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Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 14-Jul-2017 | Report No: PIDISDSC22098

BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Parent Project ID (if any)	Project Name
Congo, Democratic Republic of	P162517		DRC Agriculture Productivity and Commercialization Project (P162517)
Region	**Estimated Appraisal Date**	**Estimated Board Date**	**Practice Area (Lead)**
AFRICA	Dec 04, 2017	Mar 30, 2018	Agriculture
Financing Instrument	**Borrower(s)**	**Implementing Agency**	
Investment Project Financing	Ministry of Finance	PARRSA PIU	

Proposed Development Objective(s)

To increase agriculture productivity and improve market access of small farmers and small and medium size agribusinesses in selected regions.

Financing (in USD Million)

Financing Source	Amount
International Development Association (IDA)	150.00
Total Project Cost	**150.00**

Environmental Assessment Category	Concept Review Decision
B-Partial Assessment	Track II-The review did authorize the preparation to continue

Note to Task Teams: End of system generated content, document is editable from here.

Other Decision (as needed)

B. Introduction and Context

Country Context

The Democratic Republic of Congo (DRC) is a resource rich country with considerable potential for development. With a land surface area of 2.3 million km^2, it is the largest country in Sub-Saharan Africa (SSA). The country's natural resources endowment is huge. DRC has the world's largest diamond reserves, and major reserves of other minerals. With over 80 million ha of fertile and arable land and 52 percent of all fresh water resources in SSA, the country could potentially feed one billion people if the existing agricultural potential were fully exploited.

Despite its rich endowments, DRC is one of the world's poorest countries with a 2015 per capita gross domestic product (GDP in constant US$ of 2010) of US$384, a decline of 17 percent in relation to the value in the year 1970. More than 70 percent of its population, which is estimated at 71 million, lives in poverty (under the US$1.25-a-day poverty line (2006). The country's Human Development Index (HDI) ranks it last among 187 countries. Moreover, poverty in DRC poses gender issues and regional disparities: 28 percent of women have never attended school, compared to 14 percent for men; poverty affects more rural areas (75.7 percent) than urban areas (61.4 percent); and the percentage of people in the poverty trap is 35 percent in rural areas compared to 26 percent in urban areas (World Bank, 2007). Food insecurity affects the majority of the population, while more acute in rural areas.

The country is emerging from a long period of conflicts, which have had devastating impacts on the economy and the population. The country suffered two civil wars that claimed more than three million lives and continue to severely affect both economic and social developments. Although recovery has been slow and uneven, the country managed to hold two
legislative and presidential elections in 2006 and 2011 respectively. New elections were expected to take place in 2016, but did not occur, and since December 2016 there is an interim government in place. Elections are expected to take place in December in 2017, according to the agreement reached on December 31, 2016. The security situation has deteriorated due to the political instability generated by non-recognition of the agreement by part of the radical opposition and the lack of clarity about new elections dates by the two successive interim governments. However, in general, security is stable in most of the country except in few areas of the Central and Eastern provinces which have been affected by recent and recurrent violence respectively. The signing of a peace, security and cooperation agreement for DRC by 11 countries on February 24, 2013 was an important step toward a sustainable and peaceful solution to the conflict in the eastern part of the country.

DRC continues to face acute development challenges. Among these, the following are the ones that the proposed project will seek to address: (i) huge infrastructure deficit; (ii) limited economic diversification; (iii) limited public sector capacity to provide public goods and/or support to private sector-led inclusive growth; and (iv) weak governance systems and institutions that all together dilute prospects for resource-based inclusive growth and sustainable jobs creation.

Between 2010 and 2015, the overall economy grew at 7.5 percent and the extractives industry grew at 25 percent[1], making the DRC one of Africa’s fastest growing economies. Extractive industry exports account for about 95 percent of DRC’s exports. While mining revenues have contributed to strong macroeconomic growth and poverty reduction, high economic and export concentration in the extractives industry exposes the country to exogenous shocks and instability[2]. On the other hand, the agriculture sector has grown at a modest 3.8 percent during the same period, and the recent trends of falling world commodity prices, lower export revenues, and the associated slow-down in DRC’s mining sector

[1] World Bank 2016. DRC Economic Update.
[2] Bou-Habib, C. (2016). Democratic Republic of Congo Product and Market Concentration and the Vulnerability to Exogenous Shocks (June).

have contributed to a tight fiscal environment. In this context, the government has placed significant priority to economic diversification and has identified the agriculture sector, DRC's second biggest sector (representing 20 percent of total GDP) - as a key sector for expanding its export base and buffering the economy against oil price shocks.

Despite high rates of macroeconomic growth, poverty and malnutrition remains widespread in DRC. The national poverty rate is 64 percent, with poverty rates higher in rural areas relative to urban areas. Almost one quarter of children are underweight. In rural areas, deficiencies in food storage and market access create seasonal food shortages. In urban areas, import tariffs (commonly 10 percent) and low domestic production, thus requiring sizable food imports, result in food prices that are among the highest in Africa. About six million people are classified as food insecure in the country.

Climate change will exacerbate droughts, floods, and other extreme weather events. Although DRC basin seems to be relatively less exposed than dryer parts of Africa, DRC farmers are particularly poor and isolated, therefore vulnerable to climate impacts and other external shocks, such as the recent infestation of fall armyworm pest producing large economic losses. In addition, DRC is undergoing a process of decentralization. Last year, the number of provinces officially grew from 11 to 26. Within the decentralization process, the provincial services of the ministries are being revitalized to better serve the rural population. However, some new provinces lack the structures and fiscal resources to function independently. Consequently there is a need for new public sector investments, including investments in agriculture public goods and services, to make these new provinces more fiscally secure.

Socio-Political System. Since the July 2006 elections, the country has functioned under a presidential and decentralized[3] system. Despite being decentralized, the majority of the domains of power are still vested in the Central government. The majority of the provinces are under-resourced (human and financial) and ill equipped. As a result the majority of the provinces have multiplied taxes in order to cover their operational budgets. Democratic development in the DRC faces a myriad of challenges, including a legacy of exploitation and conflict, lack of physical and communications infrastructure, extreme poverty and continuing pockets of insecurity. Local, provincial, and presidential elections that were planned for in 2016 by the Independent National Election Commission, were annulled due to lack of resources. The presidential elections planned for November 2016 have been postponed until December 2017 following agreement on a national dialogue process facilitated by the African Union that was launched in August 2016 and complemented by an inclusive dialogue facilitated by the Catholic Church and concluded in December 2016.

Governance system, conflict and institutional fragility. The DRC is governed through a pluralistic system comprised of: (i) decentralized administration; (ii) traditional rulers; (iii) church and religious organizations, particularly the Catholic Church and; (iv) the military and armed forces which have historically been used to coerce allegiance. Since 2006 the central government has attempted to restore its authority and legitimacy across the country by: (i) re-building trust between the state and citizens; (ii) creating space for inclusive governance processes; and (iii) improving the protection of the rights of all citizens. However, today after 15 years in power, the promotion of a redistributive economic model continues to elude the current administration. The factors blocking democratic and economic development in the country include: (a) prevalent human rights' mishandlings; (b) an apparent disrespect for the constitution; (c) a legitimacy crisis resulting from contested 2011 election results; (d) extensive corruption; and (e) the weakness of state institutions resulting in inability to devise and implement appropriate policies. As a result the agricultural sector like other sectors across the DRC are operating in an environment of fragile socio-political context, low quality human capacity with an outdated skills base, an unattractive business environment, rent based economy with low agricultural

[3] At the provincial level, the Provincial legislature (Provincial Assembly) elects a governor, and the governor, with his government of up to 10 ministers, is in charge of the provincial executive. Some domains of government power are of the exclusive provision of the Province, and some are held concurrently with the Central government.

productivity, dilapidated infrastructure and under developed service markets (agricultural inputs, logistics services, financial services).

Enabling environment and tax burden. The macroeconomic indicators for the country have remained relatively stable with annual inflation stable at 1.6 percent over the past 5 years. Real interest rates have remained at about 17 percent, but the tax burden as percentage of commercial profits still remains very high at about 54.6 percent. This is illustrative of a business enabling environment which is characterized by: (i) high import taxes; (ii) sales taxes; (iii) unofficial taxes levied across road, rail, river and air transport; (iii) high port handling fees; (iii) unreliable electricity supply; (iv) corruption; (v) “red tape” bureaucratic procedures that make it more costly to close a transaction or sell a product; and (vi) very high logistical hurdles and costs. In addition the agricultural sector has outdated laws and regulations on seed, land, food quality and control. With deteriorated transport infrastructure it is much harder to reach markets and the net effect is reduced competitiveness of domestically produced products in local, national and regional markets. Under developed input markets and fragmented value chains further reduce the competiveness of locally produced commodities, but it presents opportunities for private investors.

Sectoral and Institutional Context

Agriculture currently accounts for about 20 percent of GDP and employs some 70-75 percent of the economically active population. Related agro-industries employ another 10 percent of the population. Jobs in agriculture tend to be informal, with low value added per worker (US$227/yr[4]), often providing only for subsistence. Agriculture and other sectors are hampered by the fact that DRC is recovering from more than 15 years of civil war, which has created serious infrastructure and institutional vacuums. The country faces systematic challenges in its business environment and enabling services such as rural connectivity, power infrastructure, and extension systems. Public spending is constrained by weak budgetary processes, inefficiencies, and poor coordination.

Agricultural development is hampered by limited access to inputs, financing, technology, access to output markets, and lack of clarity in land tenure legislation, poor rural infrastructure, weak institutional capacity, and administrative problems along the value chain. Hence, of the 80 million hectares of arable land, only 10 percent are used. Diverse agro-ecological zones enable a variety of staple and cash crops, as well as dairy, livestock, and fisheries. However, the sector is unable to feed the population: agricultural production has declined by 40 percent since 1990; over 6 million people are severely food insecure; and malnutrition is widespread. The country is a net food importer and has a food trade deficit of $1.5 billion annually, representing 9 percent of total food consumption and 23 percent of total imports on average between 2010 and 2014.

Poverty and food poverty incidence are prevalent in rural and urban areas, despite the immense agricultural potential of the country, and agriculture productivity remains low. Poverty incidence is high reaching 76 percent among livelihood zones in which the population engages in subsistence farming and agro-pastoral activities. In 2012, these zones hosted half of the total number of poor, or 25 million poor. Indeed, 70 percent of the inhabitants of the project area are food poor. One reason is low productivity compared to other SSA countries. The change in agricultural value added per worker and in the cereal yield per hectare was only marginal between 2000 and 2013. In 2013, those indicators stood respectively at US$224 and 767 kilograms a year, compared with SSA averages of US$706 and 1,433 kilograms.

The Government’s objective is to reduce rural poverty by 2020 by restoring and modernizing agricultural production systems, improving nutrition and food security, and mobilizing significant public and private sector investments. In recent years agriculture has become a top priority for DRC Government as evidenced by the allocation of 8 percent of

[4] World Bank WDI (data for 2014)

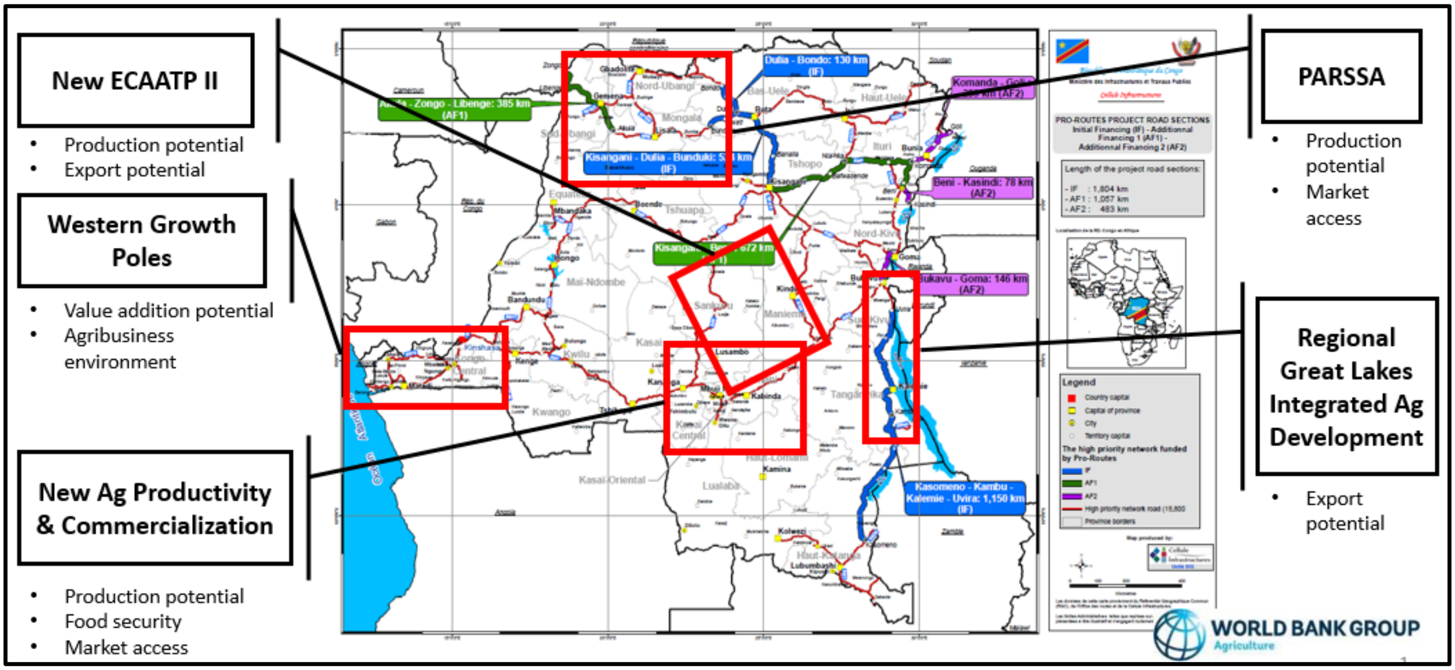
total budget in 2016 (up from 3 percent) in line with the Africa Heads of State Maputo Declaration. The 2013 *Programme National d'Investissements Agricoles* (PNIA) -for a total estimated cost of US$5.7 billion over seven years- builds upon five pillars: (i) fostering value chains and agribusiness; (ii) achieving food security; (iii) enhancing research, extension, and training; (iv) improving sector governance, gender participation and institutional capacity; and (v) adapting to climate change. In 2014, the Government launched the agro industrial park strategy to boost agribusiness and agroindustry, and attract private investments in the sector.

Several policy documents govern the agriculture sector, including the National Agriculture Investment Plan (NAIP), the Agricultural Law, a new proposal for Integrated Rural Development Centers, and the Agro-industrial Action Plan. In practice, ownership of these policies at the provincial level – and even occasionally at the central level – is low. There is weak coordination and harmonization across the different policies and implementing agencies, and human, technical, and financial capacity to implement agricultural strategies is poor.

DRC's green revolution will require a technological leapfrog combined with progress on cross-cutting infrastructure, institutional and business climate issues in order to facilitate private investment and access to markets. From an operational perspective, DRC's green revolution would pursue a two-track approach: (i) enabling traditional small-scale farmers to transition from subsistence farming to small holder commercial farming ; and (ii) promoting private investment in commercial agriculture using modern technologies geared toward mechanized farming and agro-processing for domestic and regional markets.

Project area. The selected region for project intervention is the Center-South region of the country, which includes the Provinces of Kasai Central, Kasai Oriental, Lomami and the southern part of the Sankuru Province (see map below). These region was selected due to: (i) The Kasaï-Oriental and Kasai-Occidental provinces witnessed an increase in the incidence of poverty (recording 4 million additional poor in 2012 compared to 2005[5]); (ii) its enclave situation (difficult access to large urban centers and ports, and poor communications and transport infrastructure); (iii) the relative absence of presence of agriculture public services and donor support in relation to other regions of the country; (iv) the relative high potential for agriculture to improve the food security and incomes of the rural population; (v) the urgent need to bring diversification away from mining (the area has been traditionally focused on diamond extraction); and (vi) the potential to produce synergies with the new transport project under preparation (ProRoutes 2) that intends to work on linking this regions with the East and West (see roads in red identified in the map below). In addition, the lack of interventions to recover from the fall armyworm infestation currently impacting the country and the high levels of malnutrition and child stunting and gender inequity are also relevant criteria for the selection of this zone. Given the large extent of the project area in relation to the available resources, the proposed project will select and target its interventions focusing on the areas with concentration of rural poor households and agriculture potential.

[5] Systematic Country Diagnostic DRC February 2017



This region has a total population of 19,695,766 million people (25.5 percent of the total population of DRC estimated at 77 million[6]), 14 percent of whom live in rural areas. Poverty in this region is 77 percent of households, and 90 percent in rural households. Although the national poverty incidence has declined, the total number of poor people in DRC has increased by 6.1 million. Furthermore, living standards worsened in the project area, where poverty incidence increased between 2005 and 2012 from 14 percent to 26 percent, with 4 million additional poor in 2012 relative to 2005. There is a strong correlation between the rise in poverty and the collapse in mining employment, especially in artisanal and small scale mining (ASM and between poverty rates with the high fertility rate of 7.7 percent). Therefore, income diversification and employment generation of poor households in this region is central to economic development, shared prosperity, and poverty reduction. Rural households in this region derive their income mainly from agriculture, and the main agriculture products produced are: maize, cassava, rice, and goats. Basic diet in this area include dried and salted fish, maize, cassava and goat meat. Vegetables and fruit do not form part of the staple diet. The zone is faced with rapid urbanization and high rate of deforestation as a result of high demand for consumption of charcoal for domestic energy use and the large part of households have no access to electricity.

Relationship to CPF

The proposed project is aligned with the Country Assistance Strategy (CAS) for DRC as it aims at contributing significantly to the Government's efforts to alleviate extreme poverty and malnutrition. It is also fully aligned with the fourth outcome of the CAS FY13-16, addressing fragility through "increased agriculture productivity and production and access to markets". It is also consistent with major strategic initiatives for DRC, the Great Lakes region, and sub-Saharan Africa, including the second pillar (vulnerability and resilience) of the World Bank's Africa Strategy and Africa Climate Business Plan. By supporting the development of agricultural value chains with strong economic potential, the proposed project is in line with the national strategy of DRC and the Comprehensive Africa Agriculture Development Program (CAADP).

Improving agriculture productivity and access to markets has been found to be an important strategy for reducing poverty in DRC, enhancing inclusive growth and promoting structural transformation. The lack of robust agricultural productivity growth of DRC and SSA underlies pervasive rural poverty. While some regions within DRC and many

[6] World Bank, DRC Poverty Assessment, 2016

developing countries in other regions have successfully raised their agriculture productivity, DRC as a whole lags behind SSA. Raising agriculture productivity in DRC would not only raise incomes of rural households, but it would also lower food costs for the non-farm population and promote the development of agribusinesses, especially for the project region which is isolated from major markets. Thus, promoting broader economic growth by stimulating demand for non-farm goods and services, diversifying the economy away from mining even further.

Nutrition. Almost half (43 percent) of under-5-year-olds suffer from stunting, and malnutrition is the underlying cause of almost half (48 percent) the deaths among under-5-year-olds in DRC (DHS 2014). Despite improvements, the nutritional status of women and children still presents an alarming situation that has severe consequences for current and future generations. The Project is expected to contribute to improving nutrition security in rural areas within the project area by focusing on: (i) improved information for planning and responding to production and climate-related hazards in agriculture; (ii) mitigation of risks of vulnerable small farmers, who depend on their output for daily sustenance; (iii) mitigation of risks in high-value sub-sectors, which provide temporary employment to significant numbers of people up and downstream the value chains; and (iv) improved recovery of agricultural systems and thus reduction of volatility of food prices, which affect disproportionately the poor. Furthermore, the project will address vitamin A deficiency and malnutrition across the project intervention zones through: (i) the promotion of diversification of food production and consumption into green leafy vegetables, vegetables and animal products (mainly goat and poultry); (ii) the bio fortification of foods produced and consumed in the project area (in particular maize and cassava) and the fortification of food products produced/processed in the region; and (iii) improve the knowledge on food production and consumption by farmers and rural households on making choices that can improve the nutritional status of the family. Partnerships will be explored with international and national organizations working in the area of nutrition security in DRC and in particular the project area.

Gender. There is a significant gender gap in agriculture production in DRC. Female headed households produce approximately 30 percent less farm output than the male headed households. This is due to interrelated factors such as: (i) lower levels of literacy among women; (ii) socio-cultural roles and lack of access to property rights; (iii) legal framework prohibiting women from economic activities, travel and employment without husband's consent; and (iv) concentration in the production of crops for self-consumption rather than for the market, limiting their voice in decision making processes at the household and supply chain level. The proposed project is expected to contribute to close the gender gap by building on successful experiences in agriculture development projects in DRC, focusing on: (i) sharing the knowledge from female farmer leaders; (ii) promoting labor saving technologies/practices for women; (iii) train extension agents in gender equality and nutrition, incorporating practices into extension activities; and (iv) promote women leadership among farmer and community associations participating in project activities.

Youth and jobs. In order to promote employment in general, and for youth in particular, the project is expected to: (i) increase agriculture productivity and production, attracting more jobs for profitable farms and agribusinesses; (ii) promote new agriculture and agro industrial technologies, services and practices that could be supplied by local enterprises and/or startups, often led and/or attracting the young; (iii) partner with local universities and institutions to link training and education curriculums with agriculture and agribusiness investments, internships, and R&D grants; and (iv) adapt project activities (such as extension services and technical assistance) to appeal to the young and entrepreneurs, such as training and support in entrepreneurship, business management, marketing, ICTs, and agro processing.

Climate change. DRC seems to be less affected by climate change than dryer parts of Africa, however weather risks (floods and droughts) and climate related risks (animal and plant pests and diseases) are a major driver of future expected agriculture losses, in particular in the project area. Therefore, climate smart agriculture (CSA) approaches, practices and technologies will be promoted to both improve agriculture productivity and incomes, while addressing local climate resilience and global climate mitigation. The use of conservation farming, livestock practices and appropriate agroprocessing and storage are some of the areas where CSA approaches will be promoted. Agriculture multistakeholder platforms in each Province will be leveraged to address the climate change agenda and the formulation and review of project investments.

C. Proposed Development Objective(s)

Note to Task Teams: The PDO has been pre-populated from the datasheet for the first time for your convenience. Please keep it up to date whenever it is changed in the datasheet.

To increase agriculture productivity and improve market access of small farmers and small and medium size agribusinesses in selected regions.

Key Results (From PCN)

1. Yield per hectare, selected indicative crops, disaggregated by gender
2. Number of farmers adopting improved agriculture technologies or practices, disaggregated by gender
3. Increase in volume of sold raw and processed agriculture products, inputs, technologies by farmer organizations and AgriSMEs
4. CSA technology packages formally disseminated by agriculture advisory services
5. Client-days of training, disaggregated by gender

D. Concept Description

The proposed project will intervene in the Center-South Region of the country. The project approach will be based on the successful experiences of agriculture interventions in DRC (such as the PARRSA project) and within and outside the Africa Region. Within the DRC, the World Bank interventions in the agriculture sector has already brought benefits to several regions of the country, such as: (i) generated new knowledge regarding agriculture and rural development challenges and solutions, including for internally displaced people including refugees from the Central African Republic; (ii) improved crop yields and access to improved seeds; (iii) improved animal husbandry and animal health practices; (iv) rehabilitation of rural roads; (v) creation of farm and off-farm jobs in project areas; (vi) integration of the needs of indigenous groups by improving access to land, seeds and training; and (vii) contributed towards rebuilding social capital, voice and empowering small scale farmers through the formation and registration of farmer producer groups.

The proposed project intends to build upon this validated approach and successful experiences in DRC, and intends to work within three components: (1) improve agriculture (including crops and livestock) production; (2) improve market access for agriculture and agribusinesses; and (3) build capacity of the Ministry of Agriculture, and Ministry of Rural development in delivering basic agriculture public goods and services in the project area, and strengthen project management and M&E. Components (1) and (2) will be designed to address bottlenecks and catalyze the agriculture and agribusiness potential of the project area. Component (3) will be designed primarily as a contribution towards building and strengthening the agriculture public goods and services essential for improving the agribusiness environment.

Component 1 – Agriculture production

This component will support the increase of agriculture productivity and production (of both crops and animal products). Activities may include the support to accessing improved agriculture practices, technologies and inputs (seeds, seedlings, animal breeds, advisory and extension services) for improving food and nutrition security, and for supporting commercial farming and processing by smallholders. A CSA approach will be promoted within the support provided. The support will be provided directly to farmers, while promoting the development of private input suppliers and advisory services, local agribusinesses, and strengthening farmer groups, in particular those led and composed by women and youth.

Given the mixed farming system of smallholders and given the challenges regarding poverty, food and nutrition security in this region, this component will seek to reinforce existing basic capacity for the production of staple crops and livestock used for self-consumption, while building and expanding commercial farming within these smallholders to enable them to sell surplus productions in local markets and reinvest in agriculture productivity improvements and value added. Support is also envisaged for working with private agribusinesses and commercial farmers in investing in agriculture products that could be sourced from smallholders (i.e. out-grower schemes).

The component will include the following areas of focus:

Support Services (appropriate, tailored, pluralistic and sustainable agricultural advisory and extension services). The project will contribute to rebuilding the collapsed agricultural advisory services system at provincial level in the project area so it is of better quality, better managed, efficient and effective and supervised by the *Service National de Vulgarisation* (SNV). The main characteristics of the new proposed agricultural extension and advisory system are as follows: (i) pluralism in the provision of services (public and private providers); (ii) accountability to clients; (iii) emphasis on demand and market-driven service provision; (iv) decentralized service delivery; (v) attention to specific issues such as gender, nutrition, climate change and youth employment; and (v) sustainability and strengthening of the capacity of the Ministry of Agriculture at the provincial level to play its role in agricultural development. Drawing from lessons learned from previous projects, in order for the system to be sustainable, NGOs will provide the advisory and technology transfer services within an institutional capacity building framework aimed at building capacity of provincial authorities. In addition, a pluralist solution is proposed: (a) the agricultural extension part for resource constrained small scale farmers (traditional agriculture), without financial transfer; and (b) the advisory services part for commercial actors (large scale producers, small and medium agribusinesses -AgriSME, and agri-business enterprises with, out-grower schemes), supported by a competitive investment fund.

Animal production. The project will support the strengthening of public and private veterinary services to allow the introduction of improved breeds of goats and poultry that has been deemed a success to increase meat productivity in recent projects financed by the World Bank in DRC. The focus will be on: (i) improved Animal health by strengthening publics veterinary services and implementing private veterinary services based on the Community Animal health Workers to organize sustainable and safe vaccination and deworming campaigns, and cover veterinary services of proximity in line with OIE requirements, (ii) improved access to high quality field training services followed by the selection and preparation of pilot farms organized in groups of livestock farmers able to adopt improved husbandry practices, (iii) introduction of improved breeds of goats, poultry and of pigs (in small number); and (iv) improvement of market access through studies to identify existing opportunities and promote other successful experiences within DRC or in the other regional countries

In addition, a cost recovery/beneficiary contribution for commercial actors receiving advisory services will be put in place to reinforce sustainability of the system. The principal actors of the proposed system are : INERA, SENASEM who are responsible for supplying quality genetic materials, SNV mandated to accredit, coordinate and monitor, provincial inspectors of the Ministry of Agriculture and Rural development, provincial project implementation units, supervisors, and extension agents at territory, sector and local levels, organizations (NGOs, private sector, specialized national agencies). Provincial authorities will be responsible for the delivery of the advisory services and will be provided with technical assistance to support them in managing the system. The entire system is expected to deliver agricultural advisory and technology transfer to producer organizations via lead farmers or private sector actors engaged in specific commercial value chains. Parallel to the development of the public agricultural advisory and extension system, the project will put in place a competitive fund destined to assisting private sector actors who submit quality business plans. These agribusiness firms will be engaged to render tailored agricultural advisory services to commercial actors actively engaged in targeted commercial value chains.

The proposed system is multi-facetted in the sense that it permits to: (i) reinforce the public agricultural advisory and technology transfer system (delivered through IPAPEL/IPDR staff and managed by SNV), (ii) engage in partnership with other service providers of private advisory (NGOs, specific programs, universities, private firms, etc.); and (iii) to go beyond the simple transfer of technologies towards facilitation services. This requires to go beyond technical training to empowering and equipping producer organizations to be better organized to manage storage, processing, savings and marketing. The system should also be managed in collaboration with other actors like INERA and SENASEM, the producer groups, private sector in-light of their importance in the generation, transfer and utilization of developed technologies along the entire value chain.

Seeds value chain. The proposed project will support the capacity development and strengthening of the major actors involved in the development of the seed chain. A targeted support will be given to INERA by strengthening the existing station in Ngandajika to improve its ability to provide foundation seeds and planting materials. SENASEM, the national seed control and certification agency, will be also reinforced in order to ensure continuity in the control and certification production of base seeds (geo-plasm) and commercial seeds, and the professionalization of the seed value chain. With support of SENASEM, professional seed multipliers (NGOs, private enterprises, etc.) will be identified and equipped to produce the commercial seeds and planting material to be disseminated to farmers' organizations. The project will also support farmer organizations into the establishment of registered producers organizations or cooperatives to ensure real demand. The development of the seed value chain will require both supply side and demand side interventions. Seed multiplication enterprises have to specialize in their field. The project will support the most competent enterprises to improve the: (i) diversity of their seeds offer (cash crops and vegetables); (ii) quality of the seeds produced; (iii) seed production volumes; and (iv) production systems. The seed enterprises will receive specific technical assistance, equipment, training and business plan development support to enable them to professionalize. The development of village savings and credit initiatives present in other projects (known as the "*caisses villageoises autogérées*" or community managed village cash boxes), which enabled communities to purchase seeds and other inputs, will be supported. The community managed village cash boxes promote a savings culture, improve community access to financial services and are a fundamental first step in promoting commercial agriculture. The project will create linkages between the networks of savings with financial and telecommunications partners so farmers can access mobile banking with telecommunication providers (Airtel, Vodacom, Orange) and financial services from commercial banks (Procredit and Afriland Bank) which can reinforce the seed and input markets in general. All these service providers expressed their interest to explore the feasibility of such partnerships in the specific context and environment of the project area.

Therefore, in order to leverage existing organizations and private sector, the project will provide a demand-driven matching grants facility up to a maximum of US$50,000 per grant. These funds will be accessed on a competitive basis by smallholder farmer groups, small and medium enterprises and agri-multiplicateurs in the provision of inputs, equipment and technologies (seeds, equipment, seedlings, planting materials, storage facilities, advisory services, etc.). The goal is to help unlock growth of agriculture production in the project area through supporting existing supply chain actors, overcoming market failures for accessing financial resources for investments. Core scoring and selection criteria will be based on technical, and economic soundness, demonstrated access to markets, gender considerations, use of

CSA practices such as use of soil management practices, use of biodegradable matter, etc. The project will provide support in the preparation of sound matching-grant proposals. It is envisaged that matching grant mechanism will be used in the following areas (among others):

a. Input supply: To enhance the accessibility of improved seeds, breeds, and other farm inputs among targeted farmer groups, matching grants will be available for co-investment in development of a robust, private sector-driven input supply system. Matching grants will also be provided to private firms willing to invest in hybrid seed supply systems.

b. Technology development: One of the key constraints is low utilization of mechanized technology in various agriculture and agroindustry processes. At the farm level, the particularly acute shortage of farm machinery and equipment for conservation agriculture greatly hampers the adoption of CSA practices. Matching grants could address this constraint by supporting equipment fabricators and service providers interested to invest in providing higher-efficiency mechanization services for production and other segments of the value chain.

Component 2 – Agriculture commercialization

This component will support demand-driven interventions, including sector specific reforms, firm/farm-level activities and public infrastructure works, including the rehabilitation of critical feeder roads and rehabilitation/construction of key local markets across the four Provinces. The high cost of electricity and limited connectivity to markets make it impossible for goods processed in rural areas to be competitive in urban markets. Transport barriers, and other trade restrictions (including an ambiguous tax code) make agricultural imports such as seed, fertilizer, and pesticides unaffordable for smallholder farmers. A lack of storage facilities for perishable agricultural produce at farm gate in production basins and road checkpoints hinders access to output markets. The project will provide capacity building at local and provincial levels to ensure the continual maintenance of all the public infrastructure and private production investments.

The component will focus on the following three areas:

(A) Policy level interventions

The following policy-level activities will be undertaken to support commercialization of agriculture products:

- Carry out consultations with private sector to help identify sector policy and investment reforms that are needed to achieve the project's objectives. A number of sector policies and regulatory issues are described in the sectoral context as major barriers to growth and competitiveness so it is critical that the project address critical sector reform issues.
- Strengthen dialogue between public and private investors, for example, through a structured public private dialogue mechanism, to help address the lack of coordination among stakeholders in agribusiness value chains (Such sector specific PPD can focus on the priority reform agenda identified in interviews with private investors and stakeholders)

(B) Support to market actors

The project would explicitly support and broker linkages between off-takers/buyers with farmer producer organizations. This would be one way of strengthening farmer agribusiness linkages, including women farmer and youth groups. Support for business plans, matching grants, TA, and BDS will be used to strengthen these relationships.

Support for agri-business SMEs. There are many promising opportunities for strengthening SME market linkages. A sound diagnostics of the opportunities and constraints for agri-business SMEs will be undertaken during project preparation. This diagnostics will also identify opportunities for youth/women and jobs (which the project is also trying to address).

Among others, the project will provide a demand-driven matching grants facility up to a maximum of US$100,000 per grant. These funds will be accessed on a competitive basis by smallholder farmer groups and AgriSMEs in the finance of market-oriented business plans. The goal is to help unlock growth of agribusiness potential, in particular of entrepreneurs and young people, through supporting existing demands for overcoming market failures in accessing financial resources for agribusiness investments (agriculture technologies, services, agroindustry, agroprocessing, etc.). Core scoring and selection criteria will be based on technical, and economic soundness, demonstrated access to markets, gender and youth considerations, socio-environmental sustainability, nutritional impact, etc. The project will provide support in the preparation of sound business plans. It is envisaged that matching grant mechanism will be used in the following areas (among others):

a. Post Production and storage facilities: To address the significant post-production losses experienced among smallholders and AgriSMEs, matching grants will continue to be provided to players willing to invest in improved harvest and post-production handling practices, technologies and equipment, which reduce losses and uphold the high food quality standards demanded by niche markets. Matching grants will be available with investments tailored to achieving high standards in produce handling from the point of production to storage and marketing to safeguard against post-production losses, enhance shelf-life, and meet food quality standards. Eligible investments will include the construction or refurbishment of produce collection and storage facilities and adoption of warehouse receipt systems.

b. Value addition and processing: Matching grants will support business plans of smallholder organizations and AgriSMEs seeking to add value and market the agriculture products. Investments in agro processing, packaging, marketing, advisory services, animal and/or plant health certification, food safety certification, among others will be supported. Furthermore, feasibility studies and technical support required by investors that are considering investing in value addition in targeted project areas could be supported.

(C) Market access and infrastructure

Rural road network. The project will focus on improving rural roads in the project area through: (i) rehabilitating feeder roads identified as key to unlock the agriculture trade potential of the region; (ii) ensuring that the rural roads maintenance strategy, developed under the PARRSA, will be implemented; and (iii) seek synergies with ongoing and new investments in the high-priority road networks (i.e. Pro Routes 2). The project will build on the successful experience of the PARRSA in former Equateur province to put in place a rural roads rehabilitation mechanism in the project zone and ensure proper and sustainable management of the maintenance system. The main purpose of the maintenance strategy is on ensuring that funding and technical strategy for maintenance of rural roads were identified and that adequate management and maintenance of rehabilitated feeder roads network are assured to ensure sustainability of the network, putting in place a comprehensive mechanism for the planning, financing and management of the feeder roads maintenance program. To that end, technical support will be provided to provincial authorities for the creation of a provincial body, Commission Provinciale Routière –CPR, in charge of managing that feeder road network is maintained. The project will support the CPR to develop a co-financing protocol for feeder road maintenance with the Fond National d'Entretien Routier (FONER) with involvement of the SMEs, Local Committee for Road Maintenance (Comité local d'Entretien Routier - CLER) and/or NGOs. Capacity building will be provided to the recruited operators and their contracts will be performance-based.

The mechanism envisaged for the planning and management of feeder road maintenance seeks to ensure the availability of road maintenance services, institutional management and financial capacity to ensure continual maintenance in a sustainable way across the provinces. This is in line with the decentralization law that places the provincial authorities, under the leadership of the Governor, responsible for management and maintenance of the rural road network. The system, developed under the PARRSA, comprises of the following institutions as illustrated in the figure below: (i) FONER which will provide part of road maintenance funds; (ii) Provincial Road Commission (CPR) stirred by a Technical Secretariat (TS) which will be an institutional technical unit under the provincial Minister in charge of infrastructure; (iii) DVDA or/and any other private firms who will support the TS to undertake road inspection and quality assurance; (iv) road construction and maintenance service providers (private enterprises, NGOs and community based organizations - CLER); and audit and control organizations.

Agribusiness and market support. The project will support farmer organizations, small and medium size agribusinesses and communities in promoting agriculture trade and value added in the project area. To expand the opportunities for smallholders to commercialize their products, the project will support market infrastructure such as markets and storage facilities, improving their management and developing a mechanism through which these markets and storage facilities can generate revenues to the communities who own them. A particular attention will be placed on the quality of the marketing and logistic services and their price. A pricing model and community-private partnership arrangements will be developed to ensure their viability.

Component 3 – Agriculture public services

This component encompasses support for the: (i) strengthening the capacity of the Ministry of Agriculture and Ministry of Rural Development; (ii) targeted support to institutions in charge of private sector, such as FEC, ANAPI to better engage with economic operators and involve them in the project; and (iii) project management and monitoring and evaluation.

Capacity building for agriculture public services. The project will support government efforts to: (i) re-engineer the national agriculture extension and technology transfer system in the project area so it is responsive and inclusive (non-governmental organizations, private sector and producer organizations, as advisory service providers); (ii) strengthen the planning, coordination, monitoring and evaluation capacity at national and decentralized levels (agriculture and meteorological statistics and georeferenced data system); (iii) strengthen animal and plant health systems to support the development of supply chains and tackle threats from pests and diseases; and (iv) strengthen agricultural research and development for efficiency and effectiveness gains in their service delivery[7]. The project will reinforce the implementation capacity of the national agricultural extension system at provincial level by establishing decentralized coordination and management units which will: (i) ensure SNV presence at provincial level which will be responsible for regulating, accrediting and monitoring service delivery standards; (ii) put in place an accreditation system to ensure efficiency and effectiveness in the delivery of quality services; and (iv) oversee the provision of agricultural extension to small holder farmers engaged in traditional agriculture and the provision of agricultural advisory services to private agribusiness enterprises.

The project will also support the planning and coordination systems of the Ministry of Agriculture through improved

[7] Indeed, the National Agricultural Extension System (Le Service National de Vulgarisation- SNV) was created in 1988 to harmonize the different structures that had been engaged in agricultural extension and to include them under the Ministry of Agriculture core business. In fact, the SNV ceased to be operational in 1997 when they no longer received Government and Donor funding. The gap created by the absence of a public agricultural extension system invited the participation of churches, community based organizations and NGOs who intervened and began to provide agricultural advisory services to rural communities in very fixed zones or in specific value chains, with limited results.

data collection and analysis capacity of the Unit of Analysis of the Planning and Forecasting Department (DAPP). It will also target support to agricultural research system through the strengthening of support for INERA for the sustainable production of germplasm and the genetic base seed. The project will also support SENASEM and facilitate the creation of seed accredited certifiers network of agents across the provinces. The project will also reinforce the road and rural infrastructure maintenance system by creating provincial road commissions across the three provinces. Capacity building will be provided in the areas of (i) procurement; (ii) road and infrastructure quality and compliance certification; (iii) quality control & monitoring; and (iv) annual planning and budgeting for road maintenance. In addition all actors engaged in rural road and infrastructure construction will be trained to meet minimum construction requirements. Finally, the project will support the work on the reform of the national agricultural research to be able to link more closely with the CGIAR institutions by providing technical assistance.

Project Management and Monitoring and Evaluation. The project will finance: (i) the operating costs of the PIU and of different project executing agencies; (ii) the monitoring and evaluation of project activities; (iii) the communication of project activities to different audiences; and (iv) the hiring of staff, goods, consultant services, workshops, and training. Under this component, the project will also ensure proper monitoring of environmental and social safeguards policies. This component will also finance a baseline study and conduct a final impact assessment of project activities.

Note to Task Teams: The following sections are system generated and can only be edited online in the Portal.

SAFEGUARDS

A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project will be carried out in Provinces in the Center-South region of the country, in the Provinces of (Haut Lomami, Kasai Central, Kasai Oriental, and Sankuru. These areas are covered in Park Forest vegetation and savannas. Areas like the Haut Lomami are home to national protected parks and natural forests as well as to several groups of Indigenous Peoples (IPs) who inhabit these Provinces.

B. Borrower's Institutional Capacity for Safeguard Policies

The main project counterpart is the Ministry of Agriculture, which has some experience in WB safeguards requirements through the implementation agriculture projects funded by the World Bank, including the DRC Agricultural and Recovery Support Project (PARSSA), Western Growth Poles (PDPC), and the Additional Finance of PARSSA. The safeguards implementation will be implemented under the responsibility of the PARSSA project-implementing unit current team of the PARRSA project, which will need to be strengthened to address the increased demand in the new project area as well as avoid past issues regarding lack of compliance with social safeguards. Capacity building will be carried out extensively, and the team is recommending the recruitment of additional safeguards specialists in the PIU to cover social and environmental risks.

In order to improve safeguards implementation in the new proposed project, the project will take into account lessons learned on safeguards performance in the agricultural sector under other Bank-funded projects in the DRC. Capacity of the client to manage safeguards issues being the main challenge that has been identified in the DRC, the project preparation activities will need to focus on capacity development building and dedicated staffing of the project implementation unit for the management of safeguard issues, considered weak in the country.

The private sector (agribusiness owners) is expected to implement a number of activities, however, the PIU will assume the responsibility of safeguards supervision and management due to limited social and environmental implementation capacity of the private sector. During implementation, the project will ensure that agribusinesses or contractors for civil works provide Environmental and Social Management Plans (ESMPs) as part of the proposals and bidding documents prior to award of grants, contracts, or any funding. This would be a contractual obligation for various contracts issued not only for basic physical infrastructure and for civil works, but also any associated facilities (agribusinesses or other) funded through IDA.

C. Environmental and Social Safeguards Specialists on the Team

Lucienne M. M'Baipor, Grace Muhimpundu, Joelle Nkombela Mukungu, Raymond Sinsi Lumbuenamo

D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The project will finance activities to increase agricultural productivity and improve market access for farmers and SMEs. These activities have potential environmental impacts because of expanding agricultural production in an environmentally sensitive area, however, they are not expected to have irreversible environmental and social impacts. Therefore, the proposed project is classified as Category B. As the precise scope of the planned investments remain to be determined, the project will take framework approach and prepare an Environmental and Social Management Framework (ESMF). The ESMF will be prepared during project preparation, consulted upon and disclosed in country and on Infoshop prior to appraisal. As the sub-projects to be financed become identified, the project will prepare adequate safeguards instruments such as the Environmental and Social Impact Assessment (ESIA) if necessary or Environmental and Social Management Plans (ESMP); this will be done according to the screening process, during which detailed information about the sites, scope, and scale of sub-projects will become available.
Natural Habitats OP/BP 4.04	TBD	As the proposed project is not expected to intervene near natural habitats, OP / BP 4.04 may not be triggered. During project preparation, the safeguards team may decide to trigger OP / BP 4.04 (habitats) with the aim to eliminate or to offset adverse

		environmental impacts on natural habitats, or to reduce them to acceptable levels.
Forests OP/BP 4.36	Yes	This project could possibly impact the health and quality of forests or the rights and welfare of people and their level of dependence upon the interaction with forests, and it may lead to changes in the management, protection or utilization of natural forests or plantations. To comply with this policy, the EMSF will assess the risks and impacts, and propose mitigation measures for any potential negative impacts on forests in the ESMF. The ESMF will be prepared during project preparation, consulted upon and disclosed in-country and on Infoshop prior to appraisal.
Pest Management OP 4.09	Yes	The policy is triggered due to project activities that may require the use of pesticides, fertilizers, vaccines and other chemicals like in the production of eggs, of cattle feed and veterinary products in the poultry, goats, pigs, cattle, fish farming and aquaculture, and some projects activities will lead to a surge in the use of pesticides and fertilizers which can create negative effects on the environment. This policy supports the integrated pest control approaches. It identifies pesticides that can be financed under the project and develop an appropriate plan of pests to deal with risks. To comply with this policy a Plan of Management of Pests and Pesticides (PMPP) will be prepared as a separate document from the ESMF. The ESMF will be prepared during project preparation, consulted upon and disclosed in-country and on Infoshop prior to appraisal.
Physical Cultural Resources OP/BP 4.11	Yes	The policy is triggered as the project may discovery or affect cultural relics during implementation of project activities. The Physical Cultural Resources Policy aims to protect cultural resources, to avoid any significant conversion (loss) or degradation of these resources. To comply with the policy, the project will prepare as part of the ESMF, a chapter on Physical Cultural Resources Framework (PCRF). The ESMF will be prepared during project preparation, consulted upon and disclosed in-country and on Infoshop prior to appraisal.
Indigenous Peoples OP/BP 4.10	Yes	The policy is triggered as Indigenous Peoples are found in the planned areas of interventions (Haut Lomami, Sankuru, Kasai Central and Kasai Oriental). The project will prepare an Indigenous Peoples Policy Framework (IPPF) or Indigenous Peoples Plan (IPP), which will

		establish the framework or plan for consultation and inclusion of IPs in the project areas. The IPPF will be prepared during project preparation, consulted upon and disclosed in-country and on Infoshop prior to appraisal.
Involuntary Resettlement OP/BP 4.12	Yes	To mitigate potential negative impacts, such as land acquisition, loss of livelihoods and economic activities, as a result of planned activities under Component 1 and 2, the project will prepare a Resettlement Policy Framework (RPF) that will be consulted upon and disclosed in country and on Infoshop prior to appraisal. It will outline the overarching framework through which potential resettlement issues will be addressed. The RPF provides principles and procedures for resettlement and compensation for project affected persons (PAPs), and establishes standards for identifying, assessing, and mitigating negative impacts, and introduces a livelihoods restoration measures for vulnerable PAPs. It will also guide the preparation and implementation of site-specific Resettlement Action Plans (RAPs) for each individual investment that triggers Involuntary Resettlement (OP 4.12). The RPF will be prepared during project preparation, consulted upon and disclosed in-country and on Infoshop prior to appraisal. As a preemptive measure to ensure resettlement, compensations are appropriately managed, and in order to prevent delays linked to compensations (as has been some Bank-funded projects in the DRC), the Borrower will establish an escrow account of US $500,000 for resettlement compensation that may arise in the first year(s) of project implementation.
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Oct 16, 2017

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

All these environmental and social documents (ESMF, RAF, PMP) are planned to be completed and cleared by the Bank by end of October 2017.

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Note to Task Teams: End of system generated content, document is editable from here.