularly important investor, creditor and donor to Congo Basin countries, and Chinese companies are becoming increasingly active in the extractive industries operating in the sub-region. Regionally, China imports most of its forest products from central Africa - Gabon has historically been the leading African supplier of timber to China; Cameroon, Equatorial Guinea and the Republic of the Congo make up three of the other “top five” exporters<sup>68</sup>.

79. Companies in Western Europe and North America have however traditionally dominated (and continue to dominate) timber, minerals and oil activities and foreign investment flows in the sub-region. Of particular note is the long history of subsidies in G8 countries which aim to protect timber industries which depend on raw materials sourced from tropical countries. In several cases development assistance has acted to further protect these donor country commercial and trade interests – either directly, by promoting logging in the Congo Basin, or by expanding infrastructure into tropical forest areas in the sub-region.

80. Failure to adequately reflect PA values in economic and financial decision-making: As noted above, conventional economic analysis has failed to fully incorporate the full value of PAs, their biodiversity, and the services yielded by the ecosystems they occupy. It has also noted the glaring absence of quantitative data which describe the broader economic and development value of PAs in the Congo Basin. A fundamental problem is that conventional economic analysis gives little weight to forest ecosystem values which lie outside formal markets and pricing mechanisms. In particular economic statistics and calculations – as well as the policies, markets and prices that are informed by them – tend to under-emphasize, or ignore altogether, the economic value of PAs in terms of the broader environmental services and livelihood benefits they provide.

81. This failure to account fully for PA economic values in decision-making (or conversely, to account for the costs and losses that arise when PAs are degraded) underlies many of the economic and financial disincentives to PA biodiversity conservation that have been described in this section. A review of past patterns of development in the sub-region would reinforce the observation that decision makers have perceived there to be few economic benefits associated with the conservation of natural ecosystems, and few economic costs attached to their degradation and loss. The expansion of agriculture, logging, extractive industries and infrastructure has involved widespread conversion and reclamation of natural habitats. Intensive harvesting of natural resources has been promoted as a means of generating income, employment and foreign exchange earnings, and has placed high and often unsustainable demands on the natural resource base. At the macro-level, undervaluation of PAs in economic policy formulation has often hastened processes of biodiversity loss — for example through subsidies to extractive industries, tax breaks and fiscal inducements to “reclaim” natural habitats, and low or non-existent environmental penalties and fines. A weak appreciation of the economic and development value of PAs has clearly led to their low prioritization in public economic policy and budget allocations. Not surprisingly, such attitudes have contributed to a failure to provide adequate financing for protected areas management.

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<sup>65</sup> FAO. 1994. The State of Food and Agriculture. Food and Agriculture Organisation of the United Nations, Rome.

<sup>66</sup> Devarajan, S. 1997. Real Exchange Rate Misalignment in the CFA Zone. *Journal of African Economies*, Volume 6(1): 35-53.

<sup>67</sup> Myers, N., 1996. Perverse subsidies. Paper presented at IUCN Workshop on Economics of Biodiversity Loss, April 1996, Gland.

<sup>68</sup> Canby, K., Hewitt, J., Bailey, L., Katsigris, E. and S. Xiufang. 2008. Forest Products Trade Between China & Africa: An Analysis of Imports & Exports. *Forest Trends*, Washington DC.

82. Finally, it is worth noting that the problem of PA under-valuation is not confined to “development” planners and decision-makers. Conservation efforts have equally been hindered by an inattention to biodiversity and ecosystem values, making it hard to find new ways of raising funds, to justify or sustain their activities in economic and development terms, or to compete with other seemingly more profitable (and yet frequently unsustainable) investments, resource options and land uses.

### **1.3 Long-term solution and barriers to its achievement**

83. The above described threats and root causes leads to diminished natural assets, reducing their key role in national sustainable development. Protected area systems – including buffer zones surrounding and corridors connecting them – have the potential to contribute substantially to maintaining biodiversity values and climate change mitigation services within the forests of the Congo Basin. PA systems are critical management tools for effective biodiversity conservation, given their size and relatively permanent nature, and are essential to countering threats in areas of highest biological importance. Focusing conservation efforts on specific sites also provides a logical framework to engage in landscape planning and policy reforms beyond park boundaries and to promote biodiversity conservation at larger scales.

84. The proposed long-term solution for conservation of the Congo Basin’s biodiversity is therefore a biologically representative set of national and transboundary protected areas with the financial wherewithal and management capacities needed for effective and cost effective management. A PA system which is effective in conserving biodiversity, run on a solid economic basis, well marketed and seen as playing a positive role in the future economic development of the region will be able to secure substantial political and popular support and leverage.

85. The foundation of the long-term solution is a sustainable PA financing system resting on the following three pillars:<sup>69</sup>

i. Legal, regulatory and institutional frameworks that support sustainable PA financing: Sustainable PA financing requires highly supportive legal, regulatory and institutional frameworks. These must include legal, policy and regulatory support for, inter alia, the following processes: revenue generation and retention by national PA system management authorities; financial planning and management; alternative institutional arrangements such as concessions; clearly defined institutional responsibilities for financial management, and; national PA financing strategies. At the institutional level, responsibilities need to be clearly delineated and agreed, together with effective, transparent mechanisms for thematic and site-level allocation of funds (e.g., for hiring staff, etc.) and for management and accounting of revenues and expenditures.

ii. Tools and practices for revenue generation and disbursement: PA systems must be able to attract and take advantage of all existing and potential revenue mechanisms within the context of their overall management priorities. Diversification of revenue sources is a powerful strategy to reduce vulnerability to external shocks. Sources of revenue for protected area systems include traditional funding sources – government subsidies and donor projects – along with innovative ones such as debt swaps, tourism concession arrangements, and in some cases, carefully controlled levels of resource extraction. The Congo Basin’s existing protected area system possesses highly significant opportunities for resource mobilization. There is also substantial scope for the development of cost-recovery mechanisms, as well as for investments for the development and enhancement of such services, including ecosystem services. Also on the revenue generation side, it is important to maintain and increase levels of Government direct budgetary support linked to the system’s provision of public goods, which requires awareness raising and marketing of the ecological and economic benefits provided by the PA system. Once revenues are available, effective disbursement and allocation mechanisms – including site- and national-level funds – become increasingly important.

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<sup>69</sup> This section, and the project structure as a whole, draws on Bovarnick, Andrew. 2008. *Financial Sustainability Scorecard for National Systems of Protected Areas*. Panama City: UNDP-GEF. The scorecard defines three fundamental components of a fully functional and sustainable protected area financing system. These components constitute the pillars described below.

iii. Business planning and other tools for cost-effective management: Effective management of financial resources is also essential to the sustainability of Congo Basin PA systems. The systematic and integrated use of financial planning, accounting, management and business planning tools, along with management effectiveness assessments, therefore represent a third pillar of PA financial sustainability for the region. Effective financial planning requires accurate knowledge not only of revenues, but also of expenditure levels, patterns and requirements. Balancing the cost/revenue equation requires consideration of both revenue increases and cost controls. Effective and integrated planning tools enable PA managers to make strategic financial decisions, such as how to allocate spending to match management priorities, and how to identify appropriate cost reductions and potential cash flow problems. Effective and cost effective management would help to increase the confidence and support of regional Ministries of Finance, as well as donors, by demonstrating not only that invested funds are being used wisely and cost effectively but by showing more broadly the PA system's ability to contribute to the region's sustainable development while simultaneously conserving its globally and nationally significant biodiversity. Such a demonstration would provide PA management authorities with a powerful set of arguments for continued long-term investment in, and expansion of, national PA systems, particularly through self-generated revenues. Conversely, higher levels of resource mobilization unaccompanied by demonstrably improved and cost-effective management could lead to wasteful spending and little real improvement in management effectiveness or conservation outcomes, with a resulting fall off in domestic and international support.

86. As noted above, the UNDP-GEF PA financing scorecard identifies the above three pillars as the fundamental components of a fully functional and sustainable protected area financing system. Conversely, shortcomings in the functioning of any of these pillars may be said to represent fundamental barriers to sustainable PA financing. Thus, barriers to achieving the above long-term solution are those factors which are preventing the emergence and effective operation of the three pillars and their associated elements.

87. The PA financing scorecard breaks down each pillar/component into a number of discrete 'elements,' of which there are 21 altogether. During the PPG, in-depth consultations were held with PA managers, staff and other stakeholders across the region, through which the PA financing components and elements were examined in detail in each country. This exercise generated a wealth of useful information, as well as baseline scores for each component and element (see **Table 6** for scores by country, component and element and **Annex F** for complete details). In particular, the results were instrumental in defining the baseline status of national PA financing systems (see Section **1.5** below) and for identifying key associated factors (barriers) associated with shortcomings in the functioning of the 21 elements. The remainder of this section presents a regional-level overview of the specific barriers identified through the above process.

#### BARRIER 1: LEGAL, POLICY AND INSTITUTIONAL BARRIERS TO INNOVATIVE FINANCIAL MECHANISMS AND COST-EFFECTIVE OPERATIONS

88. At national levels, PA system managers face legal and regulatory constraints on their abilities to generate and retain financial resources, typically depending instead on national-level allocations that are both inadequate and inconsistent. For example, there are no effective policies or mechanisms to allow revenues generated from logging, eco-tourism, trophy hunting and other forms of natural resource exploitation within PAs, corridors and buffer zones to be re-invested in management of these resources. Other legal constraints limit the ability to introduce new and innovative revenue generating mechanisms, such as payments for ecosystem services (PES). In addition, PA institutional structures are often too bureaucratic and centralized, leading to an insufficient share of (already inadequate) resources being directed to field-level management. At the regional level, there are no mechanisms in place to encourage, enable or co-ordinate the development of national PA financing strategies, to help define regional-level conservation spending priorities or to ensure that regionally-identified priorities are funded. As a result, regional-level financing priorities remain undefined and unlikely to receive significant financing other than, in some cases, project-based external support.

89. A review of the financial scorecard results is helpful in illustrating the specific factors underlying this barrier. For example, **no system-level financial strategies are currently in place across the region**. Among PA agencies, there is not one technical department or dedicated unit with clear mandates, enabling institutional

framework, and experience to undertake a serious financial sustainability process. Gabon and DRC are in the early stages of undertaking in-depth financial and administrative reforms as part of broader institutional strengthening efforts with relatively high political support, but with limited notions about where to start or how to better address these processes. In DRC, reform has been supported technically by EU for financial planning. The absence of specific PA financing strategies is closely linked to a generalized weak planning culture and the absence of appropriate systems to support the implementation of plans.

90. Another key issue relates to **laws, policies and regulations for sustainable financing of protected areas**. Countries within the sub-region are presently suffering from important gaps in their legal, policy and regulatory frameworks related to sustainable PA financing. Specific shortcomings may be grouped as follows:

- Legal, policy and regulatory support for revenue generation by PAs: None of the Congo Basin countries has specific legislation or clear policy guidelines regarding revenue generation by PAs. In no country is it clear what forms of revenue generation are allowable, what procedures and norms/standards they should operate under or how charges and fees should be set. As a result, there is no consistency regarding such matters across each national PA system. The few PAs that are currently generating revenues are operating under largely ad-hoc arrangements – often initiated at the behest of a donor-funded project. PA legislation in Cameroon and CAR acknowledge the possibility that PA agencies may generate revenues, but the countries lack the operational guidelines and procedures to further enable the process. While CAR, Gabon and DRC are in the process of upgrading their legal frameworks for PAs, they lack strategic and planning tools to guide the legal restructuring.
- Legal and regulatory conditions for establishing Funds (endowment, sinking or revolving): To date, PA trust funds have mainly relied on the legal provisions for associations and foundations, which are not always the most appropriate ones. This explains why no system-level trust funds exist in the region. Trust funds are typically complex, expensive, time-consuming and complicated to set up and run. In addition, detailed, complex and lengthy arrangements are required to establish the legal and institutional basis for trust funds. Gabon and DRC are exploring national PA funds, but this process demands a high level of technical and political capacities, the absence of which represents an additional, major obstacle for establishing operational trust funds at site, system and regional levels.
- Legal, policy and regulatory support for alternative institutional arrangements for PA management to reduce cost burdens to government: Although most countries state that management arrangements and participation schemes are near the top of their PA agendas, none of them has an explicit set of policies or institutional frameworks to determine the extent, limitations and liabilities, roles and responsibilities, conditions and procedures to be followed in the case of private, community or NGO participation in PA management. In addition, throughout the region, communities are not constituted as legal entities, i.e., there is no clear organizational / institutional path for participation and collaboration. A number of PAs across the region operate under co-management arrangements with an international partner, such as WWF, WCS, ECOFAC, Parks Africa, etc. One problem with this situation is that lessons learned and practices implemented by each partner do not often feed into system-level planning and decision making; information flows between partners and authorities are weak, leading to insulated operation without real means to scale up and influence system-level management.
- Unclear institutional responsibilities for financial management of PAs: PA agencies in Cameroon and CAR in particular face substantial challenges in defining clear institutional roles and responsibilities in regard to revenue generation and retention, partly because they belong to Forestry Ministries. Major obstacles and conflicts related to revenue generation and retention are found with the Ministries of Tourism, Mining, Agriculture and other extractive sectors that either oppose these PA financial mechanisms or are reluctant to share revenues they generate with PAs. The relative political weakness of PA agencies works against any effort to harmonize competencies and in some cases even to enforce existing legislation.
- Poorly defined staffing requirements and profiles, together with limited incentives, at site and system level: Proper human resource management is absent from the current PA institutional and operating culture. Concepts such as staff evaluation, job descriptions, accountability, auditing and specific authority for financial management are largely non-existent in current practices and institutional functioning. The situation is amplified by the fact that PA agencies don't have enough economists, financial planners or a specialized unit supporting

PA financial sustainability. The fact that most technical staff possess forest engineering backgrounds also represents an important cultural barrier for PA financing, implying the continuation of a traditional vision of PAs that does not include financial sustainability mechanisms.

91. A third challenge relates to the **lack of awareness and support for PA funding and PA financing mechanisms within the public and corporate sectors**. Political support for PA financing is needed at various levels and in various forms, including:

- Government budgeting for PA systems: In Gabon and DRC, countries with relatively higher levels of PA system administrative and financial autonomy, PA agencies suffer from important weaknesses in financial management, budgeting and other related accounting systems linked to the relatively recent advent of their autonomous status. Public budgeting and financial planning processes are not well-g geared towards financial sustainability and revenue-generation; budgeting systems are in a transition phase from public to private agencies, with state budgeting systems still in place and only gradual movement towards full administrative and financial autonomy. These agencies are being re-oriented as revenue-generating entities, but are still operating under financial and budgeting processes of non-revenue generating entities. In CAR and Cameroon, budgeting systems are constrained by normal public sector guidelines. The effectiveness of PA system budgeting is also limited by scarce human capacities, mostly related to the difficulty in attracting and retaining experienced staff, as well as to the fact that PA agencies do not contain economists and finance experts. This barrier partly explains the very low execution capacity of both state and partner's investments, the lack of technical criteria for resource allocation to PAs and the absence of guidelines for management effectiveness.
- Communication strategies to increase public awareness about the rationale for revenue generation mechanisms: While there are some awareness campaigns for biodiversity and PA conservation in the Congo Basin countries, these do not respond to specific communication strategies operating for the PA system, and do not account for the services and financial mechanisms provided by PAs. The role of authorities in attracting visitors is very limited, and probably not yet fully understood, leading to limited partnerships with other governmental institutions and the private sector to generate material and communication resources.

92. Finally, national PA systems across the region provide very **limited legal, policy and regulatory support for revenue retention and sharing within the PA system**. Many, though not all, PA revenues follow the usual public sector procedures in regard to state revenues, i.e., they are directed to national treasuries rather than being returned to the PA that has generated them, nor indeed to conservation at all. This creates weak incentives for PA managers to generate new revenues. PA agencies in Gabon and DRC have a substantially higher degree of administrative and financial autonomy than their neighbors; however, in both cases these agencies were until recently part of the Ministries of Forestry. Partly as a result, they lack legal frameworks needed to formalize existing arrangements and practices for revenue retention. As far as revenue sharing is concerned, there is a need for clear, equitable and efficient systems for retaining and apportioning revenues: (i) among PA sites, (ii) between PA sites and the central level, and (iii) between PA systems and local communities. Currently, no such revenue-sharing systems exist in Congo Basin countries.

#### BARRIER 2: LIMITED TECHNICAL KNOWLEDGE TO DEVELOP AND IMPLEMENT NEW FINANCING AND DISBURSEMENT MECHANISMS FOR CONSERVATION OF PROTECTED AREAS, BUFFER ZONE AND CORRIDORS

93. Information, knowledge and expertise on revenue generating and disbursement mechanisms are not available among protected area system managers. Revenue generating mechanisms such as PES, biodiversity offsets, concessions and user fees are operating within some countries in the region, albeit at low levels of effectiveness. In the case of biodiversity offsets, for example, there is limited institutional and technical capacity (knowledge base, systems, tools, and methods) to establish and implement reliable measurement and monitoring methods. One of the reasons for this might be that relevant markets are still in their infancy and are evolving and changing rapidly. Meanwhile, trust funds have proven challenging to establish and remain at an early stage of development in the sub region. Like the first barrier discussed above, this barrier contributes heavily to the relative paucity of financial resources available to the Basin's national and transboundary PAs. Specific shortcomings identified through the scorecard exercise are described in detail below.

94. As mentioned in previous components, Congo Basin countries **lack human capacities to develop and manage mechanisms for sustainable PA finance**. Currently, aside from the present project, no formal training and capacity building efforts are being developed in this area. There is also no university or learning related institution with the potential to supply related training and capacity-building programs in the Congo Basin countries

95. Among the most essential elements of sustainable PA finance is the ability of PA sites and systems to generate revenues. No fewer than five of 21 elements of sustainability utilized by the financial scorecard relate to revenue generation. However, each country in the sub-region may be said to possess both **insufficient and inefficient revenue-generating mechanisms**. Specific issues include the following:

- Number and variety of revenue sources used across the PA system: The number and variety of revenue sources in use within a PA system can be an important indicator of the reliability and stability of income sources. In financial terms, diversification can provide important benefits in terms of reduced volatility and reaching unattended markets and opportunities. No system-level assessment (see also barrier 1 re. system-level strategies) is available to assess PA revenue generation opportunities; Gabon was the only country that described such a study as part of their short-term institutional priorities. PA agencies respond to budget absorbing entities that are ill equipped for income generation, presenting limited experience and technical capacities to design and implement financial mechanisms. This explains why there is no specific person in charge of revenue generation or fee collection at site or system level. In terms of opportunities, tourism in PAs does not seem to offer many short-term opportunities since it faces structural barriers that lead to low visitation levels such as accessibility, infrastructure and security. The few exceptions to this are those related to exceptional landscapes and species such as gorillas.

- Setting and establishment of user fees across the PA system: PA agencies in the region do not have policies and specific procedures to define how, when and who should set, revise or update user fees. The lack of prescribed fees could also be seen as an opportunity for developing new fees to be charged by PAs. Market and economic assessments are necessary to feed technical setting of user fees; however, this information does not exist and there is no process underway to generate it. The absence of these analytical tools, together with the lack of economists and financial planners within PA agencies, generates a major barrier to professionalizing the design of financial mechanisms. The few existing user fees tend to fall under the responsibility of public sector officials and international NGOs, which typically lack the motivation, experience or capacities to undertake this process properly. The political weakness of PA agencies poses another challenge, since setting up fees leads to potential conflicts of interest with other Ministries, e.g., Ministries of Finance or Tourism.

- Effective fee collection systems: Once user fees are agreed and applied, it is important to implement a system for collecting the fees which is professional, transparent and cost-effective. Across the Congo Basin countries, no system-level guidelines for effective fee collection were found. In general, nearly every PA that was generating revenues had its own way of collecting and reporting fees, and no PA in the region has been identified as a best practice in this regard. Fee collection is considered not effective, poorly organized and understaffed, with high levels of fee evasion and leakage enabled by an overall absence of adequate collection systems. As a result of weak fee collection systems, there is limited information to support decision-making and guide potential improvements. Visitor satisfaction is not monitored and no partnerships were mentioned with tour operators or local communities to support fee collection. Beyond the absence of collection systems, PA staff do not have enough incentives to increase fee collection since they basically do not see the benefit of it.

- Operational PES schemes for PAs: The economic and social value of goods and ecosystem services produced by protected areas—such as fisheries, non-timber forest products, genetic resources, water security, and flood and storm control—represents an important opportunity for PA financing, one which can be captured through tools such as payments for ecosystem services (PES). Across the region, PES schemes generate great expectations in governments and partners, but there is still a good deal of uncertainty about how to move these processes forward. PA agencies are interested in the potential of REDD schemes; however, they lack the institutions, legal arrangements and funding modalities through which payments would be managed and administered. Also, early efforts at REDD Readiness have not focused on the issue of how REDD may benefit PAs or vice-versa. Payment for watershed services appears to be practical to implement in Congo Basin countries; however, legal issues related to developing agreements between watershed service providers and

beneficiaries, including unclear land and property rights, may hinder the development of markets in watershed services. The complexity associated with setting up these kinds of mechanisms demands technical data that does not exist, and specific negotiation capacities that are not yet incorporated into PA agencies.

- Concessions operating within PAs: This mechanism does operate in PAs in all Congo Basin countries, and in aggregate terms is the most profitable self-funding mechanism in the region, accounting for 85% of total revenues. Hunting concessions appear to be the most common type, operating with relative success in CAR. In cases like Gabon, there is a need for a legal framework to legalize current practices (see Barrier 1). In other countries where a general framework exists, such as Cameroon, there is a need to make it operational and to translate it into clear implementation policies and guidelines. Concessions to operate tourism facilities are also present in DRC and CAR, but with limited impact to PA finances. The overall economic and political climate is not favorable to attract investments for concessions related to infrastructure or specific tourism operations.

96. **The unequal distribution of revenues (and revenue-generating potential) between PA sites, stakeholders and management levels** acts as a major constraint to effective PA management as well as to effective resource allocation. Current allocations are mostly discretionary and based on existing revenues, financial needs, historical patterns, political preferences and empirical experience. Out of approved state budgets, only salaries are usually received, leaving almost no space for allocating resources to PAs. In the case of most national PA systems, little or no investment funds are available. Investments that are made are concentrated within PAs co-managed by partners. Even in countries, like Cameroon or CAR, that do approve investment budgets, these are hardly ever disbursed. The only country that has a specific budget to cover investment costs is Gabon. Another key barrier lies in the poor coordination between PA agencies and partners and among donor partners. While PA agencies are limited to allocating staff and have very few resources to cover minimal operating costs, donors could make a great difference by implementing a system to coordinate, harmonize and align their investments. Specific issues include the following:

- Lack of finance for PAs that are critical in biodiversity conservation terms, yet have limited potential for generating revenues. At the moment, these PAs lack funding, which tends to be concentrated on PAs with easily “marketable” products (such as tourism) or which are subject to internationally-funded projects. Budget allocations to these under-funded PAs are not linked to their conservation priority, level of threat or management challenges. In project countries there are at the moment no explicit or agreed mechanisms for ensuring that core PA costs are covered in such cases.

- Lack of finance for central PA coordination and management. The bulk of PA revenues are retained on-site, or channeled to central Treasury. While this is in some ways desirable in terms of the financial sustainability of individual sites, it results in a situation where the central agencies that are responsible for managing and coordinating national PA networks remain severely under-funded, relying almost entirely on State Budget allocations.

- Under-funding of the opportunity costs of PA conservation. Achieving PA financial sustainability is a far more complex challenge than just generating enough money to cover the direct costs of PA managing authorities. Yet this is where the bulk of government and donor funds and effort are invested. Local economic activities are typically diminished or foregone because of restrictions on the use of PA lands and resources. In most cases both local residents and the local administration expect and demand that sufficient development benefits are seen to accrue to them from PAs. If this is not the case, they are likely to be unwilling to support biodiversity conservation, and may continue to degrade and encroach on protected areas. While opportunity costs may not always require funding in terms of money, they remain a cost that must be budgeted for and covered.

**BARRIER 3: LIMITED HUMAN AND INSTITUTIONAL CAPACITIES TO ABSORB AND DISBURSE FINANCIAL RESOURCES EFFECTIVELY AND IN A COST-EFFECTIVE MANNER**

97. The necessary counterpart for increased financial resources—once these are successfully made available—is increased capacity to effectively and reliably manage and disburse those same resources. In the absence of the latter, increased resources may not necessarily lead to improved conservation effectiveness. PA

management in the region suffers greatly from weak human and institutional capacities. Many staff are poorly trained and equipped. Financial management capacities are particularly limited. An associated lack of basic infrastructure such as patrol posts, main stations and staff housing reduces park services' abilities to retain qualified staff and to conduct basic management operations. Limited technical and management capacities result in poor law enforcement to curb, inter alia, the large-scale bushmeat trade. Co-management, while in many cases an attractive alternative in theory, likewise suffers at the level of implementation from human and institutional capacity constraints. Specific shortcomings are described below.

98. Across the region, **protected area sites and systems are undervalued**. There is a significant need, first, to internalize the economic dimension of PA conservation and, second, to use the resulting economic information to improve the political positioning and priority of PAs in the region. The absence of economic valuation for PAs is a significant barrier to making a convincing economic case to improve PA financing and transcend other sectors with higher political leverage. However, economic valuation studies presents challenges such as their relative complexity, which tend to make these exercises rather expensive. In addition, there are limited regional capacities to ensure that the findings of valuations feed into overall decision making and planning, e.g., to define user policies and design appropriate mechanisms that internalize economic externalities of key economic sectors. For example, in CAR, several economic valuations have taken place, but these have not been used to justify greater governmental allocations or to design specific financial mechanisms.

99. PA systems within the six Congo Basin countries show very **low levels of management and business planning**. This is related, inter alia, to limited capacities at site and central level either to lead a strategic long-term planning process or to integrate and provide a sense of purpose for existing planning tools. The 11 PAs where Management Plans have been prepared depend mostly on long-term donor funding for their implementation. Long-term strategic tools are scarcely utilized by PA management agencies; instead, annual operational plans guide activities and investments at site level. The cost associated with developing management plans could be a major barrier to their development, although experience from other countries has shown that such costs drop dramatically when PA agencies strengthen their planning units so that they become capable of developing management plans internally. Business planning is increasingly recognized within the region as an important tool, and there are signs that its use will increase in Gabon, DRC and Cameroon in particular. However, business planning has not yet been internalized and integrated into PA agencies' formal planning tools.

100. Management planning and implementation of conservation activities demand appropriate **accounting and auditing systems**, a prerequisite for which is cost and revenue data at both site and system levels. In addition to accounting systems, financial flows need to be transparent to show how much funding PAs are obtaining and to help determine how effectively they are spending their funds. This requires a system-level tracking system. Such systems increase donor and investor confidence about putting funds into PA systems. Two major shortcomings are apparent here: first, financial information in the region is difficult to access, incomplete and inaccurate. Second, there are no real systems in place to take advantage of financial data in order to improve decision-making. Accounting systems in Cameroon and CAR are the same as those used by the public sector, and do not respond to specific needs of PA systems. New PA agencies in DRC and Gabon are in a preliminary process of institutional building, offering opportunities for developing a model for autonomous PA agencies that could later be followed by other countries in the region. In general terms, no revenue or expenditure-tracking systems are in place. PAs co-managed by partners have better tracking and accounting systems, but are less likely to share their financial information.

101. **Monitoring management performance and effectiveness** is essential to ensure accountability of funds expended. However, in most if not all of the six countries, conservation costs are not well monitored or reported, limiting the possibility to improve planning, resource allocation and decision making in regard to effective and efficient management. In Cameroon, financial information is reported exclusively within the Ministry of Forestry following the normal public procedures. With the exception of CAR, which has certain accountability practices at the site level and DRC's annual report, little effort exists to report financial data. A major financial information gap corresponds to donors and partners, both in terms of revenues generated in co-managed PAs, as well as direct allocations to PAs. Across the region, PAs co-managed by partners operate under their own monitoring and reporting systems with limited coordination with their respective PA system headquarters. In the

absence of management plans and site-level management effectiveness assessments, it is impossible to monitor site- or system-level management effectiveness and overall performance.

## 1.4 Stakeholder analysis

### *Stakeholder Identification*

102. **Table 5** below describes the major categories of stakeholders and their involvement in the project.

**Table 5: Key stakeholders and roles and responsibilities**

<b>Stakeholder</b>	<b>Roles and Responsibilities</b>
Protected area management authorities	PA management authorities will have a central role in project implementation and oversight. They will be the main target of technical co-operation and capacity building support, both at national and site levels. They will also have primary responsibility for managing revenue generation and disbursement mechanisms being supported by the project.
Ministries of Finance	Ministries of Finance are responsible for budgetary allocations being made to PA management authorities, for approving various fiscal and implementing various possible fiscal and fee-related measures and for a variety of additional matters pertaining to PA finance. They will be, in particular, a target of awareness raising activities related to the economic importance of PA conservation and the cost effectiveness of investments therein.
Ministries of Tourism	Ministries of Tourism will have a stake in issues such as agreements on entry fees and tourism related concessions, and will participate in identifying additional revenue generating options related to the tourism sector.
Private sector	The private sector will play an important role as a partner in the project, including as investors in sustainable biodiversity enterprises, concession schemes, etc.
Municipalities	Municipalities in selected pilot areas will be represented in site-level Local Committees and involved in associated project activities.
International NGOs	International NGOs are expected to be heavily involved in site-level implementation; at least one international environmental NGO is active at each of the project demonstration sites and in many cases that NGO will be involved as an implementation partner for site level activities.
National NGOs	Relevant national NGOs will act as important partners in selected PAs, and will be represented on Local Committees.
Local NGOs	Local NGOs based in the selected pilot project areas will be invited to local committees and will be encouraged to take an active role in implementing project activities.
Representatives of local communities	Inhabitants of the selected pilot project areas will be made aware of the issues and invited to take part in the decision-making process. They will be represented in the local committees and actively involved in the project activities. Their cooperation will be sought in project implementation including, alternative income development, awareness raising, etc. Heads of local communities and respected community leaders will be the main counterparts in linking the project objectives and activities to the needs of the people in the project area.

### *Long-term stakeholder participation*

103. One of the project's aims is to ensure that there will be long-term involvement in decision making and implementation. This will be encouraged through support to the development of co-management models. The project will provide opportunities for long-term participation of all stakeholders, with a special emphasis on the active participation of local communities.

104. A collaborative management approach, in which some or all of the relevant stakeholders in the selected PAs are involved in a substantial way in management activities, will be encouraged by this project. Specifically, by this approach, PA management authorities will develop partnerships with relevant stakeholders and specify and guarantee their respective functions, rights and responsibilities with regard to PAs. In general the partnership should identify:

- the range of sustainable uses PAs can provide,
- the relevant stakeholders in the PAs,
- the functions and responsibilities assumed by each stakeholder,
- the specific benefits and rights granted to each stakeholder,
- an agreed set of management priorities and management plan,
- procedures for dealing with conflicts and negotiating collective decisions about all of the above,
- procedures for enforcing such decisions,
- specific rules for monitoring, evaluating and reviewing the partnership agreement, and the relative management plan, as appropriate.

105. The proposed model will contribute to better coordination and collaboration between the authorities responsible for conservation and sustainable development. It will be more effective in resolving management problems, and avoiding duplication of efforts in and around the PAs. The efforts of various stakeholders in areas such as conservation, development, education and awareness, research, etc., will be better coordinated and oriented towards common goals.

106. In addition, the setup of local committees/local resource user groups, to meet at regular intervals, will be explored on a case-by-case basis depending on the management objectives of individual PA sites.

107. Capacity building – at systemic, institutional and individual level – is one of the key strategic interventions of the project and will target all stakeholders that have the potential to be involved in brokering, implementing and/or monitoring management agreements related to activities in and around the protected areas. The project will target especially organizations operating at the community level to enable them to actively participate in developing and implementing management agreements.

108. Communication - will include the participatory development of an integrated communication strategy. The communication strategy will be based on the following key principles:

- providing information to all stakeholders;
- promoting dialogue between all stakeholders;
- promoting access to information.

109. Finally, the project will be launched by a well-publicized multi-stakeholder inception workshop. This workshop will provide an opportunity to provide key stakeholders with updated information on the project as well as a basis for further consultation during the project's implementation, and will refine and confirm the work plan.

## **1.5 Baseline Analysis**

110. Given the project's focus on protected area financing, the central aspects of the baseline situation relate to the current status of national and site-level PA financing systems. These were assessed in two stages during the PPG Phase. First, a series of workshops was held in each of the participating countries during the PPG Phase, with technical support from an international expert in this field, together with a PA specialist from the sub-region. The main focus of these workshops was completion of the national PA finance scorecards, which are attached separately. Financial scorecards consist of two main parts. Part I of each scorecard – the findings of which are summarized at regional level below – presents the overall financial status of each country's protected area system. Part II of each scorecard assesses the PA system's baseline financing according to 21 defined elements of sustainable financing. The failure of these elements to perform optimally, or even adequately, constitutes a barrier to sustainable PA financing – both in and of itself and, in some cases, due to its role in blocking the way to improvement in other, inter-dependent elements. Section 1.3 above, which is on the subject

of barriers, thus presents a regional-level analysis for each of the elements included within Part II of the scorecards. This element-level analysis provides substantial additional country- and regional-level details about the baseline situation and barriers associated with each of these key elements of PA financial sustainability. In addition, **Table 6** below shows each country's percentage scores for each element.

111. Following the scorecard work, a second major component of the PPG examined in greater detail the baseline use of revenue generating and disbursement mechanisms by countries within the sub-region. These findings are also presented below.

#### FINANCIAL STATUS OF CONGO BASIN PA SYSTEMS

112. As seen in **Table 7** below, in 2009, available funding for PAs in the Congo Basin totaled approximately US \$50.9 Million. This amount represents a considerable increase compared with figures from the year 2000 that estimated total PA-related expenditure at between USD 10 and 20 Million<sup>70</sup>. However, given the general absence of financial information systems and related published data, both figures should be treated as rough estimates based on best information available. International cooperation is the most important source of funding for PA systems in Congo Basin countries, totaling \$31.2 million, or 61% of overall spending<sup>71</sup>. While almost one third of the total available funding comes from governments, this represents just 0.06% of combined total national budgets for 2009 (see **Table 8**). Finally, self-generated revenues represent a mere 5% of total funding, suggesting that there is still a long way to go in terms of achieving sustainability both at site and system levels.

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<sup>70</sup> 1) Beyond Boundaries: Regional Overview of Transboundary Natural Resource Management in Central Africa 2001. David S. Wilkie, Elie Hakizumwami, Norbert Gami, Bernard Difara; 2) The under-financing of protected areas in the Congo Basin: so many parks and so little willingness-to-pay 2004. DAVID S. WILKIE, JULIA F. CARPENTER and QUANFA ZHANG.

<sup>71</sup> **Annex 1** presents a breakdown of donor contributions per country as presented in the Financial Sustainability Scorecard. A complete list of all donors' projects including its contribution to PA systems was not possible to obtain.

Table 6 Scores per component, element and country

Component 1	Cameroon	CAR	Congo	DRC	EG	Gabón	Average
E1 – Legal support for revenue generation by PAs	33	50	17	33	17	50	50
E2 – Legal support for revenue retention and sharing within the PA system	56	67	33	67	0	33	64
E3 – Legal and regulatory conditions for establishing Funds	44	11	22	0	0	0	19
E4 – For alternative Institutional arrangements to manage PAs	58	42	33	50	0	17	50
E5 – National PA Financing Strategies	45	5	0	40	10	25	31
E6 – Economic valuation of protected area systems	0	17	0	0	0	17	9
E7 – Improved government budgeting for PA systems	67	50	0	17	67	58	65
E8 – Institutional responsibilities for financial management of PAs	33	33	33	67	33	67	67
E9 – Staffing requirements, profiles and incentives ...	25	13	4	21	17	21	25
<b>Total Component 1 (% of maximum possible)</b>	<b>42</b>	<b>27</b>	<b>12</b>	<b>31</b>	<b>16</b>	<b>28</b>	<b>39</b>
<b>Component 2</b>	<b>Cameroon</b>	<b>CAR</b>	<b>Congo</b>	<b>DRC</b>	<b>EG</b>	<b>Gabón</b>	<b>Average</b>
E1 – PA site-level management and business planning	29	5	5	0	5	10	14
E2 – Operational, transparent and useful accounting and auditing systems	22	22	11	44	0	0	25
E3 – Systems for monitoring and reporting on financial management performance	8	25	8	17	0	8	17
E4 – Methods for allocating funds across individual PA sites	50	50	50	0	50	50	63
E5 – Training and support networks to operate more cost-effectively	17	17	11	22	6	28	25
<b>Total Component 2 (% of maximum possible)</b>	<b>22</b>	<b>17</b>	<b>11</b>	<b>16</b>	<b>6</b>	<b>16</b>	<b>22</b>
<b>Component 3</b>	<b>Cameroon</b>	<b>CAR</b>	<b>Congo</b>	<b>DRC</b>	<b>EG</b>	<b>Gabón</b>	<b>Average</b>
E1 – Number and variety of revenue sources used across the PA system	25	50	8	17	0	33	33
E2 – Setting and establishment of user fees across the PA system	33	33	7	40	7	33	38
E3 – Effective fee collection systems	45	27	0	55	0	18	36
E4 – Communication strategies about revenue generation mechanisms	50	17	17	17	0	17	30
E5 – Operational PES schemes for PAs	0	0	0	8	0	0	2
E6 – Concessions operating within PAs	33	67	8	17	0	8	33
E7 – PA training programmes on revenue generation mechanisms	0	33	0	0	33	33	25
<b>Total Component 3 (% of maximum possible)</b>	<b>28</b>	<b>34</b>	<b>6</b>	<b>25</b>	<b>3</b>	<b>20</b>	<b>29</b>
	≤ 10						
	11 - 30						
	31 - 50						
	≥ 51						

**Table 7: Total available funding per source (2009)**

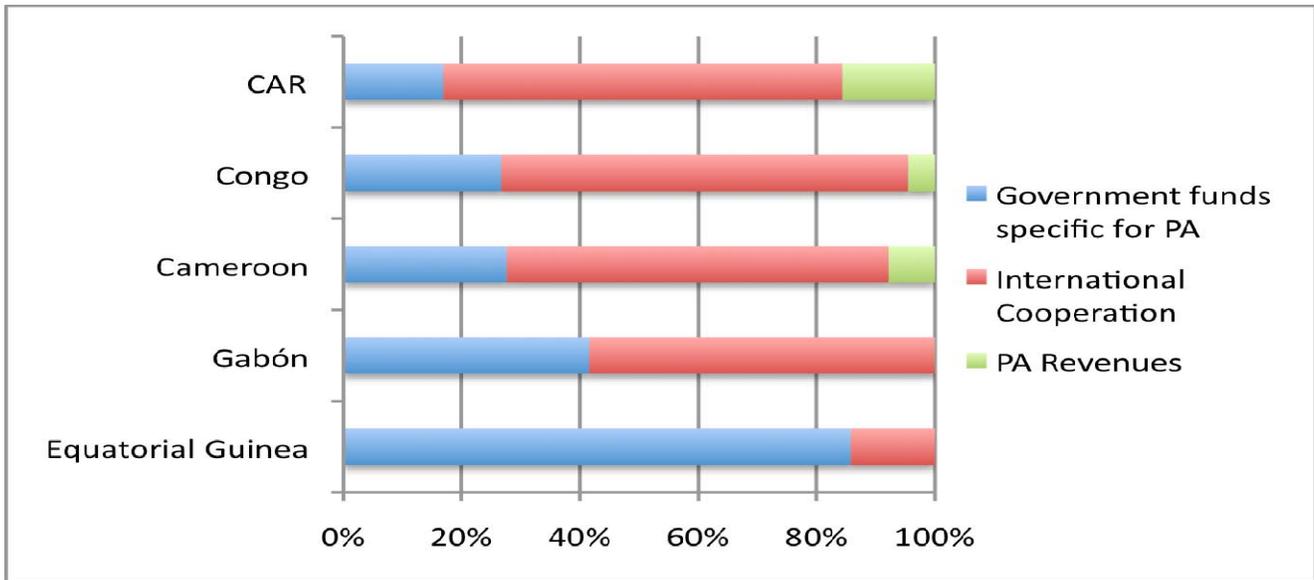
Country	Total available funds for the PA system <sup>a</sup>	FUND SOURCES		
		Government funds specific for PA	International Cooperation	PA Revenues
Cameroon	\$10,860,000	\$3,000,000	\$7,000,000	\$860,000
CAR	\$5,965,200	\$1,012,737	\$4,019,141	\$933,322
Congo	\$8,552,901	\$2,286,792	\$5,884,222	\$381,887
DRC	\$6,631,248	\$1,001,808	\$5,423,872	\$205,568
Equatorial Guinea	\$4,894,122	\$4,193,872	\$700,250	\$0
Gabón	\$13,999,829	\$5,809,439	\$8,184,007	\$6,383
<b>Total</b>	<b>\$50,903,301</b>	<b>\$17,304,648</b>	<b>\$31,211,492</b>	<b>\$2,387,160</b>

**Table 8: Government funds to PAs as a percentage of total Governmental Budgets**

Country	Government funds specific for PA; USD 2009	Government funds for PAs as a % of total Government budgets
Cameroon	3,000,000	0,04%
CAR	1,012,737	0,15%
Congo	2,286,792	0,04%
DRC	1,001,808	0,04%
Equatorial Guinea	4,193,872	0,05%
Gabon	5,809,439	0,10%
<b>TOTAL</b>	<b>17,304,648</b>	<b>0,06%</b>

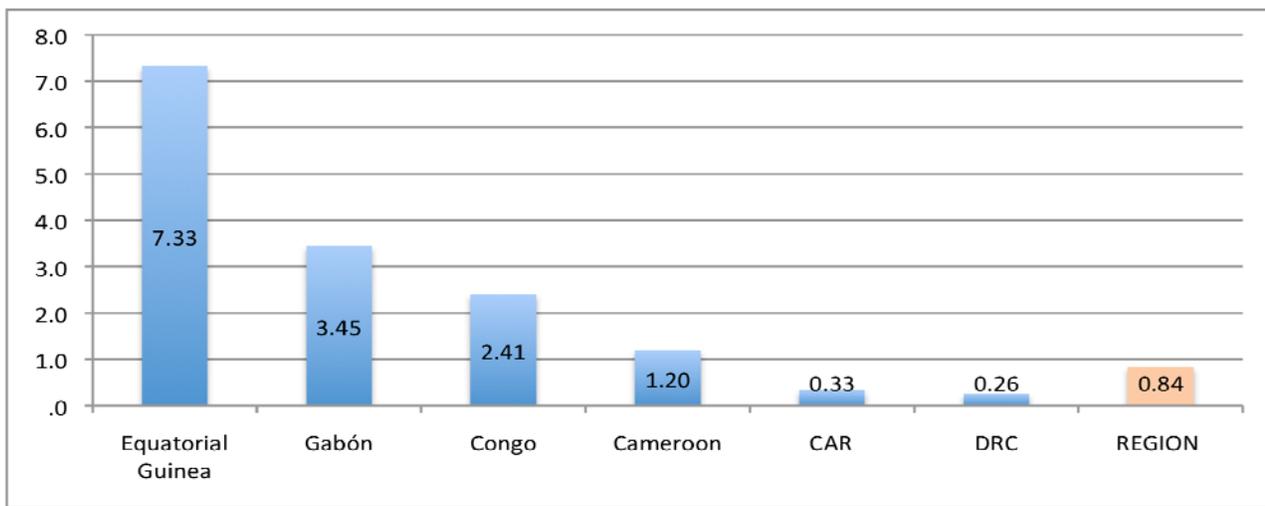
113. **Figure 3** illustrates the country-level variation in breakdowns of the three main funding sources. The level of dependence on international cooperation may be even higher since it does not include all donor support to DRC. According to data provided by the countries, international cooperation increased from US\$ 20 to 32 Million during the past decade. EG is the only country where international support is marginal, and where governmental budget represents more than 80% of total available funding. CAR, Congo and Cameroon with government participation below 30%, are the only countries with self-generated revenues, however their contribution towards PA funding is still very limited.

**Figure 3: Sources of funding per country**



114. **Figure 4** below shows that, across the region as a whole, total PA spending per hectare equals US \$0.84; by comparison, PA systems in the Amazon Basin show an average per hectare spending estimated at US \$1.55<sup>72</sup>. Figure 4 also illustrates the important variation among countries in terms of PA funding. These differences correspond partly to the fact that there are certain core costs associated with PA systems regardless of the area, and a declining per hectare figure as the area of PA systems increase. Thus, EG and Gabon, which have relatively small PA estates, appear closer to advanced PA systems. Meanwhile, Cameroon performs quite close to the Amazon Basin average. Finally, DRC and CAR present a critical financial scenario with less than US \$0.33 of spending per hectare. It should be noted that these overall figures tend to obscure the fact that resources are not evenly distributed across PAs, since only a few PAs in each country are benefitting from resources and activities.

**Figure 4: Actual spending per hectare**



<sup>72</sup> Andrew Bovarnick, Jaime Fernandez-Baca, Jose Galindo, Helen Negret. Financial Sustainability of Protected Areas in Latin America and the Caribbean: Investment Policy Guidance. United Nations Development Program, and The Nature Conservancy. 2010.

115. PAs in the Congo Basin currently capture 1.1% of total ODA received by these countries (**Table 9**). Giving that PAs compete with other, seemingly more urgent development priorities it could be difficult to expect a substantial increase from these levels. In the case of Gabon, PAs are currently capturing almost 16% of total ODA, suggesting that PAs may be near the top of that country's political agenda.

**Table 9: International cooperation as a percentage of ODA (2009)**

Country	TOTAL ODA	International Cooperation for PA`s	International cooperation as a % of total ODA
DRC	\$1,543,000,000	\$5,423,872	0,4%
CAR	\$242,000,000	\$4,019,141	1,7%
Congo	\$469,000,000	\$5,884,222	1,3%
Cameroon	\$492,000,000	\$7,000,000	1,4%
Gabón	\$51,000,000	\$8,184,007	16,0%
Equatorial Guinea	\$35,000,000	\$700,250	2,0%
<b>TOTAL</b>	<b>\$2,832,000,000</b>	<b>\$31,211,492</b>	<b>1,1%</b>

Source: <http://www.oecd.org/dataoecd/40/27/42139250.pdf>

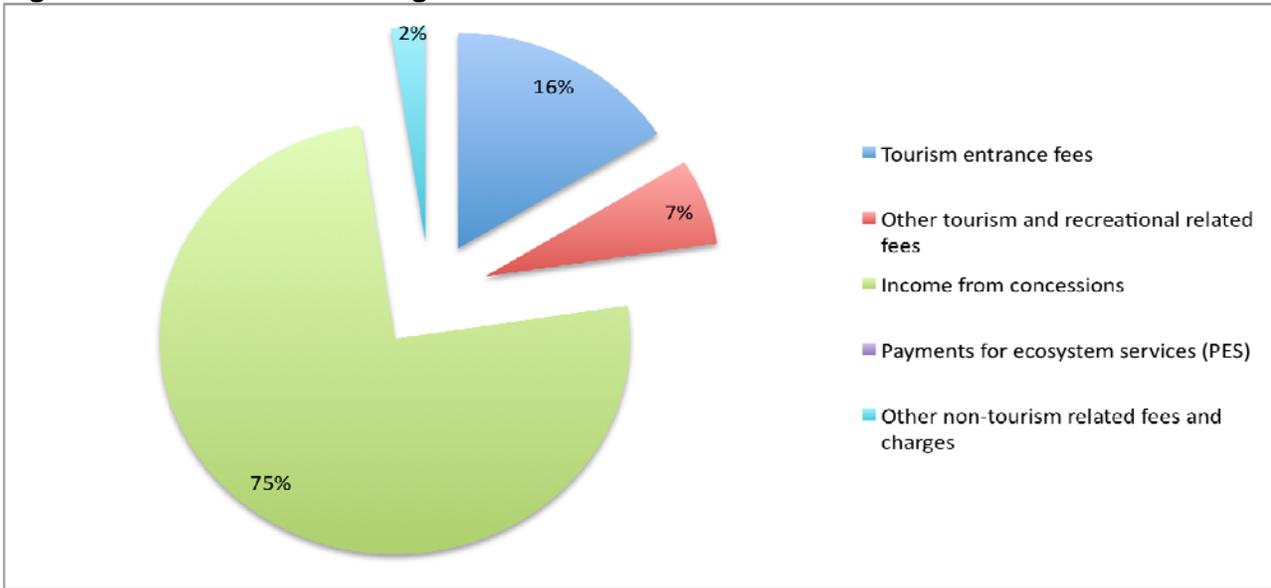
116. Contributions from the private sector, especially from oil companies are also present in the region, however their extent and impact is still very limited. The Krombacher brewing company recently committed its support to capitalize TNS, and some logging companies such as APICAM, CEFAC and CAB finance patrolling programs as part of their certification initiatives. Other activities financed by oil companies in the sub-region include:

- Conoco (Congo) financed the construction of the Tchimpounga Sanctuary for chimpanzees in Pointe Noire, Congo.
- Shell donated about US\$1 million to the Smithsonian for research in Gamba (Gabon).
- The COTCO consortium, which includes Exxon-Mobil, contributed US\$3.5 million for the creation of a conservation trust fund for two protected areas in Cameroon<sup>73</sup>.

117. Almost 100% of current PA revenues are associated with tourism, suggesting an urgent need to diversify the sources of revenues developing other kind of mechanisms and fees not related to tourism. On the other hand, it is also necessary to consider increasing the number of mechanisms associated to tourism in order to capture funds as well as to improve the degree of retention of funds within PA budgets. **Figure 5** presents a case where there are mainly two mechanisms generating resources for PAs; concessions represent almost 85% of total revenues leaving a modest 16% to visitor fees.

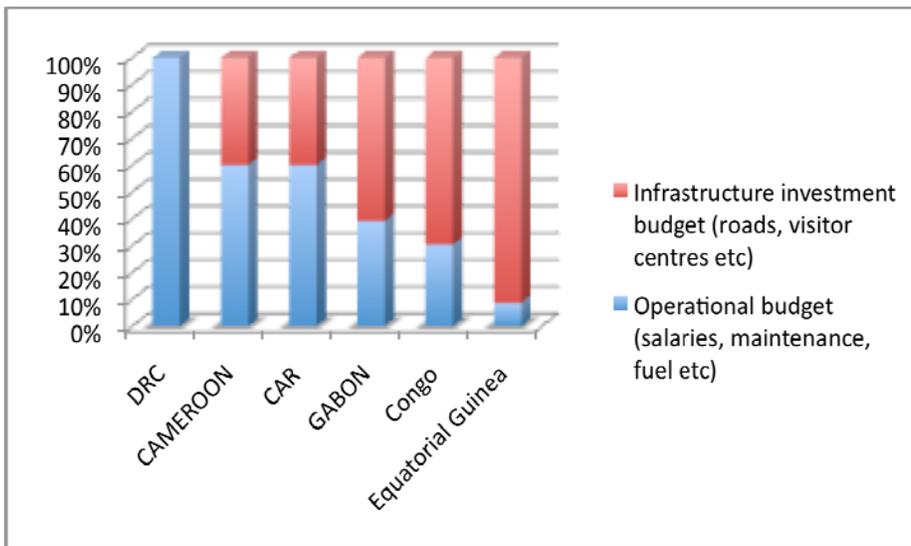
<sup>73</sup> Summary report: Feasibility study on financing mechanisms for conservation and sustainable management of Central African forests. 31 January 2002.

**Figure 5 Sources of self generated revenues**



118. It was difficult for countries to accurately assess the current sources of funding, but even more difficult to obtain a breakdown of expenditures into recurrent and capital costs. Data is incomplete and dispersed; no proper information system is in place to produce this kind of breakdown especially with regard to donors. The information available allows such breakdown only for state budget, based on estimates, perceptions and experience of workshop’s participants (**Figure 6**). EG, Congo and Gabon present a case where state budget covers primarily investment costs, while in DRC state budget covers exclusively operational costs.

**Figure 6 Breakdown investment and operational costs governmental budgets**



**FINANCIAL NEEDS OF CONGO BASIN PA SYSTEMS**

119. The preceding section has provided an overview of the baseline levels and composition of spending. However, the picture remains incomplete in the absence of estimates of financial needs. What are the expected costs of effective management of the region’s existing PA estate? And how much of a financial gap therefore exists?

120. At the beginning of the decade when total available funding for PAs in the region was estimated in US\$ 10 Million, the estimated recurring cost to effectively maintain the biological resources within the protected area network exceeds US\$32 million per year<sup>74</sup>. At that time additional US\$ 37 Million were estimated for institutional building and almost USD 200 Million to cover start up costs<sup>75</sup>. Ten years later PA networks declared total available funding that exceeds USD 50 Million, but conservation surface almost tripled in the same period from 23 Million to 60 Million hectares.

121. It is very important to note the methodological restriction to assess the financial needs for the PA system in countries where financial planning does not exist, and the very few references associated to PA budgets are either not accurate or technical. This should not come as a surprise giving the limited extent of adoption of business and financial planning across these countries. Moreover the absence of PA management plans and system level master plans limits the possibility to arrive to figures that respond to technical and strategic considerations.

122. Only two countries (Gabon and Cameroon) presented an estimate of the financial needs to achieve basic and ideal management scenarios. However no explanation was provided in order to understand how these countries arrived to the amounts declared, or what methodology was used to prepare this financial projection. With these barriers in mind, the approach used to estimate the financial needs is based on the methodology followed by Wilkie et al<sup>76</sup>, using up to date data provided by countries through the Financial Sustainability Scorecard.

123. The results obtained for the site-based operational and recurrent costs, account for an approximate yearly expenditure of USD 94 Million (**Table 10**), almost twice as much as the current expenditure.

**Table 10: PA operational and recurrent financial needs (USD per year)**

Country	PA Operative and recurrent financial needs
Cameroon	\$16,434,899
CAR	\$33,913,608
Congo	\$3,462,021
DRC	\$29,067,586
Equatorial Guinea	\$1,669,768
Gabón	\$9,168,754
<b>TOTAL</b>	<b>\$93,716,636</b>

124. While previous figures present the demand of financial resources at site level, there are a number of system level key tasks and responsibilities related to institutional building, governance, and management of national PA networks. The figure proposed by Wilkie et. al. is approximately USD 37 Million per year; the country breakdown presented in **Table 11** uses Wilkie’s regional total, broken down by country according to the same percentages as the previous table.

<sup>74</sup> Using a management costs formula developed by Africa Resources Trust (1998)

<sup>75</sup> Wilkie, David S., Julia F. Carpenter and Quanfa Zhang. 2004. “The under-financing of protected areas in the Congo Basin: so many parks and so little willingness-to-pay.”

<sup>76</sup> Idem

**Table 11: System level and institutional building financial needs (USD)**

Country	System and institutional building financial needs
Cameroon	\$6,488,616
CAR	\$13,389,336
Congo	\$1,366,831
DRC	\$11,476,091
Equatorial Guinea	\$659,236
Gabón	\$3,619,890
<b>TOTAL</b>	<b>\$37,000,000</b>

125. Two references were used to propose a floor and ceiling for capital investments (see **Table 12**), in order to set up or revitalize infrastructure, cover start up costs, and ensure technical support. The first one tagged as conservative uses current scorecard information to update the results achieved by Wilkie et.al. 10 years ago. The second one tagged as ideal uses estimates per hectare presented by WWF's publication Beyond Boundaries<sup>77</sup>.

**Table 12: Capital investment financial needs (USD)**

Country	Capital Investment financial needs (Conservative)	Capital Investment financial needs (Ideal)
Cameroon	\$78,656,869	\$125,064,421
CAR	\$155,086,472	\$246,587,491
Congo	\$30,819,418	\$49,002,875
DRC	\$221,617,502	\$352,371,829
Equatorial Guinea	\$5,790,013	\$9,206,121
Gabón	\$35,224,509	\$56,006,970
<b>TOTAL</b>	<b>\$527,194,784</b>	<b>\$838,239,707</b>

#### BASELINE USE OF REVENUE GENERATION AND DISBURSEMENT MECHANISMS

126. A number of revenue generation and disbursement mechanisms are currently in use within the region. These are outlined below.

127. **Payment for watershed services (PWS)**: To date, there has only been very limited experience of PWS in Africa, and there are virtually no functioning schemes in Congo Basin countries. One of the few schemes under development is in the Mbé watershed in the north-east of Gabon. This is being carried out by ANPN, with the support of WCS, USAID and the GEF. The mountains of the Monts de Cristal area form the catchment for the Mbé River, which feeds the Kinguélé and Tchimbélé hydroelectricity schemes. Together, these supply almost 80% of Libreville's power needs, as well as almost all of its water supplies. Payments are being negotiated between the dam owners, the Société d'Énergie et d'Eau du Gabon (SEEG, a subsidiary of the French company Veolia), and upstream land managers including Monts de Cristal National Park (which covers a third of the watershed) and local communities.

128. In Cameroon an agreement is currently being negotiated with the private sector which has elements both of a biodiversity offset (see below) and a PWS scheme. This concerns the development of Lom Pangar hydropower scheme and dam alongside Deng Deng National Park, and involves EDC (Électricité du Cameroun), World Bank, Agence Française de Développement (AFD) and WCS. In principle, the developer has agreed to

<sup>77</sup> Beyond Boundaries: Regional Overview of Transboundary Natural Resource Management in Central Africa 2001. David S. Wilkie, Elie Hakizumwami, Norbert Gami, Bernard Difara

the possibility of either capitalising a trust fund to support PA and ecosystem conservation, or to making annual payments based on their use of water.

129. The recent WWF project “Building capacity for Sustainable PES Schemes in Central Africa” found only limited potential for PWS. Despite this, a possible PWS scheme was identified for Lake Barombi-Mbo in Cameroon. Protected by a Forest Reserve, the crater lake forms a reservoir of drinking water for the town of Kumba.

130. REDD payments: Some of the REDD pilot projects that are being developed in the sub-region are located within or adjacent to PAs. Conservation International’s Bonobo Conservation Concession site in the Democratic Republic of Congo (described below) was for example selected to contain blocks of forest with potential value to emerging REDD carbon markets<sup>78</sup>. CI are also investigating the feasibility of REDD pilots around Kisimba-Ikobo and Tayna Nature Reserves; carbon stocks have been quantified, and the projects are currently seeking validation. Also in the Democratic Republic of Congo, the Wildlife Conservation Society is in the process of carrying out feasibility studies for REDD in the Misotshi Kabogo and Itombwe massifs.

131. Other forest carbon arrangements: Although Congo Basin countries have started to become engaged in CDM processes over recent years, very few projects have as yet been registered and accepted, and activities are almost entirely limited to energy-related interventions. No afforestation/reforestation projects have been registered under the CDM, although a recent publication states that “all Central African states and a number of private actors are initiating afforestation/reforestation projects to benefit from CDM.”<sup>79</sup>

132. Several initiatives in the sub-region are underway or being prepared targeting the voluntary carbon market (these include some which have switched from the CDM, due to methodological problems and difficulties with preparation). WWF is carrying out a reforestation project with the mobile phone provider MTN in northern Cameroon, and is conducting a feasibility study for a possible voluntary forest carbon offset in Dzanga-Sangha Special Reserve in the Central African Republic. In the Democratic Republic of Congo, Conservation International are preparing a carbon pilot project in Tayna Reserve, financed by the voluntary market.

133. Biodiversity offsets: There is some history of biodiversity offsets in the Congo Basin sub-region – the Fondation pour L’Environnement et le Développement au Cameroun (FEDEC) provides one example. Established to offset the Chad/Cameroon Development Project (ExxonMobil, Chevron and Petronas), FEDEC supports the development and management of Mbam-Djerem and Campo-Ma’an National Parks. The oil companies’ consortium allocated FEDEC start-up capital of \$3.5 million. In January 2003, FEDEC signed two three-year funding agreements of \$0.5 million each to cover the preliminary phase for the two parks, resulting in the finalisation of management plans. Up to and including the 2<sup>nd</sup> quarter of 2004, the project had paid approximately \$12.7 million in cash and in-kind compensation, including assisting in the implementation of the National Park management plans<sup>80</sup>.

134. Several other Congo Basin PAs were mentioned, during the course of the interviews carried out to collect information for this report, as being suitable for the development of biodiversity offset arrangements with the private sector. Examples include Minkébé and Loango/ Moukalaba-Doudou National Parks in Gabon (with mineral and oil sectors respectively), and Boumba-Bek/Nki National Parks in Cameroon (in relation to mining concessions and the possible development of a rail link to Kribi).

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<sup>78</sup> Mehlman, P., Rice, D., Niesten, E., Coxe, S., Hurley, M., Scherlis, J. and F. Hawkins. 2008. A Pilot Conservation Agreement: The Bonobo Conservation Concession Project Equateur, Democratic Republic of Congo. Concept piece submitted by Conservation International to the Chatham House Roundtable Review of Innovative Management and Financing Mechanisms for the Forests of the Democratic Republic of Congo

<sup>79</sup> Lescuyer *et al* op. cit

<sup>80</sup> From Bisbeck, P., 2003, FEDEC: An Environmental Compensatory Mechanism Set Up within the Framework of a Pipeline Construction Project, Cameroon, Paper presented at workshop on Forging Effective Partnerships with Oil and Gas Companies for Protected Area Conservation, Vth World Parks Congress, Durban; Ten Kate, K., Bishop, J., and Bayon, R., 2004, Biodiversity offsets: Views, experience, and the business case. IUCN, Gland, and Insight Investment, London.

135. Habitat conservation banks: Experiences of habitat conservation banking currently remain almost entirely confined to the USA. There are currently no examples from Congo Basin countries, or from other countries with similar conditions and circumstances.

136. Conservation concessions: A pilot conservation concession has been developed by Conservation International (CI) in Equateur, Democratic Republic of Congo. It covers 681,000 hectares of three cancelled logging concessions, plus a connecting corridor. Under an initial 25 year contract with the government and local communities, three types of annual payments are being provided: a concession fee to the government, contributions to local development funds, and fees to a management and protection consortium composed of CI, Bonobo Conservation Initiative and local NGOs. Initial estimates indicate that the implementation costs could range between US\$1.4 million and US\$1.8 million a year<sup>81</sup>, or between \$205 and \$265 per km<sup>2</sup>. CI is also investigating the potential for a conservation concession in a site located between Boumba-Bek and Dja National Parks in Cameroon, where the government has set aside an area of timber concessions to be occupied by profitable conservation uses<sup>82</sup>.

137. Another example of the application of a conservation concession-type approach comes from WWF's work around Salonga National Park in the Democratic Republic of Congo. A 10-year contract has been signed with a local community to set aside 10 hectares of forest as a permanent plot for carbon sequestration. All activities (such as agriculture, hunting and collection of non-timber forest products) are forbidden. Payments are made annually to the chief, involving compensation in the form of cash, agricultural equipment, livestock and food staples<sup>83</sup>. WWF have also developed similar arrangements in the special dense forest reserve of Dzanga-Sangha in CAR, and for the Ngoyla- Mintom forest area in Cameroon.

138. Sustainable biodiversity-based enterprises: Although PAs in several other African countries (most notably in East and Southern Africa) now have a strong tradition of partnership with the private sector, this is less developed in Congo Basin countries. There are currently only a few examples of private investment and market development in PAs or in broader PA landscapes, which are mainly confined to the tourism sector and biological resource use.

139. In some cases these involve joint public-private partnerships, or agreements between the corporate sector and local communities. One example is provided by an investment agreement which was developed under the CARPE project. Although not strictly within the Congo Basin as defined by the project, this case study has relevance to the sub-region. A high-end gorilla tourism lodge has been established in Rwanda. It is owned by the local community, but under a management contract given to a private sector company, with initial capital provided by the US government. Under the agreement, the local community provided land for the lodge, and receives income from its operation. Among these revenues is a US\$56/night bed tax which earns around US\$0.25 million a year. This money has been invested in basic infrastructure such as roads, rural electrification and rainwater harvesting, as well as in the further development of local tourism-based enterprises. Community members also benefit from employment in the lodge and related businesses.

140. Another example of the type of sustainable biodiversity-based enterprises that operate around PAs in the Congo Basin, and which can generate revenues for the private sector, government and local communities, is certified timber production. Almost 5 million hectares of forests (or about 10% of those allocated for logging) are now sustainably managed, and certified by the Forest Stewardship Council. Some of these are located around PAs, and provide funding for conservation in broader PA landscapes. For example Industrie Forestière d'Ouessou (IFO), a subsidiary of the Swiss Danzer Group, achieved FSC certification in 2009 for its concession in the Democratic Republic of Congo, which borders the Odzala-Kokoua National Park. In addition to employing sustainable production and harvesting practices, the arrangement involves maintaining local access to natural resources, supporting local sustainable businesses and funding social initiatives for the PA-adjacent community. Eco-guards are also employed to help control poaching and protect biodiversity. Several other similar activities

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<sup>81</sup> Mehlman *et al* op. cit.

<sup>82</sup> Rice, R. 2002. Conservation Concessions - Concept Description. Center for Applied Biodiversity Science, Conservation International, Arlington

<sup>83</sup> Tchiofo Lontsi op. cit.

operate in other parts of the sub-region: for example the case of WIJMA around Campo Ma'an National Park in Cameroon.

141. Corporate contributions or sponsorship: Corporate contributions already fund some level of biodiversity conservation in the sub-region. This is primarily from international sources. At a global level, the biodiversity and forests of the Congo Basin have a high profile. There are also a large number of international companies present in the sub-region, many of whom are extractive industries which need to demonstrate good corporate environmental and social responsibility to their shareholders and customers, and to be seen to be actively supporting conservation.

142. For example, the mining company Comilog has sponsored biodiversity conservation and ecotourism development activities in the Haut-Ogooué province of south eastern Gabon. An aerial cableway had earlier been constructed to transport manganese from their open cast mine to Mbinda in what is now the Democratic Republic of Congo, where it would then link up with the railway system. The conveyor was routed via the small town of Bakoumba, which became the centre for the maintenance of the structure. With the opening of a new railway in 1991, the cableway became redundant – with devastating effects on Bakoumba's local economy. Using the materials from the cableway, Comilog constructed rainforest walkway. Investments were also made in establishing the 14,000 hectare Lékédi Reserve, in turning company housing into tourist bungalows, and in developing a network of trails and other visitor facilities.

143. Another example of corporate funding to conservation in the sub-region, by a company which does not directly market its products in Congo Basin countries, is that of the German brewery, Krombacher, under an arrangement negotiated and managed by WWF. Krombacher raised funds in Germany through a targeted marketing campaign on beer sales, promising “with every case of Krombacher Pilsner you buy in the future, you'll be saving a square meter of African rain forest” (later toned down to “you enjoy – we donate”). In 2003, this provided the start-up funds for endowing the Sangha Rainforest Foundation<sup>84</sup>.

144. Debt for nature swaps: To date there is only one fully-functioning debt-for-nature swap among the countries of the Congo Basin. This was initiated by France's Debt Development Contract (C2D), under the World Bank's and IMF's Heavily Indebted Poor Countries initiative (HIPC), and signed in 2006 between the Governments of Cameroon and France. Of the €1 billion earmarked for Cameroon over the next 15 years under the C2D arrangement, €120 million have been provided to the Forestry and Environment Sector Programme<sup>85</sup>. The C2D has also allocated €120 million over the next 10 years for the Democratic Republic of Congo, and a formal agreement has been made on the priorities for bilateral cooperation between the two countries<sup>86</sup>. Among other things, it is planned to be used as a contribution towards a multi-donor basket fund and the endowment of ICCN's planned PA trust fund<sup>87</sup>.

145. In addition, an allocation of €50 million to the forest and environment sector in Gabon was announced by President Sarkozy in July 2007. As Gabon does not fall under the HIPC initiative, the swap is proposed within a different framework for debt relief: the Paris Club<sup>88</sup>. Some of this funding has been allocated to environmental and nature conservation activities. This debt swap is not yet fully operational, as it is still awaiting the development of acceptable projects.

146. Tourism and hunting charges: Examples of tourism and hunting charges being used to fund PAs are given above under the section on direct private investment and sustainable biodiversity-based enterprises, and below under the section on community revenue-sharing.

147. Taxes or levies on other sectors: The land and resources found PAs, as well as the industries which depend or impact on PA goods and services, generate substantial fiscal revenues in Congo Basin countries.

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<sup>84</sup> Klug, U., Moye, M. and B Carr-Dirick. 2003. The experience of the Sangha Tri-National Initiative and proposed Madagascar Foundation for Protected Areas and Biodiversity. Paper presented at the 5<sup>th</sup> World Parks Congress: Sustainable Finance Stream, Durban.

<sup>85</sup> Besacier, C. 2008. French Debt Relief within the framework of Forest and Environment Sector Programmes (FESPs): What are the prospects for DRC? Paper prepared for Meeting on Alternative Models and Finance Mechanisms for Sustainable Forest Use in the Democratic Republic of Congo, 17-18 December, Chatham House, London.

<sup>86</sup> Hoare op. cit.

<sup>87</sup> Besacier op. cit

<sup>88</sup> Ibid.

Examples include timber, mining and oil exploration and extraction, water use and tourism. The major current constraint is, however, that currently few or none of these revenues are retained at the PA level or earmarked for spending through PA budgets. Most are remitted to the central treasury as revenues for the general budget, or shared with other sectoral line agencies.

148. Trust funds: In terms of disbursement mechanisms, a number of PA and biodiversity trust funds already exist or are under development in Congo Basin countries. At the site level, the Fondation pour L'Environnement et le Développement au Cameroun (FEDEC) has been operational for several years (see above, section on biodiversity offsets).

149. At the national level, feasibility studies are currently being carried out for PA trust funds in both the Democratic Republic of Congo (under the auspices of GTZ and World Bank projects) and Gabon (under the auspices of ECOFAC and the World Bank). It is planned that the first should be an endowment fund, with the capital being invested on international financial markets, and the resulting income used to support the financial needs of priority PAs. The fund is anticipated to be operational by next year.

150. In the Democratic Republic of Congo, the Institut Congolais pour la Conservation de la Nature (ICCN) is also in the process of designing a sector-wide basket fund or sinking fund, through which partner contributions would be coordinated and allocated. ANPN, in Gabon, is investigating possibilities for establishing a foundation through which to attract and channel PA funding.

151. At the sub-regional level, the Tri-National Sangha Foundation, covering PAs in the Republic of Congo, Central African Republic and the Republic of Cameroon, has been operational since March 2007. The establishment of a trust fund for the "TRIDOM" PAs of Cameroon, Congo and Gabon is also being investigated by the GEF project operating in that area.

152. Community revenue sharing: Revenue-sharing, either directly or through the funding of community benefit-generation activities, already has some history in the region. The Transboundary Tri-National Sangha (TNS) complex provides examples of both tourism and hunting being used to generate finance for PA authorities as well as income for local communities. In Cameroon and the Central African Republic, concessions and licences for sport hunting have been institutionalised. The exploitation of these areas provides taxes to the state via lease fees and charges on hunting. Community-managed hunting zones meanwhile allows for local committees to also receive a proportion of leasing fees and hunting taxes. In the Central African Republic Dzanga-Ndoki National Park, a group of gorillas has been habituated. Gorilla treks are offered, guided by local community members, and a local ecotourism business has been successfully built up. In addition, 90% of park entry fees collected for the National Park are either returned to adjacent communities or to the PA authorities.

153. Similar arrangements for the forestry and wildlife sectors exist, at least on paper, in the Democratic Republic of Congo, Cameroon and Central African Republic. In the Democratic Republic of Congo, poaching fines and tourism fees from PAs are split between central and site levels in a 50:50 proportion, and distributed to local authorities, PA managing agencies and local communities. In Cameroon, the current forest tax payment system is run on a 50:40:10 principle: 50% of the income goes to the national administration, 40% to the communal office and 10% is managed by a committee on behalf of the rural communities living around the logging area. In the Central African Republic, most forestry and hunting charges are shared between the central government, the forestry administration and local authorities; different revenue-sharing formulae are applied depending on the specific type of charge.

## **Part II: Strategy**

### **2.1 Project Rationale and Policy Conformity**

#### PROJECT RATIONALE

154. Improved sustainable financing of the region's PA systems will have multiple benefits across GEF focal areas: it will help to conserve biodiversity through the establishment of more effective management presence within protected areas; it will help to prevent land degradation through reduced illegal logging and land conversion, which lead to erosion and compaction within, and in areas adjacent to, the PAs; and it will help to mitigate climate change through enhanced protection of the region's vast carbon sinks. These benefits will emerge from capacity building as well as from investments to be supported through enhanced financial mechanisms being established by the project. The project will generate these benefits by helping to build fundamental management capacities needed to generate revenues, manage funds effectively in line with management and business plans and ensure an enabling institutional and policy environment that is conducive to adequate and dependable financial flows to PA system managers.

#### POLICY CONFORMITY

155. The project is part of an umbrella Programme, the GEF Strategic Programme for Sustainable Forest Management of the Congo Basin (CBSP), covering the six countries of the Basin, and aiming, inter alia, at: (i) ensuring that long-term financial resources are available for the conservation of the biodiversity of the Congo Basin through the development of sustainable finance mechanisms; (ii) developing the capacities of the Governments of Central Africa to catalyze the investments as regards sustainable forest management and aquatic ecosystems by the private sector, financial institutions and donors. Through this Programme, the project will help to achieve the aims of the GEF Tropical Forest Account (TFA), which has been designed as an incentive mechanism to encourage the development of cross-focal area projects that help set countries on the path to incorporating forest carbon services into sustainable forest management. The overall Programme is receiving more than \$40 million in GEF support and comprises five regional projects and eight national projects, to be executed through collaboration among UNDP, UNEP, WB and FAO. The Programme is being designed to ensure co-ordination and cross-fertilization among its constituent projects.<sup>89</sup>

156. The project also represents an important regional-level contribution to the GEF Strategy for Sustainable Forest Management, as implemented through the Sustainable Forest Management (SFM) Program. The goal of the SFM Program is sustainable management of forests to achieve global benefits. The project will support Strategic Objective 1 (SO-1) of the SFM Programme, "Conservation and Sustainable Use of Biodiversity" through the implementation of the Biodiversity Focal Area's Strategic Objective 1 (SO-1), 'Catalyzing the Sustainability of Protected Area Systems'. More specifically, it will contribute to achievement of Strategic Priority 1 (SP-1), 'Sustainable Financing of PA Systems at the National Level' by "helping to establish a long-term and stable financial resource base for priority protected forest areas throughout the Congo Basin."

157. Finally, the project will contribute to the GEF cross-cutting Programme on "Management of LULUCF (Land Use, Land Use Change and Forestry) as a means to protect carbon stocks and reduce greenhouse gas emissions." It will do so both by increasing the removals of greenhouse gases from the atmosphere (through conservation, forest management and avoided degradation) and by reducing emissions (through avoided deforestation and degradation).

### **2.2 Country ownership: country eligibility and country drivenness**

158. The project builds on the unprecedented sub-regional-level commitments made by Central African Heads of States during the Yaoundé and Brazzaville Summits in 1999 and 2005, respectively. The establishment of sustainable funding mechanisms for the Congo Basin is a priority action defined by the Regional 'Plan de

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<sup>89</sup> See para. 149 below for list of projects.

Convergence’ developed by countries and agreed by all stakeholders operating in the Congo Basin. The Plan de Convergence consists of nine Strategic Axes, of which Strategic Axis 9 calls for the development of funding mechanisms to enable countries to fulfill their commitments under the 1999 Yaoundé Declaration and 2005 COMIFAC Treaty. More specifically, the Plan calls for the design and launching of sustainable funding mechanisms such as sub-regional and national trust funds, public-private partnerships, debt-relief mechanisms, PES, etc., while highlighting the importance of transboundary ecosystems and PAs. The Plan de Convergence thus provides both the strategy and the logic of the regional approach being taken by the project and provides the broader strategy and programme to reduce threats within the Congo Basin to which the project will contribute.

159. Most of the participating countries’ NBSAPs were prepared prior to the emergence of sustainable PA financing as a widely recognized central issue in PA system development. Thus, few NBSAPs make specific mention of the issue. However, building the capacities of PA systems is a key objective of many of the region’s NBSAPs, and one which the present project will strongly support.

160. At national levels, the participating countries are involved in a number of highly relevant and complementary interventions supported by the African Development Bank, World Bank, GEF, bilateral donors and others. Several of these efforts are contributing directly to the goals of sustainable protected area financing and, as such, are being defined as co-financing by the present project.<sup>90</sup>

161. Under the auspices of the WB, Cameroon, Gabon and Congo are implementing Sectoral Forest and Environment (Programme Sectoriel Forêt et Environnement – FESP) programs, while DRC is implement a similar sectoral program called “Programme National Forêts et Conservation de la Nature” (PNFoCo). The main axes of the FESP / PNFoCo programs in these countries are biodiversity protection, sustainable forest management and sustainable funding. Some countries have already evidenced strong political commitment to implement these programs by reinforcing their respective protected area systems and taking measures to develop and implement sustainable funding strategies. For instance, Gabon has created a national network of 13 National Parks and endorsed a Law on National Parks, giving a mandate to the National Parks Agency to develop and implement a strategy on long-term funding of this network. With support from the EU, Congo is implementing a project aiming at strengthening the legal, institutional and financial capacity of its protected area network, with objectives similar to those of Gabon. DRC has committed to increase its PA cover to 15% of its national territory and has launched a process for creating a trust fund for the long-term financing of protected areas, which was a recommendation of the institutional review of the National Parks Service (Institut National pour la Conservation de la Nature), conducted through a large participatory process.

162. Key GEF-funded projects under the CBSP, with which the project will coordinate, include the following:

- 4182 - Catalyzing sustainable forest management in the Lake Tele-Lake Tumba (LTLT) trans-Boundary wetland landscape (ROC, DRC)
- 4184 - Strengthened management of the national protected areas system through involvement of local communities (CAR)
- 4185 - Strengthening the national system of protected areas in Equatorial Guinea for the effective conservation of representative ecosystems and globally significant biodiversity (EG)
- 3167 - Enhancing institutional capacities on REDD issues for sustainable forest management in the Congo Basin (Regional)

### **2.3 Design principles and strategic consideration**

163. At first glance, the project design (see Section 2.4 below) may seem overly ambitious. And indeed, the task at hand is a substantial one. As described in Sections 1.3 and 1.5 above, all six countries face significant challenges in order to raise the effectiveness and sustainability of their PA financing systems. And no single project can be expected to fully address such challenges.

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<sup>90</sup> In accordance with GEF rules, other GEF projects are not counted as co-financing; this does not, however, in any way exclude them from maintaining close working relationships, and coordinating, with the present project.

164. On the other hand, there is an important, perhaps unique, opportunity inherent in the current situation. Both governments and donors are more aware than ever before of the global significance of conserving the sub-region's forests and of the potential role of national and transboundary PAs in conserving associated biodiversity and carbon values. In the continuing absence of effective systems for generating and channeling financial resources to the cost-effective management and conservation of these areas, there is a strong likelihood that they will, in time, be vastly degraded, and at high cost to the sub-region and the globe alike. The opportunity, therefore, is inherent in the increasing recognition of these factors and in the urgency of finding a solution.

165. According to the PA financing assessment, including the scorecard exercise, nearly every one of the 21 financial sustainability elements in every country in the region was found to be operating at a sub-optimal level, i.e., presented some kind of barrier to sustainable PA financing. Given time, funding and capacity constraints, it was considered impossible to address all barriers / elements within all six countries. One possible approach<sup>91</sup> would have been to ignore many of the elements entirely and to focus on only a few. However, such a narrowly targeted approach would have left the sub-region with no examples of successful approaches to many critical PA financing challenges, e.g., accounting, revenue retention, staffing requirement profiles, etc. It was therefore decided instead to take advantage of the project's regional structure to implement a comprehensive, catalytic, sub-regional, multi-donor demonstration approach to the overall challenge of sustainable PA financing. Above all, the design aims to have a unifying impact on various existing, disparate efforts aimed at strengthening PA financing and, in some cases, management, within the sub-region, while catalyzing additional support to fill remaining key gaps. The design is therefore based on the following five mutually reinforcing strategic principles:

166. Principle 1 – Sub-regional approach: The project will take full advantage of, and will further strengthen, the existing sub-regional framework, efforts and institutions set up under the Plan de Convergence which have been tasked, inter alia, with identifying and helping to pilot sustainable financing solutions. The project design is based on the conviction that a sub-regional approach to sustainable PA financing in the Congo Basin offers a number of advantages as compared with separate national projects. PA financing represents a technical thematic area where regional-level exchange can be critical to helping countries overcome challenges and avoid roadblocks. In addition, the sheer magnitude and urgency of the challenge mean that a thematic demonstration approach (see below) will be crucial to success; such an approach will be enabled by the project's regional nature, which will allow multiple mechanisms and approaches to be tested in different countries simultaneously. In addition to the advantages of a sub-regional approach described above, such an approach actually allows the project to cover a broader range of challenges (albeit spread more thinly across countries) than any individual national project would have allowed. The project will emphasize both national- and regional-level lesson learning; rather than having a dedicated lesson learning component, the design integrates such activities within each project component. RAPAC is anticipated to be the primary institutional vehicle for delivering the project's regional-level, lesson learning and replication supporting activities.

167. Principle 2 - Barrier removal: As is the norm for GEF projects, the project focuses on removal of barriers—in this case barriers to sustainable protected area financing. Using the PA financing scorecard as a template, barriers were defined as the sub-optimal functioning of three components of sustainable PA financing and, more specifically, of 21 defined elements of sustainable PA financing. These were then consolidated and combined into the following key elements of sustainable PA financing in the Congo River Basin, each of which will be addressed through a dedicated sub-regional output:

- Financial sustainability strategies
- National laws, policies and regulations for sustainable PA financing
- Awareness and support for PA funding and PA financing mechanisms within public and corporate sectors
- Legal, policy and regulatory support for revenue retention and sharing within the PA system
- Capacities to identify, plan for and implement revenue generating mechanisms
- Sufficient and efficient revenue-generating mechanisms

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<sup>91</sup> See also section on cost effectiveness.

- Methods for allocating funds across individual PA sites
- Well valued protected area systems
- PA site level management and business planning
- Operational, transparent and useful accounting and auditing systems
- Monitoring and reporting on financial management performance.

168. Principle 3 - Thematic demonstration and replication: The project touches upon all defined elements of sustainable PA finance and aims to generate at least one successful national or site level result ('best practice') within each element. According to this demonstration approach, each barrier/element will be targeted in a subset of countries and at pilot PAs, with the resulting lessons captured and shared at national and regional levels and made available for replication. This is particularly the case for barriers which cover broad areas, e.g., revenue-generating instruments. Here, each country has been given the opportunity to select two-three items from a short-list of instruments considered to have a high potential regionally for generating revenues. Similarly, in the case of inadequate laws, policies and regulations for sustainable PA financing, countries will receive targeted support needed to enable successful implementation of those revenue generation or disbursement mechanisms for which they are receiving support. Factors affecting the selection of instruments / mechanisms included the existence of baseline activities related to specific instruments and the suitability of given instruments for specific pilot PA sites. Decisions regarding which barriers/elements/outputs would be addressed in which countries and, where relevant, at which sites, were made in close consultation with the countries themselves, based on assessed country need, the results of the PA finance assessment, and other factors such as country-level budgetary constraints and indicative estimates of financing requirements for addressing individual barriers.

169. Principle 4 - Multi-donor, sector-wide approach: The project's ambitious scope and catalytic approach is designed to bring together and unify within a single programmatic framework existing national-level support to sustainable PA finance across the region, while stimulating new, additional coordinated support. This approach is enabled by defining a common framework based on the PA financing scorecard structure, which donors can refer to in defining their support. The approach will be further strengthened through a strong reliance on partnerships with donors and other stakeholders across the region that are active in support to PAs and/or PA finance, as a means of covering more ground and stimulating further replication. The project aims to be catalytic, stimulating more support to the challenge of sustainable PA financing. In these ways, the GEF project offers a comprehensive, yet realistic, approach to the challenge of sustainable PA financing across the region was maintained.

170. Principle 5 – Site-level demonstrations: The project is based on the principle of demonstrating the practical application of revenue generating and disbursement mechanisms and cost effective management at site level, while working to resolve capacity, policy and higher-level national and regional planning issues. It was thus considered essential to work in areas where site-level capacity existed or was in the process of being developed. Partly for this reason, the project is establishing a close working relationship with the Africa Development Bank's PACEBCo project,<sup>92</sup> which is making significant investments in building capacity at 13 PAs across the region. Linking to ongoing capacity building support provides an important opportunity and testing ground for the idea that having a fully integrated financing 'arm' would make an important difference to the prospects for sustainability of such technical cooperation actions. In addition, it is mainly within PAs active in such programmes that capacity is currently to be found. Finally, specific elements of support, such as development of business plans, are not possible without a certain base level of capacity, including staffing, management planning, etc. This consideration has helped to guide the project's site selection, while also leading to important partnerships, such as that with PACEBCo.

171. Principle 6 – Empowerment of legitimate stakeholders: The PPG period has carried out stakeholder mapping and consultation to identify key beneficiary and stakeholder groups—including marginal and vulnerable groups, such as the poor and women—which depend or impact on PAs, as well as those which would play a key part in the implementation of sustainable financing mechanisms (through making or receiving

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<sup>92</sup> See para. 129 below.

payments, or as partners/participants in implementation). Assessments have also attempted to distinguish between groups who have a legal claim or obligation on PA lands and resources and funding, and those who currently operate outside the law. Measures to ensure that appropriate stakeholders are empowered, involved and benefited are also built into project design. Each PA financing mechanism will be subject to social and stakeholder feasibility and impact assessment. In addition to the effectiveness (i.e. cost and benefit considerations), sustainability (i.e. long-term institutionalisation and continuation) and equity (i.e. involvement of and impacts on different socio-economic groups) of financing mechanisms, the need to ensure that participants and beneficiaries are legitimate will be a guiding principle. No activity initiated under the project, at either national or site level, can contradict or undermine existing law. Where PA-resident or PA-adjacent communities and business operations are operating outside the law, it will be necessary to first of all work out and formalise legal arrangements for their operations, including any conflict resolution or mediation measures that are required. The aim will be to first of all ensure that legal provisions are being followed by all stakeholders, and then set up payment, reward and compensation systems which are consistent with and reinforce these arrangements.

## **2.4 Project objective, outcomes and outputs / activities**

172. Part 1 above has provided an extensive analysis of the current situation with respect to protected area financing. Clearly, there is a significant and ongoing need to address long-standing challenges to the generation and cost effective management of adequate levels of funding. Addressing such challenges would have a significant positive impact on the conservation of PA biodiversity and on the continuing flow of benefits from PA ecosystems.

173. The project recognizes that additional revenues are only a means to an end – the end being the conservation and sustainable use of Congo Basin protected area assets. Thus, the key to ensuring the sustainability of the above policy changes will be to ensure that the funding thereby made available is disbursed in an efficacious and cost-effective manner. In this case, cost effectiveness is defined both in terms of biodiversity benefits as well as strictly national benefits such as employment creation and associated multiplier effects.

174. The project offers an approach and a methodology for addressing the PA financing challenge at local, national and regional levels. Its objective is to have in place capacities, institutional frameworks and model mechanisms for the long term financial sustainability of PA systems and associated ecosystems within six Congo Basin countries. It aims to achieve this objective through three interconnected and complementary outcomes:

- Outcome 1: Legal, policy and institutional frameworks to support sustainable conservation financing strengthened at regional and national levels
- Outcome 2: Enhanced /innovative revenue generation, management and disbursement mechanisms piloted
- Outcome 3: Business planning and cost effective management tools applied at PAs are being applied and associated landscapes

175. While Outcome 1 will take place largely at national level, Outcomes 2 and 3 will operate primarily at site level. In the case of these latter outcomes, the project will work with key site-level funding and implementation partners, including in particular the African Development Bank (AfDB)-funded ‘Programme d’Appui à la Conservation des Ecosystèmes du Bassin du Congo (PACEBCo).’ This project is providing an extensive package of physical and human capacity building support at 13 protected areas across the six participating countries (see Output 3.1). In consultation with participating countries, it has been agreed that the GEF site-level funding under Outcomes 2 and 3 would focus to a large extent on these same sites. Doing so creates an important opportunity to place a major focus on ensuring the financial sustainability of significant investments in protected area capacity.

176. Not surprisingly for a project of this nature, the project design revolves around various instruments—for revenue generation and for disbursement. Identification of these instruments has been accomplished through the

scorecard analysis, which identified baseline level of instrument use, together with a follow up regional-level feasibility analysis of actual and potential instruments (see above Situation Analysis for detailed findings). These reviews led to a short list of primary and secondary options at regional level (see **Table 13** below).

177. The above findings were shared with national representatives during a final project design validation workshop, together with a short list of pilot sites that had been developed as part of a parallel PA systems assessment. During the workshop, country representatives developed a prioritized list of primary revenue-generating instruments for each of their countries, based on the regional-level primary options short list and also provided comments on the short-listed demonstration sites. **Table 14** presents the conclusions of this exercise.

178. Given the relative newness of many of these instruments to the region, and relatively low levels of existing capacity, the PPG team considered it unwise to proscribe or otherwise insist on having final and immutable decisions on which specific instruments should be used at which sites. The process of building capacity in sustainable financing includes, as a critical part, stakeholders working together to scope out what is possible, what is needed and how to deliver those mechanisms. For this reason, a further detailed scoping and matching of instruments and sites—together with capacity building and stakeholder participation in decision making / buy in—will remain key parts of the ongoing process to be fostered under the full project. The final selection and site-level location for specific financing mechanisms to be piloted / implemented during the project will thus be confirmed during the first year of the project. The secondary options list shown in **Table 13** has an analogous function, i.e., to provide project managers with sufficient flexibility to pursue alternative instrument options, should the opportunity arise. Decisions regarding implementation of any secondary options—either with GEF funds or leveraged co-financing—would be made based on recommendations of national PA financing strategies (see Output 1.1 below).

**Table 13: Primary and secondary revenue generation and disbursement options for Congo Basin**

Primary options		
1. Payments for watershed services	High	Most suitable for development in watershed PAs, as single-buyer schemes
2. REDD+ payments (including voluntary markets)	High	High profile and wide interest in Congo Basin countries suggest that it should be included. Focus will be on the interface between REDD+ and protected areas and on how REDD+ funding could help to solve PA sustainable finance challenges; will also link to the trust fund design work (see 6 below) and associated search for REDD+ delivery mechanisms.
3. Biodiversity offsets	High	Project should build on existing experiences, focusing on extractive industries
4. Sustainable biodiversity-based enterprises	High	Also encompasses tourism, hunting, private investment and community revenue-sharing mechanisms (see below)
5. Taxes and levies on other sectors	High	Project should focus on working with Ministries of Finance, also encompasses tourism, hunting, private investment and community revenue-sharing mechanisms
6. Trust funds	High	Focus on supporting existing/planned trust funds
7. Community revenue-sharing	High	Project should focus on introducing new models, and on improving the implementation of existing arrangements
8. Corporate contributions or sponsorship	High	Could be investigated for suitable PA sites and species; project activities suggest that some efforts are made to solicit corporate funding
9. Tourism and hunting charges	Medium-High	Should be covered as part of sustainable biodiversity-based enterprises and fiscal reallocations (see above)
Secondary options		
10. Private direct investment	Medium	May be most appropriate in combination with sustainable biodiversity enterprises
11. Afforestation / reforestation under CDM	Low	The design of a CDM project is extremely long and complex and requires a variety of technical skills.
12. Debt-for-nature swaps	Low	Expensive, time consuming and complex to negotiate – project should limit itself to supporting accessing of PA funding from existing debt swaps
13. Habitat conservation banks	Low	Inconsistent with current regulations and conservation markets
14. Conservation concessions	Low	High cost and questionable financial sustainability
15. Bioprospecting fees	Low	Low likelihood of generating funding for PAs

179. The remainder of this section provides descriptions of each project outcome and its associated outputs.

### **Outcome 1: Legal, policy and institutional frameworks for protected area financing strengthened at national and regional levels**

180. This outcome will focus on improving national-level enabling environments for sustainable PA financing. At the strategic level, and building directly on the results of assessments conducted during the PPG, the project will support the preparation of PA system-level strategies (Output 1.1) addressing the full range of PA financial sustainability challenges. At the same time, a more narrowly targeted effort will be launched (Output 1.2) to address specific legal, policy and institutional barriers that are likely to hinder the implementation of revenue generating and disbursement mechanisms prioritized under Outcome 2. Both of these outputs will benefit from an effort (output 1.3) to increase awareness and direct support for PA funding and financing mechanisms among public and corporate sector decision makers. Finally, under Output 1.4, the issue of revenue retention and distribution will be tackled.

#### Output 1.1: PA system-level financial sustainability strategies

181. Under this output, all six national PA management authorities within the sub-region will develop and gain Government buy-in, support and approval for National PA financing strategies, including targets, policies, tools and approaches. In particular, the following will be prepared: (i) a system-level financial needs assessment, which will be used to update and fine-tune existing basic and optimal funding scenarios, and; (ii) a system-level business plan providing targets and strategies for achieving these scenarios. These documents will incorporate, inter alia, plans for expanding PA systems, in order to ensure that funding is available for land tenure studies, legal fees and other costs associated with legal establishment of new PAs, as well as for subsequent management costs. Overall, the strategies will provide technical and political frameworks for business planning and financial sustainability strategies. This process will also help to promote a stronger constituency to ensure that the governments meet past, current and future financial commitments. Finally, it will help to consolidate a more detailed framework and consensus among Government, donors and other key stakeholders regarding the necessary steps to be taken towards PA financial sustainability; this should, in turn, lead to increased leveraged co-financing for the project's activities.

#### Output 1.2: New / updated laws, policies and regulations required for sustainable financing of protected areas

182. The immediate target under this output will be potential policy and regulatory barriers to implementation of priority revenue generating instruments being implemented under Outcome 2.<sup>93</sup> In this way, the project is expected to be able to make quick and tangible progress in increasing levels of revenue generation from so-called 'low-hanging fruit.' Specific targets include the following:

- Cameroon: (i) Biodiversity offsets, (ii) Hunting and tourism charges, (iii) REDD+ & PA finance and (iv) Sustainable biodiversity-based enterprise
- EG: (i) Biodiversity offsets, (ii) Taxes and levies on other sectors; (iii) Corporate contributions / sponsorship
- Gabon: (i) REDD+ & PA finance, (ii) Biodiversity offsets, (iii) Corporate contributions / sponsorship; (iv) Hunting and tourism charges
- CAR: (i) Hunting and tourism charges, (ii) Taxes and levies on other sectors, (iii) Corporate contributions / sponsorship
- DRC: (i) REDD+ & PA finance, (ii) Corporate contributions / sponsorship; (iii) Hunting and tourism charges; (iv) Taxes and levies on other sectors
- RoC: (i) Sustainable biodiversity-based enterprise, (ii) Hunting and tourism charges, (iii) REDD+ & PA finance.

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<sup>93</sup> Annex 7.5 of the present document provides details of the feasibility of most of the proposed pilot instruments, including key enabling conditions that will be needed to ensure success.

183. At a second stage, system-level financial strategies (see Output 1.1), once they become available, will identify additional gaps and opportunities to guide the institutional and legal architecture needed to strengthen the enabling environment over the medium term. This may include guiding barrier removal efforts to one or more of the secondary options defined in Table 13 above; a combination of existing and leveraged co-financing will be needed for follow up work related to these and other legal, policy and regulatory barriers.

184. At the regional level, lessons learned in any of the countries related to individual instrument types will be captured, shared and incorporated into ongoing barrier removal and implementation efforts. This will also include, as appropriate, new analyses and findings from outside of the sub-region.

Output 1.3: Increased awareness and direct support for PA funding and PA financing mechanisms among public and corporate sector financial and economic decision-makers.

185. Communications and advocacy programmes will be designed and implemented in two countries – DRC and Gabon – which have indicated this to be a relative priority for them. Activities are expected to involve support engagement and awareness raising among key staff from the Ministries of Finance and Economic Planning, other sectoral line agencies and the corporate sector. A series of dialogues and targeted roundtables will be convened, focusing on the rationale and opportunities for supporting PA funding. These will target high-level decision makers, with the aim of influencing the individuals who have the authority to formulate policies and make budgetary and investment decisions which will result in increased funding flows to PAs.

186. The intention is to increase general understanding of, support for, and buy-in to PA funding, at the same time as soliciting commitment for the development of specific revenue mechanisms which are being implemented by the project, e.g., enterprise development, payments for watershed services, biodiversity offsets and fiscal revenues (see Outcome 2 below). Other revenue mechanisms which also depend on higher-level decisions being made outside the conservation sector will also be included in these dialogues, such as corporate sponsorship and the allocation of funding under existing and planned debt-for-nature swaps in the sub-region.

187. Additional activities are envisaged to raise the profile of PAs in general, and financing issues in particular, along with awareness of same among the above mentioned groups of decision makers. These might include, for example, efforts to raise awareness of PAs and their actual and potential economic benefits through communications efforts such as: familiarity trips to PAs for press and decision-makers; special awards, e.g., ranger of the year, PA corporate partner of the year; brochures and other awareness materials, etc.

188. Results of this exercise will be shared and, subject to availability of leveraged co-financing, replicated in additional countries.

Output 1.4: Institutional responsibilities and commitments for PA revenue retention and distribution procedures agreed and operationalized at national level and in selected demonstration sites

189. Under this output, system-wide revenue sharing arrangements will be developed for Cameroon and Republic of Congo (RoC). This work will involve liaison with Ministries of Finance, PA authorities and other sectors to agree on more transparent and effective formulae and procedures for earmarking certain revenues which are currently retained and held at the central treasury level or by other line agencies. This will likely include various existing land and resource use fees, as well as dealing with new sources of revenue being generated as a result of project activities, such as payments for watershed services and the reallocation of sectoral taxes and levies (see output 2.2). Efforts will focus on three areas: (i) the sharing of revenues between treasury and PA agencies, (ii) the distribution of revenues within PA agencies between the centre and different sites and (iii) sharing revenues with local communities.

Output 1.5 Sub-regional-level 5-year conservation financing strategy focused on PAs, corridors and buffer zones approved at national (ministerial) and regional levels

190. Using the baseline scorecard exercise undertaken during the PPG as a point of departure, the project will support the development and high-level adoption of a 5-year sub-regional conservation financing strategy. The strategy will include actions at site, national, transboundary and sub-regional levels and will extend to buffer zones and corridors within the identified landscapes. Development of the strategy will be coordinated by the project team, working in close consultation with a broad range of stakeholders across the region.

## **Outcome 2: Enhanced / innovative revenue generation, management and disbursement mechanisms piloted**

191. Under this outcome, GEF will support the development of instruments for revenue generation and disbursement within the six participating countries. In particular, GEF support will contribute to the sustainability of investments in protected area management being made under the PACEBCO project (see Output 3.1) by encouraging the development of financing mechanisms to generate (Output 2.1) and disburse (Output 2.2) resources for protected area management in the six participating countries, including at the project demonstration sites. In addition, GEF funds will support capacity building (Output 2.3) needed to develop, implement and manage these same mechanisms. The overall aim will be to increase the amount of funding flowing to PA management authorities while also providing financial incentives for PA-adjacent communities to participate more actively in biodiversity conservation.

192. The outputs needed to ensure the achievement of Outcome 2 are described below.

### Output 2.1: Appropriate and sustainable PA revenue mechanisms developed and demonstrated at pilot sites national levels and within transnational landscapes<sup>94</sup>

193. With financing from the African Development Bank (AfDB), the Programme d'Appui à la Conservation des Écosystèmes du Bassin du Congo (PACEBCo) is providing an extensive package of physical and human capacity building support at 11 protected areas across the six participating countries (see Output 3.1). Recommendations regarding priority revenue generation and disbursement options for the Congo Basin were developed during the PPG. During the PPG validation workshop, instrument options were presented to country representatives, who were asked to prioritize them. **Table 14** presents the sites and instruments arising from this exercise, which will be targeted during the full project. While the above-described assessment has identified certain revenue-generating mechanisms as being the most promising (namely payments for watershed services, biodiversity offsets, sustainable biodiversity-based enterprises, fiscal revenues), detailed scoping and market studies will finalize their selection and design in each country and site, based on specific needs and opportunities to access new revenues. Final within-country matching between sites and instruments will thus take place during the full project's first year. In addition, should the partners agree that altered circumstances require changes in site selection, instrument selection or instrument/site combinations; these will be possible based on tripartite agreement among the relevant Government(s), the project executing agency and UNDP-GEF.

194. As seen in **Table 14**, seven types of revenue generation instruments will be supported. These are: (i) payments for watershed services, (ii) REDD+ for PAs, (iii) biodiversity offsets, (iv) sustainable biodiversity-based enterprises, (v) taxes and levies on other sectors, (vi) corporate contributions / sponsorships and (vii) hunting and tourism charges. Since each instrument will be demonstrated within more than one country, a total of 21 mechanisms for increasing and diversifying PA revenues will be supported. These activities will address key constraints relating to funding availability, amount and diversity which currently act as barriers to effective PA management in Congo Basin countries. They will also respond to the need to demonstrate tangible on-the-ground mechanisms for improving PA funding at national and site levels.

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<sup>94</sup> Each of these mechanisms is further elaborated in the following locations: (i) Baseline use of these and other instruments is described in the present document, paras. 126-153; (ii) Annex 7.5 of the present document for a discussion of the feasibility of implementing these instruments, including required enabling conditions.

**Table 14: Pilot demonstration sites and priority revenue generating instruments**

Country	Landscape	Site	Area	Priority instrument(s) <sup>95</sup>
Cameroon	Tridom	Boumba Bek	309,300	(1) Biodiversity offsets; (2) Hunting and tourism charges; (3) REDD+; (4) Sustainable biodiversity-based enterprises
	Sangha Trinational	Lobeke	183,855	
Equatorial Guinea	M. Alen - M. Cristal	Monte Alen	200,000	(1) Biodiversity offsets; (2) Taxes and levies on other sectors; (3) Corporate contributions / sponsorship
Gabon <sup>96</sup>	M. Alen - M. Cristal	Monts de Cristal	120,000	(1) REDD+; (2) Biodiversity offsets; (3) Corporate contributions / sponsorships; (4) Hunting and tourism charges
	Tridom	Ivindo	300,274	
	Tridom	Mwagna	116,500	
CAR	Sangha Trinational	Dzanga-Ndoki	400,000	(1) Hunting and tourism charges; (2) Taxes and levies on other sectors; (3) Corporate contributions / sponsorships
	Sangha Trinational	Dzanga-Sangha		
DRC	Virunga	Virunga	780,000	(1) REDD+; (2) Corporate contributions / sponsorships; (3) Hunting and tourism charges; (4) Taxes and levies on other sectors
	Maiko-Tayna-Kahuzi	Kahuzi-Biega	660,000	
RoC	Sangha Trinational	Nouabale-Ndoki	386,600	(1) Sustainable biodiversity-based enterprise; (2) Hunting and tourism charges; (3) REDD+
		Total ha.	3,456,529	

195. In addition to site-based activities, the project will support the development of improved PA financing within two transboundary landscapes:

- **TRIDOM:** The project will complement efforts being made under Outcome 4 of the UNDP-GEF TRIDOM project (1583) to establish a sustainable financing mechanism within the landscape.<sup>97</sup> This will include support to development of financing mechanisms at four of the landscape’s nine protected areas (see Table 14), which together will represent key building blocks for the landscape’s sustainable financing. It will also involve support for lesson learning and dissemination and for including key PA decision-makers within the TRIDOM landscape in sub-region-wide capacity building and lesson learning efforts aimed at sharing experiences and strategies, particularly to the remaining PAs within the landscape. Finally, it will support adaptation of the financial scorecard methodology for use at landscape level and application to the TRIDOM landscape as a basis for development of a landscape-level financial instrument; this exercise will then be available for replication at the Congo Basin’s 11 remaining landscapes.
- **Tri-National Sangha:** The Sangha Tri-National (TNS) landscape is the scene of an important and regionally path-breaking effort to implement a transboundary financing mechanism. The Sangha Tri-National Foundation was established in 2007 and has already mobilized more than 11 million Euros from sources such as KfW, AFD and WWF Germany. All three PAs within TNS, i.e., Lobeke (Cameroon), Dzanga-Ndoki (CAR) and Nouabale Ndoki (Congo) are included among the present

<sup>95</sup> Site-instrument matching will take place during the full project’s Inception Phase and will be based on further in-country consultations.

<sup>96</sup> Gabon’s site selection remains tentative and for this reason no METTs have been provided for these sites at this stage.

<sup>97</sup> Outcome 4 of the TRIDOM project reads as follows: “Sustainable funding is mobilized for the conservation and sustainable management of the TRIDOM.” It includes the following output: “A multi-level financing plan is developed, endorsed and implemented.” Finally, it includes the following indicator: “Long-term financial resources are available to cover the core management costs in TRIDOM (in particular law enforcement and protected area management)”.

project's demonstration sites. The project therefore expects to work closely with the TNS Foundation in support of its and governments' further revenue generation and management efforts. As with TRIDOM, the project will support lesson learning, dissemination and including key PA decision-makers within the TNS landscape in sub-region-wide capacity building and lesson learning efforts, as well as implementation of the landscape-level scorecard discussed above.

Output 2.2: Appropriate and sustainable disbursement/allocation mechanisms developed and piloted at national level and in selected demonstration sites

196. Output 2.2 will support the development of mechanisms for disbursing and allocating the revenues which are generated by and for PAs in the Congo Basin. The intention is to ensure that these funds are used effectively in support of biodiversity conservation, are distributed efficiently between stakeholder groups and PA sites, and are administered and managed in a transparent and accountable manner. These activities will focus on both national and site level mechanisms, and on the allocation of financial resources between central and site levels. Three types of mechanisms in particular will be supported: (i) trust funds, (ii) community-level payment schemes (with financial support from the PACEBCo project), and (iii) mechanisms for sharing revenues between central and site levels.

197. Efforts will focus on supporting existing and emerging PA trust funds, including those in Cameroon, Democratic Republic of Congo and Gabon. Where trust funds have been established at project sites, or are already planned, at pilot sites, the project will support these. The project does not however intend to initiate the establishment of new trust funds. Project activities will focus on assisting fund managers to access new and sustainable sources of finance, as well as on working to identify and negotiate the way in which existing and new PA revenue streams (for example fiscal revenues, private sector contributions, biodiversity offsets and payments for ecosystem services) can be administered through Trust Fund mechanisms.

198. The project will also work with decision-makers in both Ministries of Finance and PA management agencies, as well as PA site managers, to develop and operationalize a system for ensuring that revenues are allocated and distributed effectively and equitably between different PA sites. The intention is to ensure that PAs that have few opportunities to generate income, and yet are critical in biodiversity conservation terms, secure sustainable finance flows. This output also aims to work out modalities for the sharing of revenues that are generated at the central level with PA sites, and vice versa, so as to ensure that both central and site-level PA management costs are adequately covered. Activities will focus on facilitating a roundtable discussion process to discuss, negotiate and formalize appropriate revenue-sharing arrangements.

199. At the pilot site level in Cameroon and RoC, activities will focus on developing, implementing and institutionalizing mechanisms for community revenue-sharing. This is considered vital to the long-term financial sustainability of PAs in terms of local incentives and support. Activities will include the establishment of PA-level community fora, and joint development of a strategy for revenue-sharing and disbursement, and the identification of appropriate forms and mechanisms through which PA revenues can be shared at the local level. Considerable work will be carried out on building the capacity of PA outreach and community liaison staff, and on developing community capacities in fund management and disbursement. These will focus both on operationalizing the regulations and commitments that already exist in participating countries, and on identifying improved mechanisms and methods for community revenue-sharing. Efforts will also be made to support the development of appropriate institutional and financial structures within PA agencies and local communities, which will ensure transparent and efficient mechanisms for sharing revenues. It is anticipated that these activities will be carried out in close collaboration with PACEBCo, particularly in relation to that project's support for "sustainable promotion of the population's welfare". The kinds of mechanisms to be developed will depend on site-level factors but will likely involve, e.g., sharing of a portion of cash revenues directly with households, sharing of resources use allocations, local employment and/or, investment in income generation / sustainable livelihood activities. Among other projected benefits of these activities is a decrease in threats emanating from local communities and a corresponding increase in cost effectiveness of PA management, as sought under Outcome 3.

### Output 2.3: PA managers and other stakeholders equipped to identify, plan for and implement new revenue generation and disbursement mechanisms

200. Output 2.4 will address the barriers to PA sustainable financing and effective management posed by weak capacity, awareness and information in the sub-region. Substantial efforts will be made to build the capacity of PA managers and other key stakeholders to plan for, access and operationalize new revenue sources and disbursement mechanisms, so as to ensure the replication and long-term sustainability of interventions. At the regional level, a series of knowledge products and information-sharing exercises, documenting the project's approach and methods used to generate and disburse revenues, will ensure that lessons learned are shared more widely between and outside participating sites and countries. Finally, activities carried out under this outcome will take steps to build constituency and awareness among two key stakeholder groups who have to date remained largely excluded from decision-making about PA revenue mechanisms – financial, economic and budgetary decision-makers from the government and corporate sectors. The intention is to strengthen their buy-in and direct involvement in providing funding to PAs in the future.

201. Training courses will be designed and delivered to PA managers and other stakeholder groups (e.g. local communities, private sector, local administration and national decision-makers) who are involved in revenue-generation and/or disbursement for PAs. These will deal with identifying, designing, marketing and implementing new PA revenue generation and disbursement mechanisms. The primary target of these training exercises is to equip PA agency staff and other key stakeholders from the project's pilot sites with the tools and capabilities to deliver on the activities described in Outputs 2.1 and 2.2. In addition, at least one national-level course in each country and one course at the sub-regional level will be held. These will provide valuable opportunities to communicate and share the project's approach and experiences with other PAs, and among countries.

202. At the pilot site level, targeted training will be provided on the design and implementation of the revenue mechanisms which have been selected for development by the project (outcomes 2.1 and 2.2). Cross-site information sharing and lesson learning on the design and implementation of PA revenue mechanisms will be enhanced through two-yearly exchange meetings held for key pilot site staff. It is anticipated that these exchange meetings will also result in the production of at least 7 information and knowledge products, documenting the lessons learned from project activities.

### **Outcome 3: Business planning and cost effective management tools applied at PAs and associated landscapes**

203. Outcome 3 will be implemented in full partnership with the Programme d'Appui à la Conservation des Ecosystèmes du Bassin du Congo (PACEBCo), which is providing an extensive package of physical and human capacity building support at 13 protected areas across the six participating countries (Output 3.1). These sites will be the primary targets of revenue generation and disbursement efforts (see Outcome 2 above) designed, inter alia, to ensure the sustainability of the PACEBCo investments. In addition, they will be the scene of efforts under Outcome 3 to demonstrate economic valuation methods (Output 3.2), business planning (Output 3.2), accounting and auditing systems (Output 3.4) and systems for monitoring management performance (Output 3.5).

204. It is essential that additional revenues generated by various mechanisms and made available through regional, trans-boundary, or national funding channels are managed and disbursed in a cost-effective manner. This will require capacity building of individuals and institutions in various areas of financial management including: (i) business planning of PAs, corridors and buffer zones; (ii) systems for monitoring and reporting on management performance to ensure accountability; (iii) operational, transparent and efficient accounting, disbursement and auditing systems for PAs and community-managed corridors and buffer zones.

#### Output 3.1: Physical and human capacities raised at 13 protected areas across the sub-region

205. The PACEBCo project is providing capacity building support to 13 protected areas across six landscapes; these are the same sites where GEF support will be targeting revenue generation, business planning,

etc. The PACEBCo support will represent an essential capital investment adjunct to the GEF work at the pilot sites. GEF support will, by the same token, greatly enhance the sustainability of PACEBCo's capital and human resource investments. PACEBCo efforts will help to set the stage for site-level, GEF-funded interventions related to revenue generation, disbursement and business planning.

206. Key elements of PACEBCo support include the following:

- Boundary demarcation covering 3.7 million ha. of PAs;
- Development of management plans for 13 sites
- Construction, rehabilitation and equipping of 105 ranger stations;
- Construction and equipping of landscape-level ecological centers for the collection of baseline data on ecosystems and biodiversity;
- Training of 1,000 rangers in ecological monitoring and anti-poaching;
- Training of 300,000 members of local populations in conservation and sustainable use of biodiversity

#### Output 3.2: Economic valuation used to define PA financing needs, opportunities and justification to development planners in selected demonstration sites

207. Ecosystem valuation can provide a powerful tool for convincing decision-makers of the economic and financial wisdom of investing in PAs. It can also help to highlight where there is the potential to generate additional revenues for PAs, where there are costs incurred from PA conservation that need to be covered, and what the most cost-effective and equitable financing mechanisms are. Training on ecosystem valuation and the use of economic and financial tools for PA planning will be integrated into the training and capacity-building exercises being carried out under Output 2.1 of the project. At the site level, ecosystem valuation will be deployed as a tool to plan for the new revenue generation and disbursement mechanisms which are being designed and piloted under the project. Information on the broader economic values to be secured by the selected PA financing mechanisms will be carried out, to be used as justification for their piloting. The resulting information will be shared with private and public sector decision-makers at site and central levels. Information on financial costs and benefits of selected financing mechanisms will be factored into the scoping of their feasibility, and into their detailed design. At a minimum, this is expected to include information on projected revenues and income against costs of implementation, ability to offset community and PA managing authority costs, distribution between different stakeholder groups, and measures of long-term sustainability. Each selected financing mechanism is expected to show a positive return, positive distributional effects and long-term sustainability. For financing mechanisms to be developed in partnership with the corporate sector, the recently-developed WBCSD "Corporate Ecosystem Valuation" tool is expected to provide a key framework for analysis.

#### Outcome 3.3: Systems and capacities to enable business planning of PAs

208. Management plans being developed at sites across the region with support from the PACEBCo are not expected to include business plans. The project will help to develop a standardized methodology for business planning to reduce costs and ensure that results could be easily compared, evaluated and implemented. Subsequently, it will support the preparation of business planning sections of up to six management plans and/or stand alone plans at these sites, depending on the circumstance.

#### Output 3.4: Systems for operational, transparent and useful accounting and auditing systems for PAs and community managed corridors and buffer zones identified and piloted at selected demonstration sites

209. A transparent and coordinated cost accounting system will be put in place, and associated management capacities built. This will include putting in place national level accounting systems linked to revenue-tracking systems for each selected PAs with potential for revenue generation. Accounting data will be packaged and presented in ways that contribute to system-level decision making, planning and budgeting. Training in the use of the systems will be provided.

Output 3.5: Systems for monitoring and reporting on financial management performance to ensure accountability identified and piloted at demonstration sites

210. A reporting and evaluation system will be developed to report on how effectively PAs use their available finances in achieving their stated objectives. This will include both system and site-level management effectiveness assessments and will serve as an important mechanism for linking financial and management performance and will support annual reviews in which site level re-allocations will be possible. As a result, PA revenues and expenditures will be fully and accurately reported by PA authorities to stakeholders. Ideally these systems will guide cost effective investments in PAs by tracking for example financial returns on tourism-related investments.

## 2.5 Key Indicators, Risks and Assumptions

211. The full set of project indicators are detailed in the Logical Framework – which is attached in Section II of this Project Document. Key indicators at the objective level are listed in **Table 15** below.

**Table 15. Indicators**

Objectives/ Outcomes	Indicators	Targets
<b>Objective:</b> To have in place capacities, institutional frameworks and model mechanisms for the long-term financial sustainability of PA systems and associated ecosystems within the Congo Basin	Annual reports of PA managing agencies	Annual reports and plans for PA managing agencies in all 6 countries incorporate financial sustainability planning and reporting elements
	METT scorecard results	Boumba Bek – 75 Lobeke – 80 Monte Alen – 70 Dzanga-Ndoki – 75 Dzanga-Sangha – 75 Virunga – 55 Kahuzi-Biega – 60 Nouabale-Ndoki – 70 Monts de Cristal – TBD Ivindo – TBD Mwagna – TBD
	Financial scorecard results (overall)	Cameroon – 50% CAR – 42% Congo – 36% DRC – 43% EG – 33% Gabon – 35% Regional Mean – 40%
	Relationship between level of ongoing threats at demonstration sites and site-level PA management capacity	Measured changes in threat index, together with data on capacity levels, aimed at demonstrating correlation with increased capacity
	Financial scorecard results (outcome 1)	Cameroon – 61% CAR – 39% Congo – 17%

Objectives/ Outcomes	Indicators	Targets
Outcome 1: Legal, policy and institutional frameworks for sustainable conservation financing strengthened at regional and national levels		DRC – 45% EG – 23% Gabon –41% Regional Mean – 57%
	PA system-level financial sustainability strategies	By end of year 2, PA system-level financial sustainability strategies (including targets, policies, tools and approaches) are guiding the work of all six national PA system authorities
	System-level PA business plans	By end of project, system-level PA business plans, providing targets and strategies, have been developed in all six countries
	Laws, policies and regulations related to sustainable PA financing	By end of project, at least six new financing mechanisms are mentioned and enabled in legal, institutional and/or policy frameworks in at least four countries
	Active support and participation in PA financing among public and corporate sector financial and economic decision-makers	By end of project, communications and advocacy programmes on PA funding and PA financing mechanisms have been run which include public and corporate sector financial and economic decision-makers from at least ten agencies or organizations, in at least two countries
	Agreed procedures and formulae in place to earmark public revenues for PAs and PA-adjacent communities	By year 4, agreed procedures and formulae for revenue-sharing between PA sites and centre being applied at national level in at least 3 project countries By year 3, agreed procedures and formulae for community revenue-sharing
Outcome 2: Enhanced / innovative revenue generation, management and disbursement mechanisms piloted	Financial scorecard results (outcome 2)	Cameroon – 37% CAR – 29% Congo – 19% DRC – 27% EG – 10% Gabon –27% Regional Mean – 37%
	Use of revenue generating mechanisms at pilot sites	By the end of the project, at least one third of PA funding in pilot sites obtained from non-public budget and donor assistance sources By the end of the project, at least twelve new funding sources being accessed for PA management by project pilot sites across the region and bringing in new money. By end of project, at least 4 pilot sites have increased funding by at least a third
	Trust funds working to deliver long-term financing to PAs	By the end of the project, PA trust funds are functioning effectively in at least two countries or sites
	Disbursement of revenues to PA centres, PAs and PA-adjacent communities	By year 4, agreed reallocation of at least one new fiscal revenue source to PA agency in at least 2 project countries By year 4, agreed procedures and formulae for revenue-sharing between PA sites and centre being applied at national level in at least 3 project countries By year 3, agreed procedures and formulae for community revenue-sharing being applied in at least 3 project sites

Objectives/ Outcomes	Indicators	Targets
	In-country capacity to identify, plan for and implement new PA revenue mechanisms	By the end of the project, at least 300 PA staff and key stakeholders from 6 countries trained in revenue generation and disbursement By the end of the project, at least 7 training materials or knowledge products are available and disseminated
Outcome 3: Business planning and cost effective management tools demonstrated at PAs and associated landscapes	Financial scorecard results (outcome 3)	Cameroon – 38% CAR – 46% Congo – 8% DRC – 34% EG – 4% Gabon –27% Regional Mean – 39%
	Site-level human resources and infrastructural capacity for PA management planning and practice	By the end of the project, at least 12 PAs in 6 countries have well-demarcated boundaries, functioning ranger stations and ecological centers, and trained participants in monitoring, anti-poaching and conservation and sustainable use of biodiversity activities.
	Site-level capacity to integrate PA management and business planning	By the end of the project, at least 300- staff from 6 countries trained in PA business planning By the end of the project, manual on PA business planning is available and disseminated By end of project, at least four of the pilot PAs across the region are operating according to an agreed business plan
	Integration of economic valuation into PA planning and policy-setting	PA financing plans and policies in at least 3 countries incorporate relevant economic valuation information
	Monitoring and reporting on financial management performance	Improved accounting systems and associated procedures in place at least in two countries by end of project

212. **Table 16** below presents the risks facing the project, together with risk mitigation strategies.

**Table 16. Risks facing the project and the risk mitigation strategy**

Risk	Risk rating	Risk mitigation measure
Deteriorating political and economic conditions.	Medium	Continue project activities as the project seeks to serve as a model for long-term financing of protected areas in countries where political uncertainty and economic constraints currently preclude the government from allocating adequate resources to conservation activities.
Increased loss and degradation of forest due to climate effects	Medium	This risk is clearly more important over the medium to long term. Complementary efforts to maintain resilience and connectivity amongst forest ecosystems at landscape level will be essential to maintaining PA biodiversity over this longer term. The project will contribute to this effort through support to community revenue sharing (Output 1.4). In addition, associated interventions in the Congo Basin will help to analyse key vulnerabilities and potential adaptation measures.
Allocation of budgetary resources to national and regional trust funds remains low	Medium	The project will use environmental economic valuation work to develop a business case in favor of Government financing of protected areas. It will attempt to leverage the results of this work in order to encourage the integration of PA financing allocations into national planning. At the same

Risk	Risk rating	Risk mitigation measure
		time, the emergence of new markets for conservation, also supported by the project, will help to change the cost-benefit calculus surrounding budgetary allocations for PA management.
The international community and private investors reluctant to provide resources for biodiversity conservation	Medium	Propose an institutional mechanism that strengthen environmental governance, transparency and maximize credibility. Build partnerships with different groups such as the private sector.
Lack of action on the part of international processes to facilitate capital flow for REDD+ leads to sub-optimal external financial flows for, inter alia, PA management	Medium	The project will identify and help to develop multiple financial sources for trust fund capitalization in particular and PA financing in general.
Innovative mechanisms being piloted, such as PES, risk failure due to absence of markets or poor governance	Medium / High	The project will aim to develop multiple channels for PA financing, reducing the risk posed by failure of any single approach
Increases in threats facing PAs due to sectoral activities and/or demographic trends counterbalance improvements in financing	Medium	This risk may require action by Government that goes beyond increased PA financing to address risks at source. The fact that this project is being developed as part of a multi-donor partnership and within regional frameworks geared to improved forest governance serves to mitigate this risk.
Resource mobilization becomes an end in itself rather than a means to an end	Medium	Ecosystem and species status monitoring is incorporated at the objective level and as one of the project outcomes. This is intended to ensure resource mobilization is: (i) channeled for conservation, and (ii) does not lead to excessive loads on carrying capacity.
Limited local expertise to carry our implementation and/or follow up	Medium	For project implementation purposes, a combination of national and international expertise is envisaged to provide the technical competencies and skills necessary. However this external expertise is not deemed sustainable and support will include transfer of knowledge, mentoring and training of PA system staff. Training and on the job training / and capacity building will be a significant project activity to instill new skills and competencies among PA system staff.

## 2.6 Financial modality

213. GEF funds will be used to address the identified constraints by means of technical assistance. This type of financing is considered appropriate to develop system and site level capacities related to protected area financing. The barriers identified concern weak capacities, lack of support systems and associated mechanisms can be addressed through the development of appropriate tools, methodologies, and testing these in key policies and programs of protected area management authorities. These would require a high degree of technical inputs, as well as training of staff in their use.

214. At eight of twelve pilot demonstration sites, GEF technical cooperation funds will be closely tied to co-financed investment in key infrastructural and technical support provided through the PACEBCo project. The close association between the two sources of finance will help to ensure that GEF site-level support will be delivered to sites having ongoing management efforts, including management planning, together with at least a minimum level of staffing and infrastructure needed to ensure success.

## 2.7 Cost effectiveness

215. Factors contributing to cost effectiveness: The project's cost effectiveness derives partly from the regional-level programmatic approach which has been developed under the CBSP. This approach is also being enabled by the regional framework of cooperative governance being established under the Plan de Convergence.

The regional-level programmatic approach will help to provide a sharper focus for investments and will allow participating institutions to participate in accordance with their comparative advantage. It will also enable the project to take advantage of potential economies of scale in building capacities to address PA finance issues in specific areas such as information distillation and dissemination and training. Thus, cost effectiveness will be enhanced in the areas of training and through rapid and continuous regional-level dissemination of innovations and other lessons learned. These advantages, together with cost savings associated with travel of international experts, etc., appear to make the project approach substantially more cost effective than one based on national projects.

216. Cost effectiveness will be further enhanced by the emphasis given to the cost side of the financial ledger. Rather than focusing on revenues alone, the project will aim to ensure cost-effective management and prioritized financial disbursements. Building capacities and systems for cost effective management will help to ensure that increasing financial flows are used efficiently. Finally, the project's cost effectiveness will be greatly enhanced by its ability to generate global benefits in three GEF focal areas, namely biodiversity, climate change and land degradation.

217. A further factor contributing to cost effectiveness is the substantial and increasing values inherent in Congo Basin forest ecosystems. As demonstrated above at some length (see section on environmental economic values, paras. 8-42), these values are measured in the billions per year. A substantial percentage of these values are contained within the sub-region's protected areas. There is no question but that current trends are having important economic costs due to deforestation, degradation, overharvesting or bushmeat, etc. Investments which can alter these trends and reduce the extent of these losses are likely to be highly cost effective in cost-benefit terms.

218. Alternatives to the project approach and their comparative cost effectiveness: An alternative which was considered during GEF 3 was a global approach in which one of the Congo Basin countries, Gabon, was to have participated. The present approach is arguably substantially more cost effective than the global approach would have been, with reduced costs associated with travel, translation, etc. In addition, the present approach allows a close tie in with the above-described regional framework, as well as a more straightforward process of lesson learning and exchange among participating countries.

219. A second alternative scenario may be termed the 'simple investment scenario.' In this approach, which has been widely practiced in the Congo Basin and elsewhere, donor investments are made in building capacity, but without adequate attention being paid to issues of financial sustainability. Such issues are either ignored or treated tangentially, typically as something to be addressed during the final year of project implementation. The typical result is that recipient countries fail to adequately maintain the investments that have been made, resulting in their rapid depreciation. Thus, the cost effectiveness of the present approach lies within its ability to tap emerging markets for values inherent in forest ecosystems and to use these newly monetized values to maintain existing investments and to finance new ones.

## **2.8 Sustainability**

220. Social sustainability: Significant efforts will be made to involve local communities in order to ensure that they adopt a positive role towards neighboring PAs. This goal will be facilitated by co-financing support from the PACEBCo project and CBFF, both of which will provide financing for alternative livelihoods within buffer zones and connecting areas between PAs.

221. Environmental sustainability: The project will directly contribute to environmental sustainability through a range of interventions aimed, directly or indirectly, at improved PA management and reduced threats facing PA biodiversity.

222. Financial sustainability: The essence of the project is the financial sustainability of protected area systems, so to the extent that the project is at all successful, it will be in precisely this area. All key elements of PA financial sustainability are being targeted, together with a significant lesson learning and dissemination effort.

223. Institutional sustainability: The Project will focus on established institutions as direct recipients of support, in particular protected area management authorities in the six countries. Capacity building efforts targeting headquarters and field-level staff of these institutions will contribute towards institutional sustainability, as will a wide range of efforts aimed at increasing the availability of adequate financing needed to meet these institutions' mandates.

## **2.9 Replicability**

224. The GEF alternative has been designed to have strong elements of replication. This is perhaps most clearly reflected in its regional design and elements. A regional, six-country project design was considered optimal under the Congo Basin circumstances partly because of the possibilities that this opened up for regional networking and exchange related to sustainable PA finance. Within each project component, a lesson learning and sub-regional exchange effort will be led by RAPAC, which already has a mandate from the countries for PA management as a whole.

225. The strategy is perhaps best seen in the area of revenue generating and disbursement mechanisms. Here, a variety of mechanisms has been identified during the PPG as having strong potential for implementation within the region. Individual countries, in turn, have selected from this menu of options those instruments which they would like to develop on a priority basis. Replication in this case will involve countries learning from one another's experiences with the various instruments and applying them both at existing pilot sites and eventually at other sites within their PA systems. The latter will be enabled through broad donor participation and engagement, which will be helpful in matching country need with further technical support.

## **2.10 Coordination with Relevant Programs**

226. As part of the CBSP, the project will co-ordinate closely with other national and regional-level projects being supported by the programme. These include in particular: (i) a national project proposed in Gabon under the GEF CBSP, to be co-implemented by UNDP and aiming at creating the enabling environment for the development of PES schemes in Gabon and the establishment of a payment scheme in Mbe watershed; (ii) a national project proposed in Equatorial Guinea, to be co-implemented by UNDP and aiming to improve policy, institutional and regulatory framework as well as capacities for the conservation of globally significant biodiversity and representative ecosystems in Equatorial Guinea by improving management effectiveness of the forest protected areas network; (iii) a regional project proposed in Democratic Republic of Congo and Congo Brazzaville to be co-implemented by UNDP and targeting to put in place a regional strategy and policy framework for trans-boundary cooperation and to develop Community-centered institutional capacity in order to conserve biodiversity, ensure sustainable resource use and maintain carbon sink functions in the Congo Basin Swamp Forest and Wetland Landscape around Lake Tele and Lake Tumba; (iv) a national project proposed in Central Africa Republic to be co-implemented by UNDP and aiming to Strengthen protected areas system for the conservation of natural ecosystems and biodiversity in Central Africa Republic.

227. Both within and outside of the CBSP, the project will support the biodiversity conservation and sustainable forest management objectives of GEF Agencies and other donors across the Congo Basin. Several past and ongoing GEF projects have particular relevance to the present initiative, including the UNDP GEF TRIDOM project, the UNDP GEF DRC PAs rehabilitation project, the WB/GEF Gabon project, the WB/GEF DRC PA project. All focus on PA management and capacity building and are clearly identified within the COMIFAC Convergence plan as top priorities. In addition, under the auspices of the WB, Cameroon, Gabon, Congo and DRC are developing Sectoral Forest and Environment (Programme Sectoriel Forêt et Environnement – FESP) programs. The main axes of the FESP programs in these countries are biodiversity protection, sustainable forest management and sustainable funding. During the PPG execution, close coordination will be established with the FESP program in these countries.

228. Finally, GEF support will closely complement efforts being supported through other initiatives such as: (i) the proposed AfDB 50 million Euro "Programme de Préservation des Ecosystèmes Forestiers du Bassin du Congo"; (ii) the USAID Central Africa Program for the Environment (CARPE); (ii) the 50 million Euro

“Conversion Fund” to be set up in Gabon following the debt-for-nature conversion agreed upon between Gabon and France in early 2008; (iii) the proposed investment by the German Government to strengthen the DRC protected area network under the LifeWeb initiative, and; (iv) the USD 200 million Congo Basin Forest Fund (CBFF) set up in June 2008 by the UK and Norwegian Governments, which specifically aims at contributing to three priority strategic areas of the COMIFAC Plan de Convergence, including Strategy 9 on new funding mechanisms. Many of the above programmes, including in particular the AfDB project, are expected to provide substantial co-financing for the GEF project. Indeed, AfDB is proposed as a co-implementing agency for the present proposal.

## **2.11 Incremental Reasoning and Expected Global, National and Local Benefits**

### INCREMENTAL REASONING

229. Under the baseline scenario, gradual progress would likely continue towards the emergence of sustainable national PA financing systems in the Congo Basin sub-region. With support from GTZ and bilateral donors, national and site-level PA trust funds would continue to be developed, though they would face an ongoing struggle with a fairly inhospitable enabling environment. Efforts to implement revenue generating instruments would continue, albeit on a relatively piecemeal basis. Efforts to implement REDD+ as perhaps the ultimate mechanism for revenue generation would continue, its ultimate success contingent on a combination of successful global negotiations and adequate levels of ‘readiness’ within the sub-region. However, several key elements would be lacking under this scenario. First, both countries and donors would be lacking a strategic framework and approach for addressing the challenge of sustainable PA financing. Second, and as a result, efforts would remain poorly coordinated and lacking in a broader rationale needed to put together the multiple elements of an effective PA financing system. Third, in addition to lacking a clear picture of the overall problem and steps towards a solution at national level, countries of the region would remain less than fully aware of progress and pitfalls gained by their neighbors within the sub-region. Thus, both donors as well as governments would be addressing the issue in a less than efficient manner. Fourth, the precise relationship between REDD+ and the challenge of protected area financing would receive only tangential attention within an admittedly broad range of ongoing REDD+ demonstration projects. Fifth, various elements of PA finance capacity, e.g., procedures for revenue retention, sharing and site-level allocation, tools for monitoring management cost effectiveness or specific revenue instruments like biodiversity offsets, would either be ignored entirely or perhaps see progress in only one or two countries. Finally, participation and benefits sharing of local populations would remain ad hoc and limited.

230. Within this overall picture, projects like PACEBCo would proceed with sometimes large-scale investments in building human and material capacity at PAs within the sub-region. However, these efforts would be insufficiently focused on the sustainability of these same investments. In most cases – as with many development and/or environment projects – the issue of financial sustainability would only come up towards the latter stages of these projects, with a largely token set of measures aimed at stemming the otherwise almost inevitable deterioration from levels of capacity attained during the project.

231. Congo Basin countries would continue to work together under the COMIFAC framework. However, on the ground, protected areas would continue to suffer from dramatically sub-optimal allocation of resources. As a result, threats facing PAs such as the bushmeat trade, illegal logging and agricultural conversion would persist and in some cases increase. Such threats would scarcely be abated by recent official PA designations, given that many such designations would remain unaccompanied by any effective control or management efforts, due ultimately to a lack of financing.

232. Under the alternative scenario, incremental support from GEF and its co-financing partners offers a real opportunity to conserve globally significant biodiversity, and generate climate change (through advances in REDD and adaptation measures) and land degradation benefits, by making substantial progress towards the sustainability of protected area financing systems. This will be achieved by addressing both the cost and revenue sides of the PA finance equations, by developing multiple and in some cases innovative sources of finance and by building capacities for effective management and threat reduction. Under this scenario, co-financed investments in capacity building made at key pilot sites across the region stand a real chance of being

maintained and even extended over time. Such gains are only possible through the kinds of revenue generation, disbursement, allocation and cost effective management tools that the project will put in place. These benefits will extend well beyond the site level, as changes made to national policies strategies and, where appropriate, laws, have an ongoing impact on subsequent PA capacity building efforts.

233. Specific advances made by the end of the project, which are not found under the baseline scenario, include in particular the following:<sup>98</sup>

- Approved financial sustainability strategies and system-level PA business plans are guiding the work of all six national PA system authorities;
- At least six new financing mechanisms are mentioned and enabled in legal, institutional and/or policy frameworks;
- At least twelve new funding sources are being accessed for PA management at pilot sites;
- At least four pilot sites have seen funding levels sustainably increased by one third or more;
- At least 300 PA staff and stakeholders have received training in revenue generation and disbursement;
- At least 12 PAs across the region have well-demarcated boundaries, functioning ranger stations and ecological centers and staff trained in monitoring, anti-poaching and biodiversity conservation and sustainable use activities;
- Improved accounting systems and associated procedures in at least two countries.

#### EXPECTED GLOBAL, NATIONAL AND LOCAL BENEFITS

234. The significance of these forests is one which, in GEF terms, spans multiple focal areas, namely biodiversity, climate change and land degradation. The coming five to ten years will be critical to the persistence of the long-term global benefits generated by these regions, in particular their ability to support high levels of biodiversity while helping to mitigate climate change. Their significance to global objectives in these areas can scarcely be overstated.

235. Improved sustainable financing of the region's PA systems will have multiple benefits across GEF focal areas: it will help to conserve biodiversity through the establishment of more effective management presence within protected areas; it will help to prevent land degradation through reduced illegal logging and land conversion, which lead to erosion and compaction within, and in areas adjacent to, the PAs; and it will help to mitigate climate change through enhanced protection of the region's vast carbon sinks. These benefits will emerge from capacity building as well as from investments to be supported through enhanced financial mechanisms being established by the project. The project will generate these benefits by helping to build fundamental management capacities needed to generate revenues, manage funds effectively in line with management and business plans and ensure an enabling institutional and policy environment that is conducive to adequate and dependable financial flows to PA system managers.

#### SUMMARY OF COSTS

236. The total cost of the project, including co-funding and GEF funds, amounts to US\$28.01 million. Of this total, co-funding constitutes 70.8 % or US\$19,827,000. GEF financing comprises the remaining 29.2 % of the total, or US\$ 8,181,818.

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<sup>98</sup> See Project framework for a complete list of outcomes of the GEF Alternative.

## 2.12. Project results framework

<p><b>Country Programme Outcome Indicators: This Project will contribute to achieving the following Country Programme Outcomes as defined in CPAP or CPD:</b>  <u>Cameroon</u> : Effective management of environmental and energetic resources to protect environmental and energetic resources in accordance with international convention on climate change;  <u>CAR</u>: Sustainable management of environment and natural resources integrated into national and sectoral development; <u>Equatorial Guinea</u>: The national capacities for sustainable management of natural resources and environment in the areas of water, soil, forests and management of sanitation and waste are reinforced; <u>Republic of Congo</u>: Capacities of coordinated planning and management of environmental issues and low cost energy, including those related to climate change adaptation, are reinforced; <u>Gabon</u> : An operational and effective framework for ecological monitoring is set up.</p>
<p><b>Primary applicable Key Environment and Sustainable Development Key Result Area</b> : Environmental financing is mobilized</p>
<p><b>Applicable GEF Strategic Objective and Program</b>: BD-SO1; SP1</p>
<p><b>Applicable GEF Expected Outcomes</b>: PA systems secure increased revenue and diversification of revenue streams to meet total expenditures required to meet management objectives; Reduction in financing gap to meet PA management objectives</p>
<p><b>Applicable GEF Outcome Indicators</b>: Total revenue and diversification in revenue streams</p>

Project Strategy	Objectively verifiable Indicators	Baseline	Target	Sources of Verification	Risks and Assumptions
Objective: To have in place capacities, institutional frameworks and model mechanisms for the long-term financial sustainability of PA systems and associated ecosystems within the Congo Basin	Annual reports of PA managing agencies	Financial sustainability issues not specifically dealt with in annual reports or plans	Annual reports and plans for PA managing agencies in all 6 countries incorporate financial sustainability planning and reporting elements	Annual reports and plans for PA managing agencies	Political stability maintained Social and economic conditions do not worsen Co-financing commitments are maintained National, regional and local level support is maintained Trans-boundary collaboration in PA financing is supported by national governments
	METT scorecard results	Boumba Bek – 66 Lobeke – 73 Monte Alen – 52 Dzanga-Ndoki – 63 Dzanga-Sangha – 67 Virunga – 37 Kahuzi-Biega – 44 Nouabale-Ndoki – 59 Monts de Cristal – TBD Ivindo – TBD Mwagna – TBD	Boumba Bek – 75 Lobeke – 80 Monte Alen – 70 Dzanga-Ndoki – 75 Dzanga-Sangha – 75 Virunga – 55 Kahuzi-Biega – 60 Nouabale-Ndoki – 70 Monts de Cristal – TBD Ivindo – TBD Mwagna – TBD	METT scorecard	

Project Strategy	Objectively verifiable Indicators	Baseline	Target	Sources of Verification	Risks and Assumptions
	Financial scorecard results (overall)	Cameroon – 31% CAR -26% Congo -12% DRC – 27% EG – 10% Gabon – 22% Regional Mean – 21%	Cameroon – 50% CAR – 42% Congo – 36% DRC – 43% EG – 33% Gabon – 35% Regional Mean – 40%	Financial scorecards	
	Relationship between level of ongoing threats at demonstration sites and site-level PA management capacity	Limited data	Threat assessment to be undertaken at 3-4 pilot demonstration sites. <sup>99</sup> Measured changes in threat index, together with data on capacity levels, aimed at demonstrating correlation with increased capacity	Threats / capacities indices to be developed and utilized	Threats reduction serves as a suitable proxy for reduced impacts on GEB
Outcome 1: Legal, policy and institutional frameworks for sustainable conservation financing strengthened at regional and national levels	Financial scorecard results (outcome 1)	Cameroon – 42% CAR -27% Congo -12% DRC – 31% EG – 16% Gabon – 28% Regional Mean – 39%	Cameroon – 61% CAR – 39% Congo – 17% DRC – 45% EG – 23% Gabon – 41% Regional Mean – 57%	Financial scorecards	
	PA system-level financial sustainability strategies	No financial sustainability strategies	By end of year 2, PA system-level financial sustainability strategies (including targets, policies, tools and approaches) are guiding the work of all six national PA system authorities	National strategies and associated progress implementation reports	Processes of approval and/or implementation of financing strategies and business plans do not meet undue resistance from Government or other affected stakeholders
	System-level PA business plans	No system-level PA business plans	By end of project, system-level PA business plans, providing targets and strategies, have been developed	System-level PA business plans	PA decision-makers at central levels are supportive of financial and business planning

<sup>99</sup> Sites and methodology to be determined during inception workshop

<b>Project Strategy</b>	<b>Objectively verifiable Indicators</b>	<b>Baseline</b>	<b>Target</b>	<b>Sources of Verification</b>	<b>Risks and Assumptions</b>
			in all six countries		
	Laws, policies and regulations related to sustainable PA financing	PA laws contain weak or no reference to innovative (i.e. non-government, tourism and donor) sources of financing	By end of project, at least six new financing mechanisms are mentioned and enabled in legal, institutional and/or policy frameworks in at least four countries	Laws, policies and associated regulations	National-level decision-makers willing to approve legal amendments
	Active support and participation in PA financing among public and corporate sector financial and economic decision-makers	PA financing carried out with little support or contribution from public and corporate sector financial and economic decision-makers	By end of project, communications and advocacy programmes on PA funding and PA financing mechanisms have been run which include public and corporate sector financial and economic decision-makers from at least ten agencies or organizations, in at least two countries	Awareness materials and reports from dialogues and roundtables Communications and advocacy strategy Signed agreements on PA funding PA agencies' and pilot site financial records Project M&E reports	High-level corporate and public decision makers interested and willing to support PA funding
	Agreed procedures and formulae in place to earmark public revenues for PAs and PA-adjacent communities	No central system for sharing revenues between PA sites and with centre Limited or no application of community-revenue sharing mechanisms at site levels	By year 4, agreed procedures and formulae for revenue-sharing between PA sites and centre being applied at national level in at least 3 project countries By year 3, agreed procedures and formulae for community revenue-sharing	Annual budgets of PA agencies Financial records of pilot PAs Financial records of PA-adjacent communities Project M&E reports	PA agencies, Ministry of Finance and other relevant decision-makers at central levels and site-level PA managers are willing to negotiate, agree and collaborate in revenue-sharing PA site managers and local communities willing to negotiate, agree and collaborate in revenue-sharing
	Regional-level exchange of experience leading to	Structure for cooperation and exchange exists under Plan de Convergence, but	At least three documented cases of countries adopting laws, policies or regulations based on sharing of	Reports and associated documentation on PA financing experiences	PA managers, planners and decision-makers at regional level interested in mutual

Project Strategy	Objectively verifiable Indicators	Baseline	Target	Sources of Verification	Risks and Assumptions
	uptake of lessons learned across borders	actual exchange of experience is limited	lessons within sub-region	and lessons learned	learning and information-sharing
Outcome 2: Enhanced / innovative revenue generation, management and disbursement mechanisms piloted	Financial scorecard results (outcome 2)	Cameroon – 22% CAR -17% Congo -11% DRC – 16% EG – 6% Gabon – 16% Regional Mean – 22%	Cameroon – 37% CAR – 29% Congo – 19% DRC – 27% EG – 10% Gabon –27% Regional Mean – 37%	Financial scorecards	
	Use of revenue generating mechanisms at pilot sites	Over 75% PA funding sourced from public budgets and donor assistance PAs unable to cover management costs due to insufficient funds	By the end of the project, at least one third of PA funding in pilot sites obtained from non-public budget and donor assistance sources  By the end of the project, at least twelve new funding sources being accessed for PA management project pilot sites across the region and bringing in new money.  By end of project, at least 4 pilot sites have increased funding by at least a third	Financial sustainability scorecards PA financing plans PA agencies' and pilot site financial records Project M&E reports	Governments agree to allow the piloting and development of new revenue mechanisms  Additional revenues can be retained and spent at project pilot sites
	Trust funds working to deliver long-term financing to PAs	PAs across the region rely on annual budget-allocations or income, or on short-term donor projects	By the end of the project, PA trust funds are functioning effectively in at least two countries or sites	Trust Fund financial reports PA agencies' and pilot site financial records Project M&E reports	Legal base enables Trust Fund establishment and maintenance Sufficient capital can be raised to capitalize trust funds Central government and potential financiers are supportive of a Trust Fund approach

Project Strategy	Objectively verifiable Indicators	Baseline	Target	Sources of Verification	Risks and Assumptions
	Disbursement of revenues to PA centres, PAs and PA-adjacent communities	Negligible quantities of fiscal revenues from other sectors reallocated to PAs No central system for sharing revenues between PA sites and with centre Limited or no application of community-revenue sharing mechanisms at site levels	By year 4, agreed reallocation of at least one new fiscal revenue source to PA agency in at least 2 project countries By year 4, agreed procedures and formulae for revenue-sharing between PA sites and centre being applied at national level in at least 3 project countries By year 3, agreed procedures and formulae for community revenue-sharing being applied in at least 3 project sites	Financial sustainability scorecards Annual budgets of PA agencies Financial records of pilot PAs Financial records of PA-adjacent communities Project M&E reports	Ministry of Finance and other relevant decision-makers at central levels are willing to reallocate fiscal revenues to PAs PA agencies, Ministry of Finance and other relevant decision-makers at central levels and site-level PA managers are willing to negotiate, agree and collaborate in revenue-sharing PA site managers and local communities willing to negotiate, agree and collaborate in revenue-sharing Appropriate structures can be set in place at PA and community levels to handle revenues efficiently and transparently
	In-country capacity to identify, plan for and implement new PA revenue mechanisms	PA staff and key stakeholders lack the skills-base and tools to identify, plan for and implement new PA revenue mechanisms	By the end of the project, at least 300 PA staff and key stakeholders from 6 countries trained in revenue generation and disbursement By the end of the project, at least 7 training materials or knowledge products are available and disseminated	Workshop evaluations Participant follow-up Project M&E reports Training materials Knowledge products	Specific expertise available to conduct training PA staff and key stakeholders willing and interested to participate in training PAs are able to retain trained personnel Project can generate useful and replicable information and lessons learned

Project Strategy	Objectively verifiable Indicators	Baseline	Target	Sources of Verification	Risks and Assumptions
Outcome 3: Business planning and cost effective management tools demonstrated at PAs and associated landscapes	Financial scorecard results (outcome 3)	Cameroon – 28% CAR -34% Congo -6% DRC – 25% EG – 3% Gabon – 20% Regional Mean – 29%	Cameroon – 38% CAR – 46% Congo – 8% DRC – 34% EG – 4% Gabon –27% Regional Mean – 39%	Financial scorecards	
	Site-level human resources and infrastructural capacity for PA management planning and practice	PAs across the region are poorly resourced and equipped	By the end of the project, at least 12 PAs in 6 countries have well-demarcated boundaries, functioning ranger stations and ecological centers, and trained participants in monitoring, anti-poaching and conservation and sustainable use of biodiversity activities.	Project M&E Reports PACEBCO M&E Reports	PACEBCO carries out activities and planned PACEBCO and GEF sites overlap and/or are able to cooperate closely
	Site-level capacity to integrate PA management and business planning	PA staff at the site level lack the skills and approaches to integrate financing aspects into PA management planning PAs across the region do not have coherent financial or business plans	By the end of the project, at least 300- staff from 6 countries trained in PA business planning By the end of the project, manual on PA business planning is available and disseminated By end of project, at least four of the pilot PAs across the region are operating according to an agreed business plan	Workshop evaluations Participant follow-up Business plans Manual Project M&E reports	Specific expertise available to conduct training PA staff and key stakeholders willing and interested to participate in training PAs are able to retain trained personnel Processes of approval and/or implementation of financing strategies and business plans do not meet undue resistance from Government or other affected stakeholders PA decision-makers at central and site levels are supportive of financial and business planning

Project Strategy	Objectively verifiable Indicators	Baseline	Target	Sources of Verification	Risks and Assumptions
	Integration of economic valuation into PA planning and policy-setting	PA financing plans and policies not based on sound economic rationale and information	PA financing plans and policies in at least 3 countries incorporate relevant economic valuation information	Technical reports PA financing plans and policies Project M&E reports	Specific expertise available to conduct economic valuation PA decision-makers willing to incorporate the results of economic valuation information into planning
	Monitoring and reporting on financial management performance	Countries across the region lack accounting, auditing and reporting systems in relation to PA finance	Improved accounting systems and associated procedures in place at least in two countries by end of project	Annual audit, accounting and monitoring reports Project M&E reports	PA decision-makers and planners at central and site levels willing to reform financial accounting, monitoring and reporting systems PA decision-makers and planners at central and site levels willing to report on financial management performance

## Part III: Total budget and Workplan

### 1.1 Total Budget and Workplan

<b>Award ID:</b>	Tbd
<b>Award Title :</b>	<b>PIMS 3447: CBSP – Sustainable Financing of Protected Area Systems in the Congo Basin</b>
<b>Project ID :</b>	Tbd
<b>Project Title:</b>	<b>PIMS 3447: CBSP – Sustainable Financing of Protected Area Systems in the Congo Basin</b>
<b>Executing Agency:</b>	CEEAC/UNOPS

GEF Outcome/Atlas Activity	Responsible Party (IA)	Source of Funds	Atlas Budget Account Code	Input	Amount (USD) Year 1	Amount (USD) Year 2	Amount (USD) Year 3	Amount (USD) Year 4	Amount (USD) Year 5	Total USD	Budget Notes
<b>Outcome 1</b>		GEF	71200	International Consultants	87,635	103,100	108,255	113,410	103,100	515,500	<b>1</b>
		GEF	71300	Local Consultants	13,600	16,000	16,800	17,600	16,000	80,000	<b>2</b>
		GEF	72100	Contractual Services	127,755	150,300	157,815	165,330	150,300	751,500	<b>3</b>
		GEF	71600	Travel	11,390	13,400	14,070	14,740	13,400	67,000	<b>4</b>
		GEF	74200	Audio-Visual & Printing Production Costs	5,700	6,706	7,041	7,376	6,706	33,529	<b>5</b>
		GEF	75700	Training, Workshops and Conferences	27,200	32,000	33,600	35,200	32,000	160,000	<b>6</b>
					<b>Total Outcome 1</b>	<b>273,280</b>	<b>321,506</b>	<b>337,581</b>	<b>353,656</b>	<b>321,506</b>	<b>1,607,529</b>
<b>Outcome 2</b>		GEF	71200	International Consultants	86,700	102,000	107,100	112,200	102,000	510,000	7
		GEF	71300	Local Consultants	21,420	25,200	26,460	27,720	25,200	126,000	8
		GEF	72100	Contractual Services	515,950	607,000	637,350	667,700	607,000	3,035,000	9
		GEF	71600	Travel	34,000	40,000	42,000	44,000	40,000	200,000	10
		GEF	74200	Audio-Visual & Printing Production Costs	17,430	20,506	21,531	22,556	20,506	102,529	11
		GEF	75700	Training, Workshops and	34,000	40,000	42,000	44,000	40,000	200,000	12

GEF Outcome/Atlas Activity	Responsible Party (IA)	Source of Funds	Atlas Budget Account Code	Input	Amount (USD) Year 1	Amount (USD) Year 2	Amount (USD) Year 3	Amount (USD) Year 4	Amount (USD) Year 5	Total USD	Budget Notes
				Conferences							
				<b>Total Outcome 2</b>	<b>709,500</b>	<b>834,706</b>	<b>876,441</b>	<b>918,176</b>	<b>834,706</b>	<b>4,173,529</b>	
<b>Outcome 3</b>		GEF	71200	International Consultants	57,375	67,500	70,875	74,250	67,500	337,500	13
		GEF	71300	Local Consultants	10,370	12,200	12,810	13,420	12,200	61,000	14
		GEF	72100	Contractual Services	164,900	194,000	203,700	213,400	194,000	970,000	15
		GEF	71600	Travel	8,925	10,500	11,025	11,550	10,500	52,500	16
		GEF	74200	Audio-Visual & Printing Production Costs	7,130	8,388	8,808	9,227	8,388	41,942	17
		GEF	75700	Training, Workshops and Conferences	20,400	24,000	25,200	26,400	24,000	120,000	18
					<b>Total Outcome 3</b>	<b>269,100</b>	<b>316,588</b>	<b>332,418</b>	<b>348,247</b>	<b>316,588</b>	<b>1,582,942</b>
<b>Project Management</b>		GEF	71200	International Consultants	39,000	39,000	39,000	39,000	39,000	195,000	19
		GEF	71300	Local Consultants	23,400	23,400	23,400	23,400	23,400	117,000	20
		GEF	74100	Professional Services	10,000	10,000	10,000	10,000	10,000	50,000	21
		GEF	72200	Equipment & Furniture	30,000	-	-	-	-	30,000	22
		GEF	71600	Travel	18,000	18,000	18,000	18,000	18,000	90,000	23
		GEF	72500	Office supplies	46,764	46,764	46,764	46,764	46,764	233,818	24
		GEF	75700	Training, Workshops and Conferences	20,400	20,400	20,400	20,400	20,400	102,000	25
					<b>Total Project Management</b>	<b>187,564</b>	<b>157,564</b>	<b>157,564</b>	<b>157,564</b>	<b>157,564</b>	<b>817,818</b>
<b>Summary by Outcome</b>				Outcome 1	273,280	321,506	337,581	353,656	321,506	1,607,529	
				Outcome 2	709,500	834,706	876,441	918,176	834,706	4,173,529	
				Outcome 3	269,100	316,588	332,418	348,247	316,588	1,582,942	
				Project Management	187,564	157,564	157,564	157,564	157,564	817,818	
				<b>TOTAL</b>	<b>1,439,444</b>	<b>1,630,364</b>	<b>1,704,004</b>	<b>1,777,644</b>	<b>1,630,364</b>	<b>8,181,818</b>	

## 1.2 Budget Notes

### General Cost Factors:

Long-term local consultants are budgeted at from \$200 per week (for an administrative assistant) to \$250 per week (for a finance assistant). Short-term local consultants are budgeted at \$1,000 per week. International consultants (IC) are budgeted at: \$3,000 per week for short-term experts; \$2,500 per week for a long-term senior project manager / environmental finance specialist, and; \$1,500 per week for two other long-term experts.

### Outcome 1

1. **International consulting support** (\$515,500, consisting of 225 weeks of long-term support and 51 weeks of short-term support; for travel and per diem costs, see travel budget. Approximately 200 of the 225 long-term weeks are expected to come from project staff recruited from within the sub-region.).
  - Environmental finance / economics (25 p/w – long-term, 18 p/w short-term);
  - Environmental law/ policy: revenue generation, environmental funds, institutional arrangements (160 p/w – long-term, 15 p/w – short-term);
  - Environmental finance / planning: revenue retention / sharing, environmental funds, awareness (40 p/w – long-term);
  - Public sector finance / planning: strategies for increasing public sector resource allocations (8 p/w – short-term);
  - PA management: monitoring, lesson learning and adaptive management (10 p/w – short-term).
2. **Local consultancy outputs** (\$80,000, consisting of 80 weeks of short-term consultant support at the rate of US\$ \$1,000/week):
  - Legal & regulatory (30 p/w)
  - Environmental policy (44 p/w)
  - Lessons learned and replication (6 p/w)
3. **Contractual services** US\$751,500 has been budgeted for contractual services, to be allocated as follows:
  - National PA financing strategies (\$307,500)
  - Monitoring and measurement of indicators related to outcome 1 (\$56,000)
  - Human resource management: staffing profiles, etc. (\$150,000)
  - Regional level training, lesson learning, dissemination and support to replication (\$238,000)
4. **Travel:** \$67,000 has been budgeted for economy class travel under this outcome by national and international consultants to undertake the required reviews, stakeholder consultations, capacity assessments, training material development and actual training and field-based work. Consultants will be selected on a competitive basis and will need to travel to national capitals and, in some cases, to project sites.
5. **Audiovisual and printing production:** \$33,529 has been budgeted for costs of printing and distributing materials such as the National PA financing strategies.
6. **Training, workshops and conferences:** \$160,000 has been budgeted for national-level training workshop and conferences under this outcome. (Similar regional-level activities are included under contractual services above).

## **Outcome 2**

7. **International consulting support** (\$510,000, consisting of 280 weeks of long-term support and 10 weeks of short-term support; for travel and per diem costs, see travel budget. Approximately 220 of the 280 long-term weeks are expected to come from project staff recruited from within the sub-region).
  - Environmental finance / economics (60 long-term p/w)
  - Environmental law/ policy (100 long-term p/w)
  - Environmental finance / planning (120 long-term p/w)
  - PA management: monitoring, lesson learning and adaptive management (10 p/w – short-term).
8. **Local consultancy outputs** (\$126,000, consisting of 126 weeks of short-term consultant support at the rate of US\$ 1,000/week)
  - Environmental finance (120 weeks)
  - Lessons learned and replication (6 weeks)
9. **Contractual services:** US\$3,035,000 has been budgeted for contractual services, to be allocated as follows:
  - Monitoring and measurement of indicators related to outcome 1 (\$80,000)
  - Regional level training, lesson learning, dissemination and support to replication (\$350,000)
  - Development and pilot implementation of PA revenue mechanisms (\$1,800,000)
  - Development and implementation of allocation mechanisms (\$805,000)
10. **Travel:** \$200,000 has been budgeted for economy class travel under this outcome by national and international consultants to undertake the required reviews, stakeholder consultations, capacity assessments, training material development and actual training and field-based work. Consultants will be selected on a competitive basis and will need to travel to national capitals and, in some cases, to project sites.
11. **Audiovisual and printing production:** \$102,529 has been budgeted for costs of developing, managing and producing content for a website, as well as printing and distributing materials related to revenue generation and disbursement, including training manuals.
12. **Training, workshops and conferences:** \$200,000 has been budgeted for national-level training workshop and conferences under this outcome. (Similar regional-level activities are included under contractual services above).

## **Outcome 3**

13. **International consulting support** (\$337,500, consisting of 145 weeks of long-term support and 25 weeks of short-term support; for travel and per diem costs, see travel budget. Approximately 100 of the 145 long-term weeks are expected to come from project staff recruited from within the sub-region).
  - Environmental finance / economics (45 long-term p/w)
  - Environmental finance / planning (100 long-term p/w)
  - Business planning (5 short-term p/w)
  - Environmental economics (10 short-term p/w)
  - PA management: monitoring, lesson learning and adaptive management (10 short-term p/w).
14. **Local consultancy outputs** (\$61,000, consisting of 61 weeks of short-term consultant support at the rate of US\$ 1,000/week)
  - Environmental finance (120 weeks)
  - Lessons learned and replication (6 weeks)

15. **Contractual services:** US\$970,000 has been budgeted for contractual services, to be allocated as follows:
  - Monitoring and measurement of indicators (\$85,000)
  - Regional level training, lesson learning, dissemination and support to replication (\$275,000)
  - Environmental economics (\$240,000)
  - Development of 8 business plans (\$370,000)
16. **Travel:** \$52,500 has been budgeted for economy class travel under this outcome by national and international consultants to undertake the required reviews, stakeholder consultations, capacity assessments, training material development and actual training and field-based work. Consultants will be selected on a competitive basis and will need to travel to national capitals and, in some cases, to project sites.
17. **Audiovisual and printing production:** \$41,942 has been budgeted for costs of printing and distributing materials such as business plans.
18. **Training, workshops and conferences:** \$120,000 has been budgeted for national-level training workshop and conferences under this outcome. (Similar regional-level activities are included under contractual services above).
19. **Project Management:**
20. **International consultants:** \$195,000 in GEF funds allocated to international project manager / finance specialist, who will allocate 30% of his/her time to project management (remainder to technical responsibilities)
21. **Local Consultants:** \$117,000 in GEF funds allocated to support the costs of administrative support by staff of the Project Management Office (PMO).<sup>100</sup> This includes 260 weeks at the rate of \$250 per week for a finance assistant and 260 weeks at the rate of \$200/week for an administrative assistant.
22. **Professional services:** \$50,000 has been budgeted to engage external auditors for the project's annual audit requirements.
23. **Equipment and furniture:** \$30,000 in GEF funds has been allocated for office equipment and furniture for the PMO.
24. **Travel:** A total of \$90,000 in GEF funds has been budgeted for management-related travel by staff of the PMO (three visits per country per year @ \$1,000 per visit) to allow for effective project coordination between the PMO and the different countries and sites.
25. **Training, workshops and conferences:** \$233,818 has been budgeted for an inception workshop, annual Steering Committee meetings and small workshops with project stakeholders to discussion management and implementation issues.
26. **Office supplies:** A total of \$102,000 has been budgeted for office supplies and expenses for the PMO, including telephone and internet service and supplies.

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<sup>100</sup> The remaining portion of the time of the project manager and deputy project manager has been allocated to tasks associated with implementation of technical components.

## **PART IV: Management Arrangements**

237. Key stakeholders having direct responsibility for, or involvement in, project management are as follows: (i) the implementing Agencies – UNDP and AfDB; (ii) the Executing Agency / Implementing Partner; (iii) the Project Management Unit; (iv) the Project Board and (v) sub-contracted partners. The roles of each are described below.

238. UNDP and AfDB: UNDP and AfDB will be responsible for project oversight, ensuring milestones are achieved. They will undertake financial and technical monitoring, as part of their oversight functions. In addition, they will be responsible for (i) establishing an effective networking between project stakeholders, specialized international organizations and the donor community; (ii) facilitating networking among the country-wide stakeholders; (iii) reviewing and making recommendations for reports produced under the project; and (iv) establishing and endorsing the thematic areas, with a view to ensuring linkage to national policy goals, relevance, effectiveness and impartiality of the decision making process. UNDP will be responsible for coordinating with UN Country Teams with a view to mainstreaming their interventions at the country level and funding as appropriate.

239. Executing Agency / Implementing Partner: The Executing Agency / Implementing Partner for the present project is expected to be the CEEAC/ECCAS (Economic Community of Central African States), provided the institution meets the required fiduciary standards.<sup>101</sup> CEEAC is a regional organization established in 1983, which is based in Libreville, Gabon. Following the programming guidelines for UNDP-supported projects, the CEEAC will sign the Project Document with UNDP and will be accountable to it for disbursement of funds and achievement of the project objective and outcomes, according to agreed annual workplans. In particular, CEEAC, as Implementing Partner, will be responsible for the following functions: (i) coordinating activities to ensure the delivery of agreed outcomes; (ii) certifying expenditures in line with approved budgets and work-plans; (iii) facilitating, monitoring and reporting on the procurement of inputs and delivery of outputs; (iv) coordinating interventions financed by GEF/UNDP with other parallel interventions, in particular the PACEBCo project (which CEEAC is also executing); (v) approval of tender documents for sub-contracted inputs; and (vi) reporting to UNDP on project delivery and impact, and; (vii) contracting of, and contract administration for, qualified local and international experts who meet the formal requirements of UNDP/GEF and of the ToR in question.

240. Key stakeholders having direct responsibility for, or involvement in, project management are as follows: (i) the implementing Agencies – UNDP and AfDB; (ii) the Executing Agency / Implementing Partner; (iii) the Project Management Unit; (iv) the Project Board and (v) sub-contracted partners. The roles of each are described below.

241. Project Management Unit (PMU): Overall project administration and coordination with project demonstration sites and relevant organizations will be carried out by a PMU under the overall guidance of the PB. The PMU will be based in Yaoundé and will most likely be co-located with the unit responsible for management of the PACEBCo project. The PMU will be led by a Project Coordinator, who will also be a senior environmental finance /economics specialist and long-term expert recruited by the project for the dual purposes of managing the project and providing expert support. The Project Coordinator will be assisted by two technical staff: an environmental law / policy expert and an environmental finance / planning expert. At least two of these experts are expected to be recruited from the sub-region. The PMU will be responsible for overall management, monitoring, and coordination of Project implementation according to UNDP rules on managing UNDP/GEF projects. Specifically, its responsibilities will include: (i) ensuring professional and timely implementation of the activities and delivery of the reports and other outputs identified in the project document; (ii) coordination and supervision of the activities outlined in the project document; (iii) preparation of technical terms of reference for all short and long-term experts and sub-contracts; (iv) management and responsibility of all financial administration to realize the targets envisioned; (v) facilitating communication and networking among key

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<sup>101</sup> Since this appears to be the first time that CEEAC would be executing a UNDP project, there is a prior need to assess the organization's financial management capacities. This assessment and clearance process will be among the first steps taken following project approval. In case CEEAC does not meet UNDP standards, UNOPS will be contracted as the Executing Agency for this project. UNOPS has an existing MoU with UNDP and therefore will not need to go through the assessment process.

stakeholders at the national level; (vi) organizing the meetings of the PB; (vii) review and approval of work and financial plans of implementing partners; (viii) monitor and support the activities of the implementing partners.

242. The Project Coordinator will be responsible for the administrative, financial and technical coordination of the project and report progress on completing outputs and delivering project outcomes. She/he will have the authority to run the Project on a day-to-day basis on behalf of the PB. The Project Coordinator's prime responsibility is to ensure that the Project produces the results specified in the project document, to the required standard of quality and within the specified time and cost.

243. Project Board. The Project Board (PB) will be responsible for making management decisions for the project, in particular when guidance is required by the Project Coordinator. The Project Board plays a critical role in project monitoring and evaluations by quality assuring these processes and products, and using evaluations for performance improvement, accountability and learning. It ensures that required resources are committed and arbitrates on any conflicts within the project or negotiates a solution to any problems with external bodies. The PB is responsible for approving the Annual Work Plan, which is prepared by the PMU. In order to ensure UNDP's ultimate accountability for the project results, Project Board decisions will be made in accordance to standards that shall ensure management for development results, best value for money, fairness, integrity, transparency and effective international competition.

244. The Project Board shall be established at project inception. It shall be composed of representatives from: the Project Management Unit (as Secretariat); GEF implementing agencies; the executing agency (CEEAC or UNOPS); representatives of each of the six participating countries, normally from the authority responsible for management of protected areas, and; civil society representatives. Chairmanship shall be on a rotating basis, proceeding in alphabetical order according to country name. The PB will meet on a semi-annual basis, and will provide overall guidance for the project throughout implementation.

245. Responsible partners, including the Réseau des Aires Protégées d'Afrique Centrale (RAPAC), WWF and additional partners to be determined, will be sub-contracted to deliver specific outputs / results. These will include sub-regional-, national- and site-level activities defined by the project document and elaborated in agreed strategies and work plans adopted by the Project Board. In the case of RAPAC, which is providing co-finance for the project, sub-contracted support will focus on the area of regional-level training, lesson learning, dissemination and support to replication. WWF, which is providing cofinance at several sites being targeted by the project, will be sub-contracted to provide site-level technical support for the development of financing mechanisms, business plans, etc. at those sites/landscapes. Similar agreements are likely to be reached with other international NGOs active at individual project demonstration sites. Finally, local NGOs and coordinating bodies at project sites will be engaged to ensure coordination of activities at the site level and participation of key stakeholders.

246. The organizational structure of the Project is shown in **Annex 7.3** of the present document.

## **PART V. Monitoring framework and evaluation**

247. Project monitoring and evaluation will be conducted in accordance with established UNDP and GEF procedures and will be provided by the project team and the UNDP Country Office (UNDP-CO) with support from UNDP/GEF Regional Coordination Unit in Dakar. The Project Results Framework in Section II provides performance and impact indicators for project implementation along with their corresponding means of verification. The Financial Scorecards (Annex 7.6) and the Tracking Tool for GEF Biodiversity Focal Area SP-1, including site-level Management Effectiveness Tracking Tools (METTs) (Annex 7.7 ), will all be used as instruments to monitor progress. These will form part of the project's Monitoring and Evaluation system.

248. The M&E plan includes: inception report, project implementation reviews, quarterly and annual review reports, mid-term and final evaluation. The following sections outline the principle components of the Monitoring and Evaluation Plan and indicative cost estimates related to M&E activities. The project's Monitoring and Evaluation Plan will be presented and finalized in the Project's Inception Report following a

collective fine-tuning of indicators, means of verification, and the full definition of project staff M&E responsibilities.

## MONITORING AND REPORTING

### *Project Inception Phase*

249. A Project Inception Workshop will be conducted with the full project team, relevant government counterparts, co-financing partners, the UNDP Country Office (CO) and representation from the UNDP-GEF Regional Coordinating Unit in Dakar, as well as UNDP-GEF (HQs) as appropriate.

250. The main objective of this Inception Workshop will be to assist the project team to understand and take ownership of the project's goals and objectives, as well as finalize preparation of the project's first annual work plan on the basis of the project's logframe matrix. This will include reviewing the logframe (indicators, means of verification, assumptions), imparting additional detail as needed, and on the basis of this exercise finalize the Annual Work Plan (AWP) with precise and measurable performance indicators, and in a manner consistent with the expected outcomes for the project.

251. Additionally, the purpose and objective of the Inception Workshop (IW) will be to: (i) introduce project staff with the UNDP-GEF expanded team which will support the project during its implementation, namely the UNDP DRC and responsible Regional Coordinating Unit (RCU) staff; (ii) detail the roles, support services and complementary responsibilities of UNDP - CO and RCU staff vis à vis the project team; (iii) provide a detailed overview of UNDP-GEF reporting and monitoring and evaluation (M&E) requirements, with particular emphasis on the Annual Project Implementation Reviews (PIRs) and related documentation, the Annual Project Report (APR), as well as mid-term and final evaluations. Equally, the IW will provide an opportunity to inform the project team on UNDP project related budgetary planning, budget reviews, and mandatory budget rephrasing.

252. The IW will also provide an opportunity for all parties to understand their roles, functions, and responsibilities within the project's decision-making structures, including reporting and communication lines, and conflict resolution mechanisms. The Terms of Reference for project staff and decision-making structures will be discussed again, as needed, in order to clarify each party's responsibilities during the project's implementation phase.

### *Monitoring responsibilities and events*

253. A detailed schedule of project review meetings will be developed by the project management, in consultation with project implementation partners and stakeholder representatives and incorporated in the Project Inception Report. Such a schedule will include: (i) tentative time frames for Project Board Meetings, (or relevant advisory and/or coordination mechanisms) and (ii) project related Monitoring and Evaluation activities.

254. Day to day monitoring of implementation progress will be the responsibility of the Project Management Unit (PMU) based on the project's Annual Work Plan and its indicators. The Project Team will inform the UNDP CO of any delays or difficulties faced during implementation so that the appropriate support or corrective measures can be adopted in a timely and remedial fashion.

255. The PMU will fine-tune the progress and performance/impact indicators of the project in consultation with the full project team at the Inception Workshop with support from UNDP DRC and assisted by the UNDP-GEF Regional Coordinating Unit. Specific targets for the first year implementation progress indicators, together with their means of verification, will be developed at this Workshop. These will be used to assess whether implementation is proceeding at the intended pace and in the right direction and will form part of the Annual Work Plan. The local implementing agencies will also take part in the Inception Workshop in which a common vision of overall project goals will be established. Targets and indicators for subsequent years would be defined annually as part of the internal evaluation and planning processes undertaken by the project team.

256. Measurement of impact indicators related to global benefits will occur according to the schedules defined in the Inception Workshop. Measurement will be undertaken through sub-contracts

or retainers with relevant institutions (e.g. vegetation cover via analysis of satellite imagery, or habitat range of key species through surveys) or through specific studies that are to form part of the project's activities, e.g., through surveys for capacity building efforts, or periodic sampling such as occurrences of timber poaching.

257. Periodic monitoring of implementation progress will be undertaken by UNDP DRC through quarterly meetings, or more frequently as deemed necessary. This will allow parties to take stock and to troubleshoot any problems pertaining to the project in a timely fashion to ensure smooth implementation of project activities.

258. The UNDP COs and UNDP-GEF RCU, as appropriate, will conduct regular visits to field sites, based on an agreed upon schedule to be detailed in the project's Inception Report / Annual Work Plan to assess first hand project progress. One or more members of the Project Board (PB) may also accompany, as agreed by the PB. A Field Visit Report will be prepared by the PMU and circulated no less than one month after the visit to the project team, all PB members and UNDP-GEF.

259. Annual Monitoring will occur through the Annual Project Review conducted jointly by the PB and other stakeholders, as required. This is the highest policy-level meeting of the parties directly involved in the implementation of a project. The first such meeting will be held within twelve months of the start of full implementation. The PMU will prepare an Annual Project Report (APR) and submit it to UNDP-DRC and the UNDP-GEF regional office at least two weeks prior to the annual review for review and comments. The Annual Reviews will assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. The reviews shall focus on the extent to which progress is being made towards outputs, and ensure that these remain aligned to appropriate outcomes.

260. The APR will be used as one of the basic documents for discussions in the annual review meeting. The PMU will present the APR during the annual review, highlighting policy issues and recommendations for the decision of the participants. The PMU will also inform the participants of any agreement reached by stakeholders during the APR preparation on how to resolve operational issues. Separate reviews of each project component may also be conducted if necessary. These will be detailed during the IW.

261. The terminal review is held in the last month of project operations. The PMU shall be responsible for preparing the Terminal Report and submitting it to UNDP-DRC and LAC-GEF's Regional Coordinating Unit. It shall be prepared in draft at least two months in advance of the terminal review in order to serve as the basis for discussions. The terminal review will consider the implementation of the project as a whole, paying particular attention to whether the project has achieved its stated objectives and contributed to the broader environmental objective. It shall decide whether any actions are still necessary, particularly in relation to sustainability of project results, and shall act as a vehicle through which lessons learnt can be captured to feed into other projects under implementation or formulation.

262. The terminal review shall determine whether to suspend disbursement if project performance benchmarks are not met. Benchmarks will be developed at the Inception Workshop, based on delivery rates, and qualitative assessments of achievements of outputs.

### *Project Monitoring Reporting*

263. The PMU, in conjunction with the UNDP-GEF extended team, will be responsible for the preparation and submission of the following reports that form part of the monitoring process. The first six reports are mandatory and strictly related to monitoring, while the last two reports have a broader function and the frequency and nature will be defined throughout implementation.

264. Inception Report (IR). A Project Inception Report will be prepared immediately following the Inception Workshop. It will include a detailed Annual Work Plan divided in quarterly time-frames detailing the activities and progress indicators that will guide implementation during the first year of the Project. This Work Plan would include the dates of specific field visits, support missions from the UNDP-DRC or the Regional Coordinating Unit (RCU) or consultants, as well as time-frames for meetings of the project's decision making structures. The report will also include the detailed project budget for the first full year of implementation, prepared on the basis

of the Annual Work Plan, and including any monitoring and evaluation requirements to effectively measure project performance during the targeted 12 months time-frame.

265. The Inception Report will include a more detailed narrative on the institutional roles, responsibilities, coordinating actions and feedback mechanisms of project related partners. In addition, the Report will include a section on progress to date on project establishment and start-up activities and an update of any changed external conditions that may affect project implementation.

266. When finalized the report will be circulated to project partners who will be given a period of one calendar month in which to respond with comments or queries. Prior to this circulation of the IR, the UNDP Country Office and UNDP-GEF's Regional Coordinating Unit will review the document.

267. Annual Project Report (APR). The APR shall be prepared by the PMU. It is a self-assessment report by project management to the country office and provides input to the country office reporting process and the Results Oriented Annual Report (ROAR), as well as forming a key input to the Annual Review. An APR will be prepared for the period covering one calendar year prior to the Annual Review, to reflect progress achieved in meeting the project's Annual Work Plan and assess performance of the project in contributing to intended outcomes through outputs and partnership work.

268. The APR shall include: (i) an analysis of project performance over the reporting period, including outputs produced and, where possible, information on the status of the outcome; (ii) the constraints experienced in the progress towards results and the reasons for these; (iii) the three (at most) major constraints to achievement of results; (iv) AWP, and other expenditure reports; (v) lessons learned; and (vi) clear recommendations for future orientation in addressing key problems in lack of progress

269. Project Implementation Review (PIR). The PIR is an annual monitoring process mandated by the GEF. This report will cover the period of the fiscal year. It has become an essential management and monitoring tool for project managers and offers the main vehicle for extracting lessons from ongoing projects. Once the project has been under implementation for a year, a Project Implementation Report must be completed by the CO together with the project team.

270. Quarterly Progress Reports. Short reports outlining main updates in project progress will be provided quarterly to the local UNDP Country Office and the UNDP-GEF regional office by the project team. The standard format prepared by the UNDP-CO and the regional office shall be used.

271. Periodic Thematic Reports. As and when called for by UNDP, UNDP-GEF or the Implementing Partner, the project team will prepare specific Thematic Reports, focusing on specific issues or areas of activity. The request for a Thematic Report will be provided to the project team in written form by UNDP and will clearly state the issue or activities that need to be reported on. These reports can be used as a form of lessons learnt exercise, specific oversight in key areas, or as troubleshooting exercises to evaluate and overcome obstacles and difficulties encountered.

272. UNDP ATLAS Monitoring Reports: A Combined Delivery Report (CDR), summarizing all project expenditures, is mandatory and should be issued quarterly. The PMU shall send it to the Annual Review and the Implementing Partner should certify it.

273. The PMU shall prepare an Annual Work Plan (AWP). It is also a monitoring tool prepared at the start of the year and updated quarterly. It includes the targets and expenditures per activity. The AWP is accompanied by the following logs:

- The Issues Log is used to capture and track the status of all project issues throughout the implementation of the project. It will be the responsibility of the PMU to track, capture and assign issues, and to ensure that all project issues are appropriately addressed;
- The Risk Log is maintained throughout the project to capture potential risks to the project and associated measures to manage risks. It will be the responsibility of the PMU to maintain and update the Risk Log, using Atlas; and

- The Lessons Learned Log is maintained throughout the project to capture insights and lessons based on good and bad experiences and behaviours. It is the responsibility of the PMU to maintain and update the Lessons Learned Log.

274. Project Terminal Report. During the last three months of the project the project team will prepare the Project Terminal Report. This comprehensive report will summarize all activities, achievements and outputs of the project, lessons learnt, objectives met, or not achieved, structures and systems implemented, etc. and will be the definitive statement of the project's activities during its lifetime. It will also lay out recommendations for any further steps that may need to be taken to ensure sustainability and replicability of the project's activities.

275. Technical Reports. Technical Reports are detailed documents covering specific areas of analysis or scientific specializations within the overall project. As part of the Inception Report, the project team will prepare a draft Reports List, detailing the technical reports that are expected to be prepared on key areas of activity during the course of the Project, and tentative due dates. Where necessary this Reports List will be revised and updated, and included in subsequent APRs. Technical Reports may also be prepared by external consultants and should be comprehensive, specialized analyses of clearly defined areas of research within the framework of the project and its sites. These technical reports will represent, as appropriate, the project's substantive contribution to specific areas, and will be used in efforts to disseminate relevant information and best practices at local, national and international levels. Information and data generated from these reports will be shared with partners under Output 2.6 and, to the extent possible, made part of the knowledge management system developed under Output 1.5 and implemented under Output 3.7.

276. Project Publications. Project publications will form a key method of crystallizing and disseminating the results and achievements of the Project. These publications may be scientific or informational texts on the activities and achievements of the Project, in the form of journal articles, multimedia publications, etc. These publications can be based on Technical Reports, depending upon the relevance, scientific worth, etc. of these reports, or may be summaries or compilations of a series of Technical Reports and other research. The project team will determine if any of the Technical Reports merit formal publication, and will also (in consultation with UNDP, the government and other relevant stakeholder groups) plan and produce these publications in a consistent and recognizable format. Project resources will be defined and allocated for these activities as appropriate and in a manner commensurate with the project's budget. The IW will specify the target audience and the types of publications that will be produced under the project.

277. The GEF logo should appear on all relevant project publications, including amongst others, project hardware and other purchases with GEF funds. Any citation in publications regarding projects funded by GEF should also acknowledge the GEF. Logos of the Implementing Agencies and the Executing Agency will also appear on all publications. Where other agencies and project partners have provided support (through co-financing) their logos may also appear on project publications.

#### INDEPENDENT EVALUATION

278. The project will be subjected to at least two independent external evaluations as follows:

279. Mid-term Evaluation. An independent Mid-Term Evaluation will be undertaken at the end of the second year of implementation. The Mid-Term Evaluation will determine progress being made towards the achievement of outcomes and will identify course correction if needed. It will focus on the effectiveness, efficiency and timeliness of project implementation; will highlight issues requiring decisions and actions; and will present initial lessons learned about project design, implementation and management. Findings of this review will be incorporated as recommendations for enhanced implementation during the final half of the project's term. The organization, terms of reference and timing of the mid-term evaluation will be decided after consultation between the parties to the project document. The Terms of Reference for this Mid-term evaluation will be prepared by the UNDP CO based on guidance from the Regional Coordinating Unit and UNDP-GEF.

280. Final Evaluation. An independent Final Evaluation will take place three months prior to the terminal review meeting, and will focus on the same issues as the mid-term evaluation. The final evaluation will also look at impact and sustainability of results, including the contribution to capacity development and the

achievement of global environmental goals. The Final Evaluation should also provide recommendations for follow-up activities. The Terms of Reference for this evaluation will be prepared by the UNDP CO based on guidance from the Regional Coordinating Unit and UNDP-GEF.

#### AUDIT CLAUSE

281. The Government will provide the Resident Representative with certified periodic financial statements, and with an annual audit of the financial statements relating to the status of UNDP (including GEF) funds according to the established procedures set out in the Programming and Finance manuals. The audit will be conducted by UNDP.

#### LEARNING AND KNOWLEDGE SHARING

282. Results from the project will be disseminated within and beyond the project sites through a number of existing information sharing networks and forums. In addition:

- The project will participate, as relevant and appropriate, in UNDP/GEF sponsored networks, organized for Senior Personnel working on projects that share common characteristics.
- The project will identify and participate, as relevant and appropriate, in scientific, policy-based and/or any other networks, which may be of benefit to project implementation though lessons learned.
- The project will identify, analyze, and share lessons learned that might be beneficial in the design and implementation of similar future projects. Identifying and analyzing lessons learned is an on- going process, and the need to communicate such lessons as one of the project's central contributions is a requirement to be delivered not less frequently than once every 12 months. UNDP/GEF shall provide a format and assist the project team in categorizing, documenting and reporting on lessons learned. To this end a percentage of project resources will need to be allocated for these activities.

**Table 17. M& E workplan and budget**

Type of M&E activity	Responsible Parties	Budget US\$ Excluding project team Staff time	Time frame
Inception Workshop	PMU UNDP CO UNDP GEF	50,000	Within first two months of project start up
Inception Report	Project Team UNDP CO	None	Immediately following IW
Measurement of Means of Verification for Project Purpose Indicators	PMU will oversee the hiring of specific studies and institutions, and delegate responsibilities to relevant team members	To be finalized in Inception Phase and Workshop. Indicative cost: 200,000	Start, mid and end of project
Measurement of Means of Verification for Project Progress and Performance (measured on years 1,3,5 and 6)	Oversight by Project GEF and PMU Measurements by regional field officers, and local IAs	To be determined as part of the Annual Work Plan's preparation. Indicative cost (12,000 per year) ; 60,000	Annually prior to APR/PIR and to the definition of annual work plans
APR and PIR	Project Team UNDP-CO UNDP-GEF	None	Annually
Annual Reviews	Government Counterparts UNDP CO Project team UNDP-GEF Regional Coordinating Unit	None	Every year, upon receipt of APR
Project Board Meetings	PMU	None	Following Project IW

Type of M&E activity	Responsible Parties	Budget US\$ Excluding project team Staff time	Time frame
	UNDP CO		and subsequently at least once a year
Periodic status reports	Project team	30,000	To be determined by Project team and UNDP CO
Mid-term External Evaluation	Project team UNDP- CO UNDP-GEF Regional Coordinating Unit External Consultants (i.e. evaluation team)	70,000	At the mid-point of project implementation.
Final External Evaluation	Project team, UNDP-CO UNDP-GEF Regional Coordinating Unit External Consultants (i.e. evaluation team)	120,000	At the end of project implementation
Terminal Report	Project team UNDP-CO External Consultant	None	At least one month before the end of the project
Lessons Sharing Forum	Project team UNDP-GEF Regional Coordinating Unit (suggested formats for documenting best practices, etc)	30,000 (average 6,000 per year)	Yearly
Audit	UNDP-CO Project team	40,000 (average 8,000 per year)	Yearly
Visits to field sites (UNDP staff travel costs to be charged to IA fees)	UNDP Country Office UNDP-GEF Regional Coordinating Unit (as appropriate) Government representatives	Paid from IA fees and operational budget	Yearly
TOTAL INDICATIVE COST Excluding project team staff time and UNDP staff and travel expenses		US\$ 600,000	

## **PART VI. Legal Context**

283. This document together with the CPAP signed by the Government and UNDP which is incorporated by reference constitute together a Project Document as referred to in the SBAA [or other appropriate governing agreement] and all CPAP provisions apply to this document.

284. Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the implementing partner and its personnel and property, and of UNDP's property in the implementing partner's custody, rests with the implementing partner.

285. The implementing partner shall:

- Put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- Assume all risks and liabilities related to the implementing partner's security, and the full implementation of the security plan.

286. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

287. The implementing partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

## PART VII. Annexes

### 7.1. Risk analysis

#### OFFLINE RISK LOG

(see [Deliverable Description](#) for the Risk Log regarding its purpose and use)

<b>Project Title: Partnerships for Biodiversity Conservation: Mainstreaming in Agricultural Landscape</b>	<b>Award ID: 00059793</b>	<b>Date: April 21, 2010</b>
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#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
1	Deteriorating political and economic conditions.	May 2009	Political	Probability = 3 Impact = 3	Continue project activities as the project seeks to serve as a model for long-term financing of protected areas in countries where political uncertainty and economic constraints currently preclude the government from allocating adequate resources to conservation activities.	Project Coordinator	Project Design Team		
2	Increased loss and degradation of forest due to climate effects	May 2009	Environmental	Probability = 2 Impact = 4	This risk is clearly more important over the medium to long term. Complementary efforts to maintain resilience and connectivity amongst forest ecosystems at landscape level will be essential to maintaining PA biodiversity over this longer term. The project will contribute to this effort through support to community revenue sharing (Output 1.4). In addition, associated interventions in the Congo Basin will help to analyse key vulnerabilities and potential adaptation measures.	Project Coordinator	Project Design team		
3	ALLOCATION OF BUDGETARY RESOURCES TO NATIONAL AND REGIONAL TRUST FUNDS REMAINS LOW	May 2009	Political	Probability = 3 Impact = 3	The project will use environmental economic valuation work to develop a business case in favor of Government financing of protected areas. It will attempt to leverage the results of this work in order to encourage the integration of PA financing allocations into national planning. At the same time, the emergence of new markets for conservation, also supported by the project, will help to change the cost-benefit calculus surrounding budgetary allocations for PA management.	Project Coordinator	Project Design Team		
4	The international community and private investors reluctant to provide	May 2009	Political	Probability = 2 Impact = 3	Propose institutional mechanisms that strengthen environmental governance, transparency and maximize credibility. Build partnerships with different groups such as the	Project Coordinator	Project Design Team		

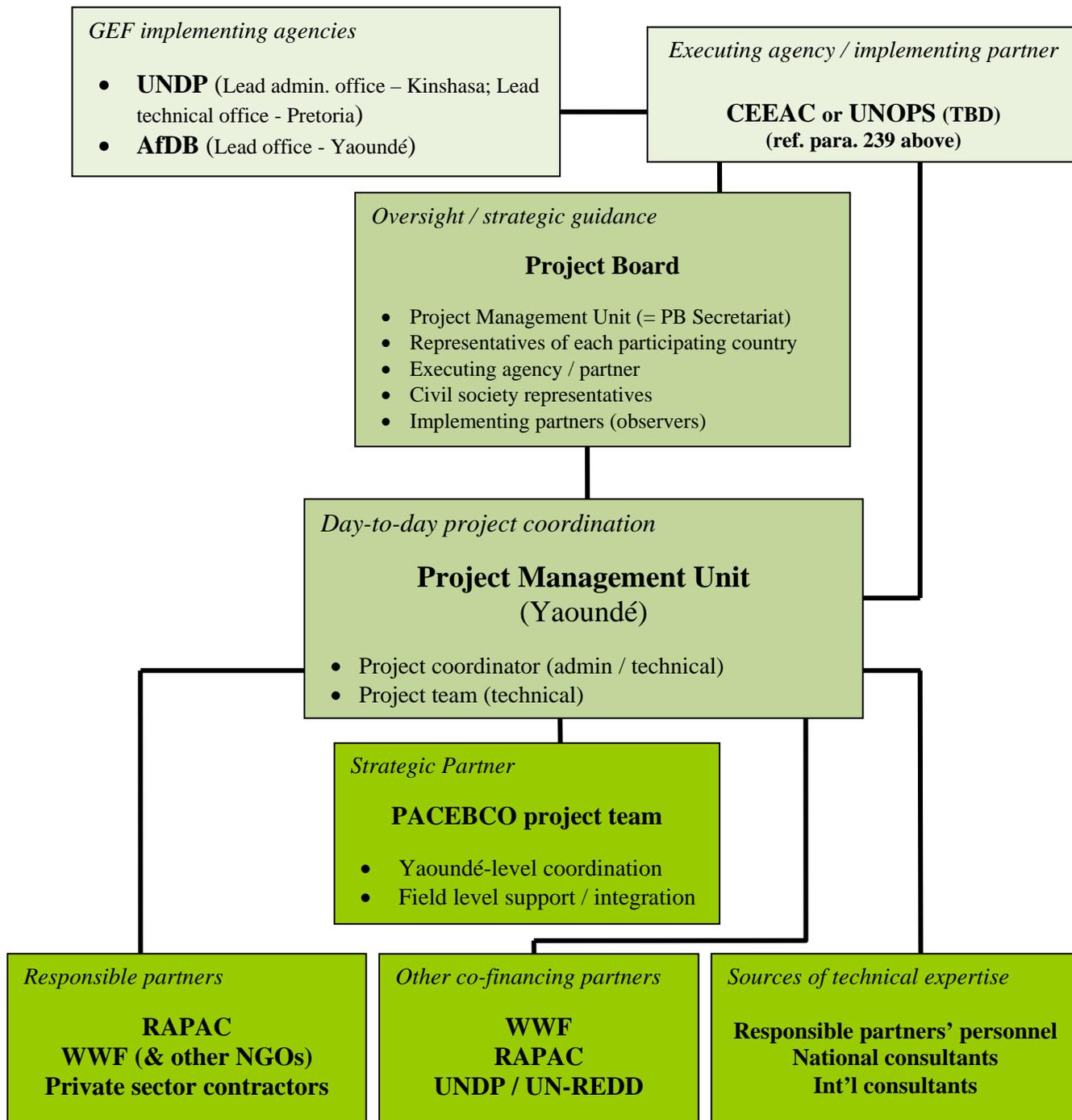
#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
	resources for biodiversity conservation				private sector.				
5	Lack of action on the part of international processes to facilitate capital flow for REDD+ leads to sub-optimal external financial flows for, <i>inter alia</i> , PA management	May 2009	Political	Probability = 3 Impact = 3	The project will identify and help to develop multiple financial sources for trust fund capitalization in particular and PA financing in general.	Project Coordinator	Project Design team		
6	Innovative mechanisms being piloted, such as PES, risk failure due to absence of markets or poor governance	May 2009	Political	Probability = 3 Impact = 3	The project will aim to develop multiple channels for PA financing, reducing the risk posed by failure of any single approach	Project Coordinator	Project Design Team		
7	Increases in threats facing PAs due to sectoral activities and/or demographic trends counterbalance improvements in financing	May 2009	Economic	Probability = 2 Impact = 3	This risk may require action by Government that goes beyond increased PA financing to address risks at source. The fact that this project is being developed as part of a multi-donor partnership and within regional frame-works geared to improved forest governance serves to mitigate this risk.	Project Coordinator	Project Design Team		
8	Resource mobilization becomes an end in itself rather than a means to an end	Nov 2010	Economic	Probability = 2 Impact = 3	Ecosystem and species status monitoring is incorporated at the objective level and as one of the project outcomes. This is intended to ensure resource mobilization is: (i) channeled for conservation, and (ii) does not lead to excessive loads on carrying capacity.	Project Coordinator	Project Design team		
9	Limited local expertise to carry our implementation and/or follow up	Nov 2010	Capacity	Probability = 3 Impact = 3	For project implementation purposes, a combination of national and international expertise is envisaged to provide the technical competencies and skills necessary. However this external expertise is not deemed sustainable and support will include transfer of knowledge, mentoring and training of PA system staff. Training and on the job training / and capacity building will be a significant project activity to instill new skills and competencies among PA system staff.	Project Coordinator	Project Design Team		

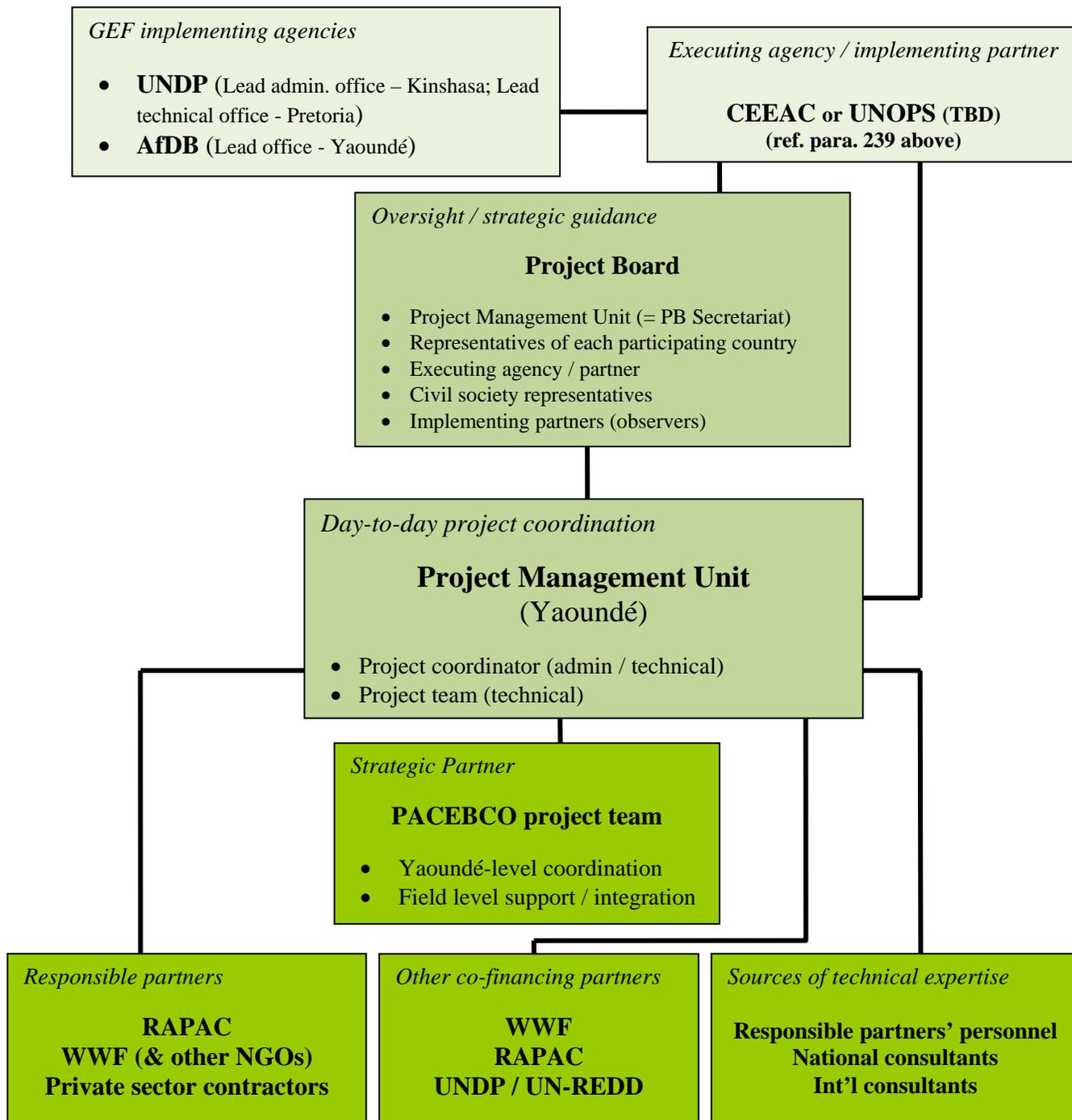
## 7.2. Terms of References for key project staff

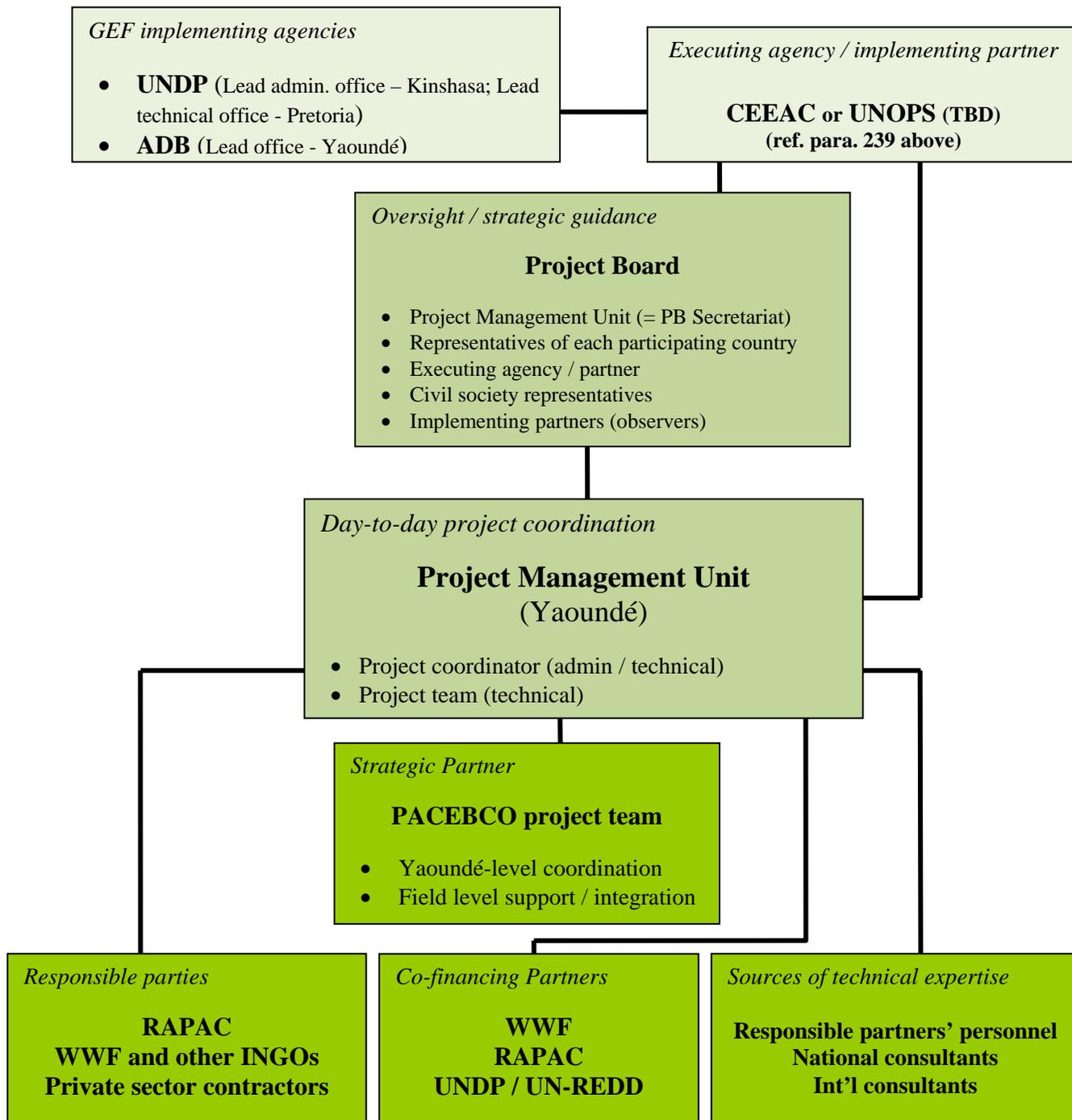
Position Titles/	Tasks to be performed
<b>For Project Management</b>	
<b>Local Consultants</b>	
Finance assistant	<p>Under supervision of project manager, responsible for all aspects of project financial management</p> <p>Organize control of budget expenditures by preparing payment documents, and compiling financial reports;</p> <p>Maintain the project's disbursement ledger and journal;</p> <p>Control the usage non expendable equipment (record keeping, drawing up regular inventories);</p>
Administrative assistant	<p>Provide general administrative support to ensure the smooth running of the project management unit;</p> <p>Project logistical support to the Project manager and project consultants in conducting different project activities (trainings, workshops, stakeholder consultations, etc.);</p> <p>During the visits of foreign experts, organize visa support, transportation, hotel accommodation etc;</p> <p>Keep files with project documents, expert reports;</p> <p>Keep regular contact with project experts and consultants to inform them about the project details and changes;</p> <p>Provide English translation as required;</p> <p>Draft correspondence and documents; finalize correspondence of administrative nature; edit reports and other documents for correctness of form and content;</p> <p>Arrange duty travel;</p> <p>Act on telephone inquiries, fax, post and e-mail transmissions, and co-ordinate appointments;</p> <p>Organize and coordinate the procurement of services and goods under the project.</p> <p>Perform any other administrative duties as requested by the Project Manager.</p>
<b>International Consultants</b>	
Project coordinator / senior environmental finance expert (30% of his/her time for management)	<p>Supervise and coordinate the project to ensure its results are in accordance with the Project Document and the rules and procedures established in the UNDP Programming Manual;</p> <p>Ensure adequate information flow, discussions and feedback among the various stakeholders of the project;</p> <p>Ensure adherence to the project's work plan, prepare revisions of the work plan, if required;</p> <p>Prepare GEF quarterly project progress reports, as well as any other reports requested by the Executing Agency and UNDP;</p> <p>Guide the work of consultants and subcontractors and oversee compliance with the agreed work plan;</p> <p>Maintain regular contact with UNDP Country Office and the National Project Director on project implementation issues of their respective competence;</p> <p>Assume overall responsibility for the meeting financial delivery targets set out in the agreed annual work plans, reporting on project funds and related record keeping;</p> <p>Liaise with project partners to ensure their co-financing contributions are provided within the agreed terms;</p> <p>Assume overall responsibility for reporting on project progress vis-à-vis indicators in the logframe;</p> <p>Undertake any other actions related to the project as requested by UNDP or the executing agency</p>
<b>For Technical Assistance</b>	
<b>International Consultants</b>	

Position Titles/	Tasks to be performed
Project coordinator / senior environmental finance expert (70% of his/her time for technical responsibilities)	Primary areas of technical responsibility and inputs will include: PA system level financial sustainability strategies Sustainable revenue mechanisms Sustainable disbursement / allocation mechanisms Capacity building for sustainable finance Accounting Financial management systems
Environmental law & policy expert	Primary areas of technical responsibility and inputs will include: PA system level financial sustainability strategies Laws, policies and regulations for sustainable financing Awareness raising and consensus-building Sustainable revenue mechanisms Institutional roles and responsibilities Sustainable disbursement / allocation mechanisms Capacity building for sustainable finance
Environmental finance / planning expert	Primary areas of technical responsibility and inputs will include: PA system level financial sustainability strategies Sustainable revenue mechanisms Sustainable disbursement / allocation mechanisms Capacity building for sustainable finance Business planning Financial management systems

### **7.3. Project Organizational Structure**







## 7.4. Instrument feasibility assessments, with reference to required enabling conditions

### 1. PWS

The DFID-led Chatham House roundtable process on Alternative Models and Finance Mechanisms for Sustainable Forest Use in the Democratic Republic of Congo identified Payment for Watershed Services (PWS) as having potential in Central Africa generally<sup>102</sup>, commenting that although “there is great potential for the development of PES schemes in the DRC ... significant obstacles will need to be overcome<sup>103</sup>”, and specifically mentioning policy, institutions and governance<sup>104</sup>. The recent Congo Basin State of the Forests report likewise highlighted both the opportunities and the barriers associated with developing PWS in the sub-region<sup>105</sup>.

PWS have the potential to generate funds not just for PA managing authorities but also for the local communities who live in and around PAs. One important concern as regards viability is however that the legal basis for developing such contracts or agreements between watershed service providers and beneficiaries remains uncertain in most countries in the sub-region. In addition, unclear land and property rights may hinder the development of markets in watershed services<sup>106</sup>.

Developing models of PWS would be achievable within the time frame of the project – although it should be noted that this is not a simple process, and will typically take several years for any kind of agreement to be reached. Technical knowledge will in most cases need to be generated about the links between ecosystem status and downstream water quality and quantity – this data is for the most part lacking for watersheds in the Congo Basin<sup>107</sup>. Identifying willing buyers of watershed services and then negotiating PWS agreements is also typically a complex and time-consuming process. In the Congo Basin, there is concern about passing the additional costs of PWS onto poor end-consumers. An earlier study on forest financing mechanisms in the Congo Basin, carried out by WWF in 2002, also found “the potential for this type of environmental service payment at the present time is very limited because of low capacity of users to pay<sup>108</sup>”.

PWS appear to be acceptable to key stakeholders in the project, and there are considerable synergies with ongoing or planned initiatives by other organisations. PWS were highlighted as a revenue-generating mechanism with great potential in all of the countries visited. Several organisations (both government and non-governmental) expressed their intention to develop PWS as part of larger conservation initiatives, but stated that they were uncertain as to how to go about this. If successful, there would be definite opportunities for PWS to be replicated in various PA sites across the sub-region. This is, however, contingent on the project demonstration sites including PAs which protect key watersheds, which support commercial uses of water downstream.

Overall, it would seem that there is definite potential for the development of PWS as a revenue-generation mechanism within the project. However, given the factors identified above, simple single-buyer PWS schemes are considered the most feasible for further development by the project, involving payments from larger, commercial water users located downstream of PAs.

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<sup>102</sup> Richards, M. 2007. Potential and constraints of Payments for Ecosystem Services with a focus on Africa. Paper prepared for Meeting on Alternative Models and Finance Mechanisms for Sustainable Forest Use in the Democratic Republic of Congo, 17-18 December, Chatham House, London.

<sup>103</sup> Hoare, A. 2008. The Search for Innovative Options for the Forests of the Democratic Republic of Congo: Report of a Roundtable Process. Energy, Environment and Development Programme Paper 08/03, Chatham House, London.

<sup>104</sup> Chatham House. 2007. Workshop Report: Alternative Models and Finance Mechanisms for Sustainable Forest Use in the Democratic Republic of Congo (DRC). Chatham House, London.

<sup>105</sup> Lescuyer, G., Karsenty, A. and R. Eba'a Atyi. 2009. A New Tool for Sustainable Forest Management in Central Africa: Payments for Environmental Services. In de Wasseige C., Devers D., de Marcken P., Eba'a Atyi R., Nasi R. and P. Mayaux (eds). The Forests of the Congo Basin - State of the Forest 2008. Publications Office of the European Union, Luxembourg.

<sup>106</sup> Tchifofo Lontsi, R. 2008. Potentialities for payment mechanisms for environmental services in the Congo Basin forests: the case of biodiversity conservation. Thesis presented for the degree of MSc student in Tropical and International Forestry, Faculty of Forest Science and Wood Ecology, Georg-August University, Goettingen.

<sup>107</sup> Lescuyer *et al* op. cit.

<sup>108</sup> Moye, M. and B. Carr-Dirick. 2002. Summary Report: Feasibility Study on Financing Mechanisms for Conservation and Sustainable Management of Central African Forests. WWF Center for Conservation Finance, Washington DC. This observation is also voiced in Lescuyer, G. 1998. Globalization of Environmental Monetary Valuation and Sustainable Development: An Experience in the Tropical Forest of Cameroon. *International Journal of Sustainable Development* 1(1): 115-133

Important enabling conditions, which must be addressed by the project, include:

- **Legal.** PWS must be supported by legally-binding agreements. In order for those agreements to be effective, the rights of the parties – whether they be individuals, households, communities or government agencies – to use, manage, and benefit from the resources that provide the services must be clearly established. It is therefore important that all parties have the legal capacity to enter into contracts and to own, manage, and receive benefits from the use of land and natural resources.

There are therefore two main legal considerations to bear in mind: contract law and the extent to which legal provisions in Congo Basin countries cover watershed service providers and users, and existing laws relating to the right to own, manage and benefit from land and the environmental resources contained within it. The latter is likely, in many of the project countries, to be a potential barrier to PWS which involve local communities. In many cases the rights, tenure and access to land and resources in PAs and PA-adjacent areas is still held by the state, and the rights of local communities remain unclear. Where PWS have been developed in other parts of the world, countries have often found it necessary to develop new legislation which deals specifically with PWS.

- **Institutional and administrative.** PWS require new systems for the collection, enforcement and disbursement of revenues. As they are essentially market-based instruments which link payments to specified land and resource uses, it is of paramount importance that these mechanisms allow for revenues to be quickly and easily distributed to watershed service providers.

In most Congo Basin countries, current arrangements for the collection, site-level retention and distribution of PA revenues are not efficient, and in some cases lack transparency. It is common for user fees and land/resource revenues to be remitted to central Treasury, rather than being earmarked or retained on-site. Successful PWS will depend on an administrative system which allows identified beneficiaries in a specific location to receive agreed sums of money on a regular basis. It also requires adequate monitoring and enforcement of both watershed service provision and payments arising from it.

- **Technical and informational.** Lack of hydrological information about the Congo Basin in its entirety, and for specific watersheds within it, remains a major barrier to developing PWS. Before any PWS agreement can be negotiated and agreed, it is necessary to have sufficient evidence that there will indeed be a tangible hydrological benefit being generated by ecosystem conservation. It is likely that the development of any PWS scheme under the project will require research on the hydrological-ecological linkages associated with specific PAs, and possibly on the economic value of the watershed services provided.

Another informational constraint relates to the costs and opportunity costs of watershed ecosystem service provision. Whereas, in the case of PA authorities as watershed service provider this mainly relates to the PA annual budget, understanding provision costs (particularly opportunity costs) is much more complex for the case of landholders and communities living outside PAs.

- **Capacity and awareness.** The development of PWS not only requires detailed technical information (mentioned above), but is also a relatively new mechanism in the sub-region. As yet there is only limited capacity to design, develop and negotiate PWS – it is likely that the project must undertake awareness-raising and capacity-building on these topics among the institutions that will be responsible to managing PWS schemes. In addition, the willingness of both watershed buyers and sellers to become involved in PWS schemes, and to maintain them over the longer-term, will likely require substantial efforts in terms of building awareness about the links between hydrology, ecology, land use and ecosystem conservation.
- **Negotiation.** Successful PWS require willing sellers and willing buyers of watershed services. The latter are often difficult to identify and convince. Although many groups, companies and individuals in Congo Basin countries benefit from the watershed services provided by PAs, not all are willing or able to pay for these services. In all of the project countries there are also concerns about introducing any new payment for a good or service which may impact negatively on the poor. It is likely that considerable effort will need to be invested in finding industries or companies that are willing to engage in PWS arrangements.

Even when a buyer has been found, a substantial investment of time is typically required to negotiate agreements between buyers and sellers, and agree on the systems for revenue-distribution among sellers. It is

likely that the project will need to support processes of dialogue and negotiation among and between PA managers and water users, before developing specific PWS schemes.

## 2. REDD, including voluntary markets

At the current time it is extremely difficult to judge the practicality, viability or achievability of REDD as a source of PA revenues to be included in the project. Congo Basin countries are still in the early stages of developing the systems under which REDD/REDD+ will be implemented at national (and possibly also regional) levels, including the institutions, legal arrangements and funding modalities through which REDD payments will be managed and administered. At the same time, it remains unclear as to the amount of REDD funding that will be made available from the global community, its timing, and to what extent PA conservation will be included in REDD/REDD+ arrangements. Many decisions have to be made before REDD/REDD+ can be considered to be a feasible mechanism for PA funding, and there are many factors and uncertainties to consider.

Despite this uncertainty, there is little doubt that REDD has the potential to generate considerable benefits for PA funding. At present the main potential is to fund conservation initiatives in the broader PA landscape, for example in buffer zones. REDD+ may, if agreed, yield additional opportunities for revenues to be generated within PAs.

As there are a number of voluntary carbon projects currently underway, there is also relatively good potential for synergy and lesson-learning from these other initiatives. Governments, conservation NGOs and the private sector have all expressed interest in forest carbon offsets, so there would also seem to be a general acceptability of them. Replicability is however likely to be limited to PAs and surrounding areas which have the potential and need for reforestation and afforestation.

For the above reasons, and due to its high prominence on national and regional conservation agendas in the sub-region, it is considered as a revenue-generation mechanism with high suitability for inclusion in the project.

Important enabling conditions, which must be addressed by the project, include:

- **Legal, institutional, administrative and capacity.** Although all of the Congo Basin countries have prepared, or are in the process of preparing, R-PINS, RPPs, national benefit-distribution systems and REDD plans, these remain incipient. A host of legal, institutional and administrative questions are still to be answered, and appropriate systems are yet to be set in place. Until project countries have progressed further with developing their national REDD systems, the broader framework within which REDD funding may or may not be available for PA management under the project cannot be known. It is unlikely that the timing of the project will allow it to have any significant influence on the current processes, although there is the potential to provide important lessons learned which may shape their future evolution.
- **Technical, informational and negotiation.** Much technical information in terms of baselines, quantification and measurement of carbon stocks, etc. is still required before REDD becomes a viable proposition in the sub-region. Negotiations with the international community on the amount of funding and conditions of payment are also still to be finalised. Two additional issues, yet to be resolved, have a particular bearing on how the project deals with REDD as a source of revenues for PAs – these basically concern questions relating to REDD+, additionality and co-benefits.

The acceptance of REDD+ (i.e. whether to include the conservation and the enhancement of carbon stocks in existing forests, in addition to avoided deforestation/forest degradation), and modalities for its operation in relation to PAs, are yet to be decided. How this topic is eventually dealt with will have major implications on the extent to which the project can harness REDD payments to generate revenues for PAs.

At the same time, and also concerning additionality, there is still debate about whether sites which are already receiving payments for the provision of other ecosystem services (such as PWS) would be eligible for REDD payments. As the project is likely to focus on developing several revenue mechanisms at each pilot site, the outcome of these discussions will be key in determining the potential to develop REDD in specific PAs.

### 3. Biodiversity offsets

Biodiversity offsets are practical to implement in practice in Congo Basin countries – as is demonstrated by the existence of several ongoing schemes. The key role of extractive industries (especially oil, mining and logging) in the sub-region's economy, and the rapidly expanding infrastructure network present definite opportunities for building such arrangements into new concessions and development plans – and also allow for the potential for replication in a large number of PAs sites and countries. Multinational companies, in particular, are showing a willingness to make investments to maximize their environmental, social and economic benefits and to mitigate adverse impacts<sup>109</sup>. Biodiversity offsets are also broadly viable in policy and institutional terms, as in all countries environmental and social safeguards and compensation requirements are enshrined in law, at least in principle.

With willingness from the developer, biodiversity offsets are fairly straightforward to negotiate, meaning that it is realistic to expect them to be achievable within the relatively short time frame of the project. The fact that many conservation organizations and several development donors are pursuing similar arrangements mean that there are pre-existing experiences to draw on, and considerable synergies with other initiatives which are already underway. So far, government departments, conservation NGOs and the private sector themselves have all indicated their broad support for biodiversity offsets (although it is worth noting that the development of large infrastructure and extractive industries themselves are not unanimously supported by the NGO sector).

Biodiversity offsets have been identified as a revenue-generation mechanism with high potential for development in the project. Mining, oil and large infrastructure developers would seem to offer the greatest opportunities for these activities.

Important enabling conditions, which must be addressed by the project, include:

- **Legal.** Potential legal barriers are likely to relate more to negotiating the modalities of biodiversity offset agreements than to the development of biodiversity offsets more generally. This is because biodiversity offsets are undertaken on a voluntary, rather than mandatory, basis. The fact that most Congo Basin countries contain legislation requiring some form of environmental compensation and mitigation may help to encourage companies to engage in biodiversity offsets, but is not required for them.
- **Administrative.** Once biodiversity offsets have been agreed in principle, and a formal agreement has been reached, they require the development of a mechanism with which to administer the resulting funds. Although this should not present major problems, there have been past difficulties in the administration of biodiversity offset funds in the sub-region: for example with FEDEC in Cameroon. The mechanisms for receiving, holding and allocating the funding raised must be designed carefully, in order to ensure that revenues are earmarked for the purposes for which they have been given, and are administered in an efficient and transparent manner. If offset payments are to be channelled through a trust fund arrangement, these arrangements may be fairly complex

### 4. Sustainable biodiversity-based enterprises

Private sector partnerships and sustainable biodiversity-based enterprises have already been identified as a source of funding and financial incentives for PAs in the Congo Basin. A 2002 study carried out by WWF for example supported the development of identifying and securing sources of financing for private sector investments in the forestry sector and eco-tourism<sup>110</sup>. At the same time, CARPE noted that attempts to "green" company practices have the potential to generate significant conservation payoffs<sup>111</sup>.

The main funding potential is more likely to lie in providing financial incentives for conservation to the private sector and local communities, rather than in yielding substantial revenues to government for PA management. Although practical and viable to implement, such activities typically require both a relatively high capital investment and detailed technical and financial feasibility studies, and are often slow to get off the ground. This may influence their achievability – both in terms of project budget and timing. Ensuring the fair and equitable

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<sup>109</sup> Moyo and Carr-Dirick op. cit.

<sup>110</sup> Moyo and Carr-Dirick op. cit.

<sup>111</sup> Wildlife Conservation Society & Biodiversity Support Program. 2001. Conservation and Private Sector Partnerships A New Tool for Natural Resources Management. Issues Brief #19, Congo Basin Information Series, WWF CARPE, Yaoundé.

distribution of benefits to local communities typically necessitates some form of outside monitoring and mediation. There is also a risk, borne out by several experiences to date in the Congo Basin, that the cash or in-kind subsidies provided to the start-up of enterprises will result in activities being subsidized by the project which are not viable over the long-term in a business sense.

Such arrangements have a good potential for replicability and synergy with other initiatives in the sub-region, and can learn useful lessons from past experiences of private sector investment and enterprise development in and around PAs. Although many government agencies and conservation organizations are strong advocates of using private investment and business as a stimulus for PA funding, it should also be noted that this kind of an approach is not universally accepted. Several conservation NGOs, in particular, are firmly against the “commercialization” of PA management and resource use.

Private sector partnerships and sustainable enterprises have been identified as revenue-generation mechanisms with medium potential for development in the project. In particular, and as described further in the paragraphs below and in the following chapter section, opportunities can be identified for the development of small and medium-scale biodiversity-based enterprises which directly involve PA-adjacent communities as well as attracting private sector investment.

Important enabling conditions, which must be addressed by the project, include:

- **Legal.** Although it may seem obvious, it is critical to ensure that any biodiversity-based enterprise is consistent with national and local laws on nature protection and biodiversity conservation. Regulatory frameworks exist in all of the Congo Basin countries which restrict land and resource uses in PAs and their buffers, and in some countries land-use planning and development restrictions also apply (for example on the construction of roads, buildings, water supplies and sewage systems and on waste disposal within ecologically sensitive areas). Certain types or levels of developments may also be obliged to undergo environmental examinations or impact assessments, or be required to obtain special permits or licences before they proceed.
- **Planning, design and market development.** It is of key importance that sustainable biodiversity-based enterprises are well-planned. Failure to embed them in a solid and comprehensive conservation and business planning framework can act as a serious barrier to their success.

One concern is to ensure that enterprise development responds to, and integrates with, broader conservation and development plans for the area. Within the context of project pilot sites, biodiversity-based enterprises should be clearly targeted at contributing to the conservation priorities specified in PA management plans. At the same time, PAs in most project countries lie in broader landscapes for which spatial plans and local development plans exist. Wherever possible the types of enterprises developed should aim to contribute directly towards the goals laid out in these plans.

Another concern and enabling condition relates to business planning. There are unfortunately all too many experiences in the Congo Basin sub-region of locally-based biodiversity enterprises being developed under donor projects which have failed to survive over the long-term. The project should in no circumstance support the development of enterprises which have not been subjected to rigorous market research, where a clear demand for a particular product or service has not been identified, or where feasibility in business terms has not been established. Business feasibility relates not only to the availability of markets and to projected profits over costs, but also to factors such as the availability of start-up capital and credit, and to transport and communications. This, in turn, implies that project activities must include some level of support for building capacity to undertake business planning, and making it a condition of support.

## **5. Corporate contributions or sponsorship**

Corporate contributions or sponsorship are practical, viable, achievable, acceptable and have the potential for synergy with existing initiatives. One important condition for their successful implementation is however the need to ensure that appropriate and transparent systems are in place to receive, hold and disburse the funds raised. This is almost always a demand from corporate sponsors – and is often the reason that a third-party intermediary such as an international NGO take s a major role in managing funds. The only major factors which may constrain their application across PAs in the sub-region is that their main potential is likely to be to fund

well-known sites or PAs which contain charismatic species, and that often a third party (such as an international NGO) is required to act as a “champion” or intermediary. This means that corporate funding may not be suitable for all PAs in the region, or as a source of direct funding to government.

Corporate contributions or sponsorship have been identified as revenue-generation mechanisms with high potential for development in the project.

## **7.5. Financial scorecards**

See separate attachment

## 7.6.METTs

See separate attachment

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