



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF THE
NATIONAL PARKS NETWORK REHABILITATION PROJECT
FINANCED WITH GRANTS FROM THE GLOBAL ENVIRONMENTAL FACILITY AND FROM
THE INTERNATIONAL DEVELOPMENT ASSOCIATION
TO THE
DEMOCRATIC REPUBLIC OF CONGO
APRIL 19, 2019

ENVIRONMENT & NATURAL RESOURCES

AFRICA

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ABBREVIATIONS AND ACRONYMS

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|-------|---|
| AF | Additional Financing |
| DRC | Democratic Republic of Congo |
| FOCON | Okapi Fund for the Conservation of Nature (<i>Fonds Okapi pour la Conservation de la Nature</i>) |
| GA | Grant Agreement |
| GEF | Global Environment Facility |
| ICCN | Congolese Nature Conservation Institute (<i>Institut Congolais pour la Conservation de la Nature</i>) |
| IDA | International Development Association |
| IPs | Indigenous Peoples |
| MOU | Memorandum of Understanding |
| PA | Protected Area |
| PDO | Project Development Objective |
| PIU | Project Implementation Unit |
| TF | Trust Fund |



BASIC DATA

Product Information

| | |
|---|--|
| Project ID P083813 | Financing Instrument Investment Project Financing |
| Original EA Category Full Assessment (A) | Current EA Category Full Assessment (A) |
| Approval Date 12-Dec-2013 | Current Closing Date 31-Dec-2019 |

Organizations

| | |
|--|----------------------------|
| Borrower Democratic Republic of Congo | Responsible Agency ICCN |
|--|----------------------------|

Project Development Objective (PDO)

Original PDO

To enhance the capacity of the Congolese Institute for Nature Conservation (ICCN) for management of targeted protected areas.

Summary Status of Financing

| Ln/Cr/Tf | Approval | Signing | Effectiveness | Closing | Net Commitment | Disbursed | Undisbursed |
|-----------|-------------|-------------|---------------|-------------|----------------|-----------|-------------|
| IDA-H8980 | 12-Dec-2013 | 01-Feb-2014 | 30-Jun-2014 | 31-Dec-2019 | 3.00 | 2.46 | .32 |
| TF-15910 | 01-Feb-2014 | 01-Feb-2014 | 30-Jun-2014 | 31-Dec-2019 | 11.64 | 4.42 | 7.21 |
| TF-94033 | 30-May-2009 | 30-May-2009 | 25-Sep-2009 | 31-Dec-2018 | 7.00 | 7.00 | 0 |
| TF-54463 | 13-Jan-2005 | 13-Jan-2005 | 13-Jan-2005 | 31-Mar-2008 | .24 | .24 | 0 |



Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. Introduction

1. The DRC National Park Network Rehabilitation Project (PREPAN) was originally approved on April 2, 2009, consisting of a GEF-financed grant (TF94033). In 2013 an additional financing (AF) was approved, constituted by an IDA grant (IDA-H8980) and a second GEF grant (TF15910). A first restructuring was completed in December 2018 which extended by one year (to December 31, 2019) the closing dates of the two AF grants. The original GEF grant has now been fully disbursed and closed on December 31, 2018. This second restructuring seeks approval for the following changes: (i) an amendment of the Grant Agreements (and Project Agreement) to remove the requirement for an intra-governmental Memorandum of Understanding (MOU) concerning the Okapi Fund; and (ii) an amendment of the GEF Grant Agreement to drop the disbursement condition requiring prior capitalization of the Okapi Fund.

B. Project Status

2. The Congolese Nature Conservation Institute (*Institut Congolais pour la Conservation de la Nature*, ICCN), the project implementation agency, is successfully implementing PREPAN. The project has strengthened the institutional capacity of ICCN, provided support to several critical national parks in the eastern Congo (notably Garamba National Park, Virunga National Park, and Kahuzi Biega National Park) and provided financing to other protected areas such as Lomami National Park, Itombwe Nature Reserve, and several botanical gardens. Perhaps most importantly, it has been the driving force behind the creation of a national endowment fund for protected areas, the Okapi Fund for the Conservation of Nature (Fonds Okapi pour la Conservation de la Nature, FOCON). FOCON was created as an independent UK-based charity to provide long-term financial funding for basic operational costs of the park system. PREPAN will capitalize FOCON with \$7.4 million which will be followed by 15 million euros from KfW in April 2019.
3. Progress toward Achievement of the PDO is currently assessed as Moderately Satisfactory. The project and its objectives remain relevant. Setting up FOCON is the key project achievement that would ensure sustainability for the maintenance of protected areas (this model has been successfully applied in other countries such as Guinea-Bissau). The capitalization of FOCON will be completed immediately after this second restructuring is completed. Implementation.
4. The following key results have been achieved by the project, which are in line with expected outputs (except for the capitalization of FOCON, which is only pending major project output):



- a) The institutional capacity of ICCN has been significantly improved with creation of capacity in human resources management (including for the first time, personnel performance management tools), development of financial management and procurement capacity, development of its first administrative manual, and creation of an internal audit unit;
- b) Support has been provided to several globally important protected areas, all World Heritage sites. Notably this has included support to Garamba National Park, through an innovative public private partnership with African Parks Network (APN). Support has also been extended to Virunga National Park where in the first phase the project supported biodiversity conservation (particularly gorillas) and in the second phase largely provided support to pygmy populations living in the vicinity of the park. During the second phase only, PREPAN supported Kahuzi Biega National Park with investments for infrastructure and general park management capacity;
- c) Minor support, largely for consultations and limited operational support, to Lomami National Park, and Itombwe Nature Reserve;
- d) Improvement of ICCN's social and environmental safeguards capacity, particularly for consultations and inclusion of local communities and indigenous peoples;
- e) Support to infrastructure and sustainable business planning in two botanical gardens (Kisantu and Kinshasa); and
- f) Support to the creation of FOCON, by funding all the consultants in the design phase and by covering operating costs (in collaboration with KFW).

5. There are no pending audits for the project.

C. Rationale for Restructuring

6. This restructuring is being requested because, one of the components of the PREPAN project which consisted of putting in place a Trust Fund, FOCON (Fonds pour la Conservation de la nature) designed to finance Protected Areas activities in the DRC was seriously delayed. The process has been unusually complex, primarily because it took the government of the DRC more than three years to sign the decree authorizing its operationalization. It is only now that this has been accomplished and the fund is almost ready to receive its capitalization from the World Bank. The FOCON, which has been designed to operate as a Charity organization from the UK has selected Smith & Williamson as its Investment Manager. An Executive Director has been selected and an Operational Manual has been completed. However, the disbursement conditions for the capitalization need to be amended and the project closing date was recently extended by one year, until December 2019, to allow for the legal review to be properly completed and the respective legal amendment to be prepared and signed (see below). Also importantly, the period until December 2019 would allow the project to provide funds to continue to cover the operating costs of FOCON in 2019 (notably the cost of the executive director) which are critical in the early start-up phase of similar endowment funds. By covering these costs, FOCON will not need to use its own revenues to cover its operating costs, allowing it to reinvest revenues from the endowment to build up its capital. The IDA grant funds were intended to cover the operational costs of FOCON and this is described in the IDA grant legal agreement.
7. Following on from the recent extension of one year, this second restructuring is requested to remove two disbursement conditions for the capitalization of FOCON which are no longer relevant: a) an intra-governmental



MOU which is not needed given that its proposed elements are covered in FOCON’s operational manual (which must be found satisfactory to the Bank) and that a decree was signed in December 2017 by the Prime Minister which provides a higher-level government endorsement of the Fund; and b) removal of a condition that required prior capitalization from a different financing source, which would unnecessarily delay the Bank’s capitalization. KFW has reconfirmed its commitment to its contribution to the endowment fund in April 2019 in a letter to the World Bank Country Director dated December 2018.

- 8. The proposed restructuring would also add the need for a legal agreement between the World Bank and FOCON which was not previously included. The capitalization of FOCON from the project funds would then be possible in 2019. The use of the GEF funds for the capitalization has been approved by the GEF Council and is clearly indicated in the legal agreement.

II. DESCRIPTION OF PROPOSED CHANGES

D. Amendments to the GEF Grant Agreement

- 9. As discussed above, the requirement for an intra-governmental MOU on FOCON, now no longer needed, is suppressed. Two disbursement conditions for the capitalization of FOCON are also suppressed: the need for that signed MOU and the requirement that some other source capitalize FOCON before the World Bank does so. The three other disbursement conditions under Category (2) of the Project’s Eligible Expenditures remain unchanged.
- 10. The original disbursement conditions (Section III.B.1.b of Schedule 2) were: “under Category (2) unless the World Bank has received: (i) the Okapi Fund’s Statutes and Basic Legislation; (ii) the executed Memorandum of Understanding; (iii) the Investment Manager’s executed contract; (iv) the Okapi Fund’s Manual; (v) the Okapi Fund’s bank account statements, showing that a minimum amount of \$7,400,000 has been deposited into the Okapi Fund; all in form and substance satisfactory to the World Bank.”. These are replaced by “under Category (2) unless the World Bank has received: (i) the Okapi Fund’s Statutes and Basic Legislation; (ii) the Investment Manager’s executed contract; and (iii) the Okapi Fund’s Manual; all in form and substance satisfactory to the World Bank.”
- 11. Minor adjustments are also needed for the IDA Grant Agreement and the Project Agreements (with ICCN) to reflect the same changes.

III. SUMMARY OF CHANGES

| | Changed | Not Changed |
|-----------------|---------|-------------|
| Legal Covenants | ✓ | |



| | | |
|--|---|---|
| Other Change(s) | ✓ | |
| Implementing Agency | | ✓ |
| DDO Status | | ✓ |
| Project's Development Objectives | | ✓ |
| Results Framework | | ✓ |
| Components and Cost | | ✓ |
| Loan Closing Date(s) | | ✓ |
| Cancellations Proposed | | ✓ |
| Reallocation between Disbursement Categories | | ✓ |
| Disbursements Arrangements | | ✓ |
| Disbursement Estimates | | ✓ |
| Overall Risk Rating | | ✓ |
| Safeguard Policies Triggered | | ✓ |
| EA category | | ✓ |
| Institutional Arrangements | | ✓ |
| Financial Management | | ✓ |
| Procurement | | ✓ |
| Implementation Schedule | | ✓ |
| Economic and Financial Analysis | | ✓ |
| Technical Analysis | | ✓ |
| Social Analysis | | ✓ |
| Environmental Analysis | | ✓ |

IV. DETAILED CHANGE(S)

LEGAL COVENANTS

| Loan/Credit/TF | Description | Status | Action |
|----------------|-------------|--------|--------|
|----------------|-------------|--------|--------|



| | | | |
|----------|--|---------------------------|-----------|
| TF-94033 | Finance Agreement :Project Agreement, Section IV.A Description :ICCN shall have recruited the Fiduciary Technical Assistant, social management specialist, Internal Auditor, and the external auditors. Frequency :CONTINUOUS | After delay complied with | No Change |
| TF-15910 | Section III B. 1: Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made: (b) under Category (2) unless the World Bank has received: (i) the Okapi Fund's Statutes and Basic Legislation; (ii) the Investment Manager's executed contract; and (iii) the Okapi Fund's Manual; all in form and substance satisfactory to the World Bank. | Expected soon | New |