

AFRICAN DEVELOPMENT BANK GROUP



PROGRAMME: EMERGENCY FOOD PRODUCTION PROJECT (PURPA)

COUNTRY: DEMOCRATIC REPUBLIC OF CONGO

PROJECT APPRAISAL REPORT June 2022

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Translated Document

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CURRENCY EQUIVALENTS

(June 2022)

UA 1	CDF 27 027
UA 1	USD 1.34970
UA 1	EUR 1.25987

Fiscal Year: 1 January – 31 December

WEIGHTS AND MEASURES

1 metric tonne	=	2.204 pounds
1 kilogramme (kg)	=	2.20 pounds
1 metre (m)	=	3.28 feet
1 millimetre (mm)	=	0.03937 inch
1 kilometre (km)	=	0.62 mile
1 hectare (ha)	=	2.471 acres

ACRONYMS AND ABBREVIATIONS

ADF	African Development Fund
BTP	Building and Public Works
CEP/FEP	Farmers' School Field or Farm
CPDN	Expected National Determined Contribution
CSP	Country Strategy Paper
DRC	Democratic Republic of Congo
EPI	Environmental Performance Index
ERR	Economic Rate of Return
ESMP	Environmental and Social Management Plan
FAO	Food and Agriculture Organization of the United Nations
GAfSP	Global Agriculture and Food Security Programme
GDP	Gross Domestic Product
GIS	Geographic Information System
HDI	Human Development Index
IEC	Information, Education, Communication
ILO	International Labour Organisation
MA	Ministry of Agriculture
GAM	Global Acute Malnutrition
SMP	Severe Malnutrition Prevalence
MTR	Mid-Term Review
UAM	Million Units of Account
NGO	Non-Governmental Organization
OHADA	Organization for the Harmonization of Business Law in Africa
PMU	Project Management Unit
FO	Farmers' Organisation
RfP	Request for Proposals
TFP	Technical and Financial Partners
TSF	Transition Support Facility
UNFCCC	United Nations Framework Convention on Climate Change
WB	World Bank
WFP	World Food Programme

Project Information

Client Information

Donee: Democratic Republic of Congo
Executing Agency: Ministry of Agriculture

Financing Plan

Source	Amount	Instrument
TSF (Pillar I)	5,600 UA million	TSF Loan
	4,400 UA million	TSF Grant
Government and Beneficiaries	-	
Total Cost	UA 10 million	

Key Information on TSF Financing

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Timeframe – Key Milestones (expected)

Facility approval	June 2022
Project approval	6 July 2022
Signature of Loan/Grant Protocol Agreement	September 2022
First disbursement	November 2022
Completion	August 2024
Last disbursement	31 March 2025

Project Summary

1.1. The UA 10 million Emergency Food Production Project (PURPA) in the Democratic Republic of Congo is part of the Bank's African Emergency Food Production Facility (AEFPF) to address both the food crisis and the disruption of agricultural input supplies resulting from the war in Ukraine. The war has compounded the impacts of both the COVID-19 pandemic and the political and security situation in the country. The project is in response to the Government's request to meet the pressing needs of many vulnerable rural households. It will provide them with seeds and fertilizers to boost production and improve their food security.

1.2. An armed conflict erupted between Russia and Ukraine on 24 February 2022. The negative effects of this war have been felt in the economies of several African countries including the Democratic Republic of Congo. Russia has always been among the DRC's major trade partners. In 2021, overall trade in goods amounted to CDF 389 billion for 580 941 tonnes, compared with CDF 30 billion for 81 129 tonnes in 2014. The main products imported from Russia are wheat (wheat flour and meslin) and sulphur.

1.3. The project design is based on best farming practices and focuses on reviving and increasing food production as well as strengthening the capacity of institutions within the Ministry of Agriculture in charge of the seed sector. The sector objective is to contribute to improving food security. Crops and improved varieties were chosen, with adaptation to climate change and the production potential of basins in mind.

1.4. The project will be implemented over two years (from September 2022 to August 2024). It will help to build the capacity of institutions in the Ministry of Agriculture responsible for the seed sector in DRC, including INERA, SENASEM and SNV. The specific objective is to enhance productivity and agricultural production (maize, cassava and rice). The project will provide 40,000 smallholders with access to seeds (including climate change-resistant seeds) and fertilisers to increase yields and production while building the capacity of key institutions involved in the seed chain. The project will have a positive impact on the food security of nearly 40,000 farming households and facilitate the cultivation of 20,000 ha for maize, cassava and rice production. It will strengthen household resilience by increasing the income and living conditions of the target smallholder farmers.

1.5. Agriculture employs 70% of the population and produces 40% of GDP. According to the National Institute of Statistics of the Ministry of Planning, DRC imported 468,164 tonnes of wheat and meslin in 2021, amounting to CDF 288 billion, and 9,754 tonnes of mineral fertilizer, amounting to CDF 20 billion. By providing such a large quantity of wheat (468,164 tonnes) with such a high value (CDF 288 billion), Russia was the leading wheat supplier to the DRC with a share of 82.1% of total imports by value in 2021.

1.6. To address the impact of the crisis on the prices of basic commodities and given the international economic situation marked by the war in Ukraine and the Covid-19 emergency, the DRC government has taken urgent economic measures to enable the country to cope with the pressure to halt the price speculation already apparent on the markets.

1.7. Actions ongoing or planned include promoting the consumption of local substitute products and raising awareness among the population to change their eating habits. Some measures have been adopted to replace, at least partially, wheat flour with locally produced flour, in particular maize, potato, cassava, plantain, etc. Some actions have also been taken, especially by the Minister of Industry, who is constantly encouraging and sensitizing people to use cassava flour to make bread. However, deploying these solutions should be the concern of all (politicians, entrepreneurs, consumers, etc.). These measures are carried out as part of the Integrated Emergency Community Development Programme (PUIDC), which is included in DRC's National Strategic Development Plan (PNSD) 2019-2023.

1.8. The project will promote the availability of pre-basic and basic seeds (maize, rice and cassava) at the local structures under supervision, the use of improved seeds on a large scale and the dissemination of best practice to increase productivity and output. The experience gained under the project will be capitalized on by both the Ministry of Agriculture and the Bank. The project will achieve the following outcomes: (i) improvement of domestic supply; (ii) diversification and enhancement of agricultural productivity; (iii) revitalization of the value chain; (iv) improvement of farmers' income; (v) creation of employment and fight against rural exodus. The project will have a direct impact on over 22,000 beneficiaries and will result in the planting of 11,000 hectares of land for the production of cassava, rice and maize in eleven (11) provinces of the country.

RESULTS FRAMEWORK				
A	PROJECT INFORMATION			
I PROJECT TITLE AND SAP CODE: Emergency Food Production Project (PURPA) SAP: P-CF-AA0-016		I COUNTRY/REGION: Democratic Republic of Congo/RDGC.2		
PROJECT DEVELOPMENT OBJECTIVE: Contribute to the improvement of food and nutritional security by strengthening local agricultural production resilient to climate change.				
ALIGNMENT INDICATOR(S) : Cereal yield (tonnes/hectare) – Fertilizer consumption (kilogramme per hectare of arable land)				
	RESULTS MATRIX			
RESULTS CHAIN AND DESCRIPTION OF INDICATORS	UNIT OF MEASURE MENT	BASELINE (2022)	TARGET AT COMPLETION	MEANS OF VÉRIFICATION
OUTPUT: Productivity and production of cereals (rice and maize) and cassava are sustainably improved				
OUTPUT INDICATOR 1.1: Sustainably improved productivity. 1.1.1 Maize yield 1.1.2 Rice yield 1.1.3 Cassava yield	% increase	0.8T/ha 0,8 T/ha 10 T/ha	2T/ha (150%) 2 T/ha (150%) 20 T/ha (100%)	Performance / Technical reports
OUTPUT INDICATOR 1.2: Additional food crop production 1.2.1 Maize 1.2.2 Rice 1.2.3 Cassava	□ T/farming season	0 0 0	9 600 9 600 28 000	Performance / Technical Reports
I OUTCOME INDICATOR 1: Pre-basic and basic seeds procured and promoted by INERA				
OUTCOME INDICATOR 1.1: Quantity of pre-basic seeds procured by INERA	□ T/Maize T/Rice ML/Cassava	0 0 0	99 120 28 000	INERA Reports and Project
OUTCOME INDICATOR 1.2: Areas developed in the research stations.	□ Ha	0	-	INERA Reports and Project
I OUTCOME INDICATOR 2: The capacity of INERA, SENASSEM, SNV and private actors in the seed sub-sector (agri-multipliers) strengthened to render them more operational				
OUTCOME INDICATOR 2.1: Number of institutions (INERA, SENASEM, SNV) of the seed sub-sector provided with adequate resources and equipment	□ Number	0	3	Project activity reports
OUTCOME INDICATOR 2.2: Number of managers and staff recruited by the Government and trained by the project, including in climate-smart techniques, of whom 30% women.	□ Number	0	INERA, SENASEM, SNV (300)	Project performance and activity reports
OUTCOME INDICATOR 2.3: Number of training sessions for seed agri-multipliers conducted on the quality seed production process	□ Sessions	0	6	Project activity reports
OUTCOME INDICATOR 2.3: Number of training sessions for seed agri-multipliers conducted on the quality seed production process				
OUTCOME INDICATOR 3.1: Area tilled and prepared for farmers	□ Ha	0	11 000	Works completion report
I OUTCOME INDICATOR 4: Improved Access to agricultural inputs and financing				
OUTCOME INDICATOR 4.1: Quantity of improved and climate-adapted seeds made available	T T ML	0	240 Maize 320 Rice 990 000 Cassava	SNV and project reports
OUTCOME INDICATOR 4.2: Quantity of fertilizer put at the disposal of farmers	□ T	0	1600 DAP 800 KCL	Reports and project
OUTCOME INDICATOR 4.3: the Voucher approach is implemented	□	-	Contract signed and implemented	SNV reports
OUTCOME INDICATOR 4.4: Number of beneficiary farmers, of which 60% women	□ Number	0	22 000, of which 60% women	SNV farming season and project reports

OUTCOME INDICATOR 4.5: Satisfactory implementation of the contract with NGOs charged with paying seed suppliers with Voucher	□ Number	0	To be determined	SNV farming season and project reports
OUTCOME INDICATOR 4.6: Areas cultivated.	□ Ha	0	4 800 Maize 4 800 Rice 1 400 Cassava	SNV and project reports
I OUTCOME INDICATOR 5: Project coordination capacity built				
OUTCOME INDICATOR 5.1: PADCA-6P team strengthened with four consultants (agronomist, organisation, gender, accountant)	□ Number	0	3	Project reports
OUTCOME INDICATOR 8.1: MA external monitoring mechanism operational.	□ Number of missions yearly	0	6	MA and project reports

1. Introduction

1.1. Management hereby submits the following report and recommendation on a proposal to award a total of UA 10 million (loan & grant) to the Democratic Republic of Congo to finance the Emergency Food Production Project under the African Emergency Food Production Facility. This is an investment operation with a planned implementation period of two (2) years starting from September 2022 to August 2024. The project was appraised from 16 to 29 June 2022 and will be submitted to the Board in the same month. It is based on a request from the Congolese Government.

1.2. The project design is inspired by best agricultural practice and focuses on reviving and enhancing food production as well as strengthening the capacity of the institutions in the Ministry of Agriculture responsible for the seed sector in DRC. The sector objective is to contribute to improved food security. The specific objective is to enhance agricultural productivity and production (maize, cassava and rice). The main expected outcome is the development of 11,000 ha of land. The project will provide access to seeds and fertilizers for 22,000 smallholders, thereby increasing yields and production, building the capacity of the main institutions involved in the seed sector, and increasing the involvement of the private sector in developing the land and boosting production.

1.3. Covering a surface area of 2,345,410 km² and endowed with enormous agro-pastoral, forestry, mining and fishing resources, the Democratic Republic of Congo is still unable to meet the food needs of its population, estimated at over 80 million. To feed its population, the country resorts to importing products for which it does not have a proven comparative advantage (rice, maize, sugar, onion, vegetables, beef, pork, poultry, etc.), thus spending huge amounts of foreign exchange on food imports.

1.4. According to the 2019 report of the Central Bank of Congo, an analysis of the structure of food imports revealed an expenditure of USD 108 435 493.72 for meat products; USD 2 608 963.80 for fish products; USD 341.7 million for vegetable products; USD 280 million for cereals and USD 152.9 million for sugar. Import costs are considerably high. The estimated cost of rice import is USD 69.7 million, cereal flour and granules USD 19.7 million, onion USD 10.2 million and maize USD 7.6 million. The deficit for rice and maize, which account for the bulk of the country's food supply, is around 10 million tonnes per year.

1.5. Agriculture has a great potential for development in the DRC (agriculture contributed 0.28 points to GDP growth in 2020). The country has an estimated cultivable area of 80 million hectares, of which less than 10 million hectares are used. Congolese agriculture is dominated by small family farms that practise extensive production systems based on burning. They use very limited agricultural inputs and improved technologies, thus resulting in low yields. The recent establishment of agro-industrial parks to improve agricultural productivity and production has not yet borne fruit.

1.6. Regarding employment, the share of agriculture dropped between 2010 and 2020, from 70% to 65.4%, without triggering the necessary structural transformation of the economy. The integration of agricultural and industrial value chains remains weak. The declining share of employment in agriculture suggests a migration of workers into services, whose share has increased by about 25% over the period.

2. Country Context: Macroeconomic, Fiscal and Impact of the War in Ukraine

2.1 Analysis of the Macroeconomic and Budgetary Impact

2.1.1 Although maintaining a positive outlook, the Congolese economy has been significantly impacted by the shock caused by the outbreak of the Russian-Ukrainian conflict in March 2022. The DRC is showing some resilience after a 5.7% growth in 2021, driven by increased mining production and high world prices for exports such as copper and cobalt. The economic outlook slips by 1-2 percentage points but remains encouraging with real GDP growth of 6.2% in 2022 and 6.4% in 2023, fuelled by mining and the recovery of non-extractive activities. Priority investments should continue to support domestic demand, while improvements in transport infrastructure should support the recovery of services and manufacturing, boosting exports and tax revenue. The 2023 elections are expected to increase public spending and slightly widen the budget deficit from 1.6% in 2022 to 1.5% in 2023. Coordination of public finances and monetary reforms should keep inflation at around 6.9% in 2022-23 and ensure exchange rate stability. The current account surplus is expected to be 0.8% in 2022 and 0.1% in 2023, in line with the expected decline in imports, compared to the initially projected deficits. The mixed effects of the conflict on the DRC can also be explained by the ongoing efforts to implement structural reforms.

2.1.2 Over time, the potential channels transmitting the impacts of the Russian-Ukrainian conflict on the DRC can be summarized in three main points. These include (i) **rising oil and gas prices.** In May 2022, the DRC increased the price of fuel by 2% to 12% depending on the zone (East, South and West). Fuel oil subsidy set at USD 83 million in the 2022 budget should be increased to cushion the impact of the conflict on households; (ii) the increase in food prices due to the rising cost of certain agricultural and energy products, of which Russia and Ukraine are the main exporters. Inflation in domestic markets is rising according to recent BCC and INS publications, which report annual inflation rates of 8.6% and 11.9%, respectively, driven by the food and energy components; and (iii) **the disruption of food, energy and industrial product markets** affecting supply chains. Russia not only supplied fertilizers, meat and edible offal but was also the largest supplier of wheat to the DRC with 82.1% of imports by value. Ukraine was one of the main sources of imports of machinery/equipment for processing rubber and meat/edible offal. This conflict is forcing the DRC to change

its strategy, redirect its foreign trade and find substitute products, through the mobilisation of local production. The table below presents the macroeconomic indicators before and after the Ukrainian crisis.

2.1.3 Sector challenges. The agricultural sector faces many challenges, including the gradual and sustainable transition from low-productivity subsistence farming to more efficient and remunerative commercial farming. However, these challenges are difficult to meet, given the level of public resources allocated. This sector context makes the population vulnerable to direct and/or indirect shocks, such as the Russia-Ukraine war.

2.2 Analysis of state of agricultural, food and nutritional security

2.2.1 State of agricultural, food and nutritional security: According to the PNSD (2019-2023), the agricultural sector is marked by (i) subsistence agriculture incapable of ensuring the country's food autonomy and generating sufficient income and sustainable employment; (ii) production that is increasing by only 2%; and (iii) slash and burn agriculture practised with adverse effects on the environment. The sector employs around 70% of the population and accounts for over 60% of job creation. Congolese agriculture uses barely 10% of the country's arable land, 30% of its fisheries potential and 2.5% of its livestock potential. The contribution of agriculture to GDP growth remains low (0.28 points in 2020) but should exceed 0.5 points in 2021. The sector and its industrialization are not only important in the DRC for the provision of food, but also indispensable for the diversification of the country's economy.

2.2.2 Geographic distribution and potential value chains: In the DRC, maize accounts for an average of 69% of cereal production and rice for 30%. Current yields of the main staples (rice, maize, cassava and beans) remain very low compared to potential. Therefore, there is still a lot of room for productivity improvement. For instance, were rice produced under optimal conditions, yields could be increased by 150% (from 0.8 tonnes/ha to 2 tonnes/ha); the same is true for maize. Cassava yields would increase from 8 tonnes/ha to 20 tonnes/ha, or by 100%. Bean yields would rise by 170% from 0.55 tonnes/ha to 1.5 tonnes/ha. Hence, with a mastery of technical methods, quality inputs (seeds, fertilizers), appropriate mechanical equipment and good sector management, the DRC can easily double its productivity for most basic food crops.

2.2.3 Market effectiveness. Despite its agricultural potential, the DRC remains a net importer of food products. Overall, more than 50% of food imports are cereals. Fish and sugar are the other two most imported products, accounting for an average of 14% and 12% of food imports, respectively. Agricultural exports are mainly coffee and cocoa.

2.2.4 Reforms. The improved seed market in the DRC is still struggling to exist and function, despite a proven stakeholders' need for improved seeds. This is due, among others, to a lack of organization and regulation of the seed value chain. Its regulation would clearly define the roles and responsibilities of stakeholders in the seed value chain. Its absence means that today, there are still operators who sometimes sell regular seeds under the label of improved seeds. This speculative behaviour of some operators who do not apply any standard prevents farmers certified by SENASEM to sell improved seeds from disposing their products at remunerative prices that would help to make their seed companies profitable. Thus, the "Seed Law" scheduled for tabling before Parliament during the next session in September 2022 is an important process that the project plans to support. The introduction of this law is necessary to create a real market for improved seeds in the DRC.

2.3 Analysis of the Social Impact

2.3.1 Situation of the Social Protection System and Programmes, Short-term Impact Assessment

The activities planned under the project will have a significant impact on the quality of life of the people, especially in terms of increased income and change in status for vulnerable persons, whose standard of living will improve. The project activities, focused on strengthening productivity and production, will reverse the current situation, thanks to the production of pre-basic and basic seeds, the training of research technicians as well as seed multipliers (including seeds resistant to climate change), seed acquisition and distribution, the dissemination of technologies and innovations to improve productivity in the fields, access to agricultural inputs, capacity building of farmers in agricultural techniques and strengthening of the management capacity of women's cooperatives.

2.3.2 Effects on the most vulnerable populations (the elderly people, specific regions of the country, etc.)

The project will have a positive impact on people's food insecurity through increased production and improvement in the quality of crops from the targeted sub-sectors. It will improve the nutritional situation of the people, through direct support to about 40,000 households, of which over 50% are women with young children - the most vulnerable to malnutrition. The project will also contribute to mitigating the impact of the Ukrainian crisis in the project area through its diverse outcomes: (i) access to economic diversification opportunities (improved agricultural production, capacity building, etc.), (ii) increased local capacity to collect and market agricultural products to urban centres, (iii) improved access to agricultural extension services and inputs, (iv) improved food and nutritional security through a sustainable increase, and diversification of agricultural productivity and output.

2.4 Linkage with Bank Strategy and Government's Emergency Strategy and Response to the Food Crisis

2.4.1 The African Emergency Food Production Facility (AEFPF) is the Bank's rapid response mechanism to address the food crisis and disruption in essential food production inputs resulting from the war in Ukraine. It is designed to stimulate local production of cereals and oilseeds as the most effective and efficient way to build the resilience of food systems in Africa to address this situation and mitigate supply risks in the short to medium term. The AEFPF is based on three pillars: (i) provision of certified seeds of climate-adapted varieties, fertilizers and extension services to 20 million farmers; (ii) provision of financing for large-scale fertilizer supplies to wholesalers and aggregators to fill the multi-million tonne fertilizer supply gap; and (iii) promotion of policy dialogue and implementation of reforms to address the structural factors preventing modern inputs from reaching farmers in the short to medium term.

2.4.2 **AEFPF is consistent with the principles of the Bank's "Feed Africa" strategy and the country strategy papers of the Democratic Republic of Congo for which the development of agriculture, agro-industry and rural infrastructure are key objectives.** Project activities are in keeping with the Bank's High 5s: Light up Africa, Feed Africa, Industrialize Africa, Integrate Africa, and Improve the quality of life for the people of Africa.

2.4.3 **Alignment with national strategies:** The PURPA project is aligned with the Government's national development priorities as set out in the National Strategic Development Programme (PNDS), the National Agricultural Investment Programme (PNIA), the National Rice Development Strategy developed in 2013, the Multisectoral Programme for Emergency, Mitigation and Adaptation to the Impacts of Covid-19 (PMUAAC), the core document of the post-Covid-19 Agricultural Emergency and Response Programme, the National Extension Policy, the Annual Report of the Central Bank of Congo 2019 and the Bank's Climate Change and Green Growth Strategy 2020-2030. The project is also consistent with the National Gender Policy (PNG-RDC) and its Action Plan (2009), whose Strategic Thrust 2 is the recognition of women's contribution to economic development through their inclusion in productive circuits and equal access to employment opportunities and factors of production. Lastly, it is in harmony with the Bank's Gender Strategy (2021-2025), the vision of which is to transform key sectors into accessible areas of opportunity, where women, girls and men, regardless of their origin, have equal access to and control over productive resources and basic infrastructure.

2.4.4 The project is designed as an emergency response to the recurrent food crises that have hit the country, resulting in particular from the socio-political context and more recently from the impacts of COVID-19 and the war in Ukraine, which is a factor that is aggravating an already difficult situation. It is part of Government's efforts to boost production to consolidate peace by restoring the seed capital and promoting inclusive development through the provision of smallholders with adequate means of production to improve farm productivity and output. The project builds on the initiatives and measures already undertaken by the Government to address the consequences of the food crisis resulting from the Ukrainian war as part of the PUIDC (Emergency Integrated Community Development Programme), in particular the project to structure and model the cassava sector through the promotion of cassava flour as a substitute for wheat. The PUIDC is a government programme included in the National Strategic Development Plan (PNSD) 2019-2023 of the Democratic Republic of Congo. It is supported by the Community Development Integrated Emergency Programme Support Unit (CAPUIDC).

2.5 Lessons Learned and Technical Options

2.5.2 The project is designed as an emergency response to the recurrent food crises that have hit the country, resulting in particular from the context of food insecurity affecting 27 million people and the insecurity situation in the East of the country with 5 million displaced persons, and most recently from the impacts of COVID-19 and the war in Ukraine, which is a factor aggravating an already difficult situation. It is consistent with the Government's efforts to strengthen production and seed capital by providing smallholders with adequate inputs to improve farm productivity and output. The main lessons from implementing agricultural sector projects include the need to (i) have a database of farmers as early as the project appraisal phase, (ii) anticipate recruiting technical institutions to provide technical assistance for project implementation, and (iii) better align the procurement process with the cropping seasons to allow more time for supporting beneficiaries in owning project achievements. Concerning seed procurement, seeds will be acquired from seed multiplier cooperatives. Fertilisers will be purchased through a simplified procedure from qualified suppliers. In terms of the technical options considered: the choice of food crops will be based on an analysis of promising sectors. They have been limited to three (rice, maize and cassava) to avoid dispersion. The varieties available for these crops have a good productivity potential to make use of the seeds and fertilizers to be acquired by the project, thus having a positive impact on the expected production levels and also the possibility of improving the people's nutrition.

2.6 Linkage with the TAAT Programme

2.6.2 The proposed project is closely linked with the TAAT programme (Technologies for Agricultural Transformation in Africa). The project will promote the availability of pre-basic and basic seeds (maize, rice and cassava) at INERA's level, the large-scale use of improved seeds and the dissemination of best practice to increase productivity and output. TAAT is a flagship programme of the African Development Bank's "Feed Africa" strategy. The programme led by the International Institute of Tropical Agriculture (IITA) as Executing Agency has pioneered new approaches to deploying proven technologies to African farmers. TAAT aims to help the continent realise its enormous potential in the

agricultural sector by using high-impact technologies to increase production, improve food security and encourage inclusive growth by involving more women and youths. It also promotes greater resilience to climate change and external shocks. TAAT is a major continent-wide initiative designed to boost agricultural productivity by rapidly delivering proven technologies to millions of farmers. The overall goal of TAAT is to double crop, livestock and fisheries productivity by expanding access to productivity-enhancing technologies to over 40 million smallholders across Africa.

2.7 Linkage with Ongoing Operations

2.7.2 Project activities are linked with the Project for Youth Entrepreneurship in Agriculture and Agro-business (PEJAB) financed by UA 40 million (about USD 56 million) ADF loan. PEJAB promotes the creation by 6,000 young graduates (50% of whom women) of 2,000 successful and viable small- and medium-sized enterprises (SMEs) in the agricultural value chains. The project covers all 26 provinces of the DRC. To ensure the financing of youth business plans by partner financial institutions, the project has put in place a management financing system and a 50% risk-sharing between the young entrepreneurs and partner financial institutions

2.7.3 PURPA is directly linked to the Agricultural Sectors Support Project in Six Provinces (PADCA-6P). PADCA-6P was approved in 2019 and financed by an ADF loan of UA 20 million. The project aims to sustainably improve food and nutritional security and increase the income of the target population. Its specific objective is to advance agricultural production through (i) increased productivity of promising commodity chains (cassava, maize, rice, and beans/*niébé*); (ii) capacity building of stakeholders for sustainable investments in value chains; and (iii) promotion of youth and women's entrepreneurship. PADCA-6P operates in six (6) provinces, including Kwilu, Kasai, Haut Lomami, Lomami, Maniema and Tshopo. It is expected that its implementation will lead to (a) the development of crop sectors through the introduction and ownership of new technologies aimed at increasing the productivity of crops identified; (b) the improvement of governance through institutional support and capacity building for existing structures to professionalize them, particularly with regard to the value chain approach, and the improvement of coordination and dialogue between value chain stakeholders through the established platforms.

2.8 Collaboration and Coordination with Technical and Financial Partners

2.8.1 **Aid is coordinated** through consultations with the project team. Consultations are also held with TFPs as well as between TFPs and the Government through the Agriculture and Rural Development Inter-Donor Group (GIBADER), which does not provide an overall view of the support extended to the sector. In this regard, the Bank has undertaken to mobilise technical assistance (CAPUIDC) to support the coordination of agricultural sector investments as part of its portfolio restructuring.

2.8.2 The Bank is pursuing its close policy dialogue with the country through the DRC Country Office to improve project portfolio quality and performance. The appraisal mission was informed of the ongoing reform process within the sector ministry, particularly those aimed at institution building. The project plans to support this process by building the capacity of these three institutions involved in the restoration of the seed chain. The Government is committed to informing the Bank of progress made with ongoing reforms.

2.8.3 The project will provide multi-pronged support in terms of capacity building of state structures involved in restoring the seed sector of the Agriculture Ministry to make them operational. These are INERA, SENASEM and SNV. The project will strengthen the technical services to monitor and supervise actions to be carried out in the field. The project will provide these institutions with a budget that will enable them to obtain equipment to improve their working conditions and be able to deploy in the project impact areas. Technical capacity building through training will also be provided.

3. Description of Project Objectives

3.1 **The project's objective is to increase agricultural productivity and output in the maize, cassava and rice sub-sectors.** The main expected outcomes are the availability of pre-basic and basic seeds at INERA research stations, improved access to seeds and fertilizers for 22,000 smallholders, enabling the development of 11,000 ha, increased yields and production, support for seed multiplier producer cooperatives, the organization of fairs for better dissemination of improved seeds, capacity building of the main institutions involved in the seed sector (INERA, SENASEM, SNV) and greater involvement of the private sector in the revival of agricultural production.

3.2 **Project Rationale:** The project is designed in response to the persistent food insecurity (27 million people according to IPC phase 3) attributable to various factors, including the instability in the east of the country (over 5 million displaced people) and the very high defect of rural transport and communication infrastructure, which seriously handicaps the evacuation of agricultural products, and more recently the impacts of COVID-19 and the war in Ukraine, all being aggravating factors to an already difficult situation. It is in keeping with Government's effort to boost production by restoring seed capital and promoting inclusive development by providing smallholders with adequate means of production to improve farm productivity and output.

3.3 **Component 1: Support agricultural production.** Activities under Component A include (i) procurement of pre-basic seeds (99 T for maize, 120 T for rice and 85,000 linear metres of cassava); (ii) capacity building of INERA, SENASEM and SNV by providing these three structures with working tools (vehicles, motorcycles, bicycles, equipment, laboratory and office materials); (iii) the follow-up and consolidation of the achievements of the agri-multiplier seed

cooperatives, as well as the promotion, establishment, structuring and training of new agri-multiplier seed cooperatives; and (iv) the reinforcement, consolidation and/or structuring of agri-multipliers seed cooperatives into networks.

3.4 Component 2: Support Access to Inputs and Finance. The project will use the voucher system to ensure that the targeted smallholders benefit from inputs (seeds, small agricultural tools and fertilizers). The aim is to bring together seed producers, small-scale agricultural equipment and fertilizer suppliers with the beneficiary small-scale farmers and the financial partner. Activities under the component include (A) procurement of maize seeds from seed producers to plant 4,800 ha; rice seeds to plant 4,800 ha of rice and cassava cuttings to plant 1,400 ha of cassava. An agreement will be signed directly with the specialized NGOs in charge of running the E-Voucher scheme. With SNV's support, the NGOs will (i) sensitize all stakeholders; (ii) determine and validate selection criteria, and identify smallholder seed beneficiaries through the preparation of biometric cards; (iii) prepare E-Vouchers; (iv) identify seed suppliers (efficient producers, seed multiplier cooperatives, other operators); and (v) organize fairs to put fertilizer and small agricultural equipment suppliers in contact with E-Voucher holders; (B) banks established in the eleven provinces selected by the project will make payments to suppliers of seeds, small agricultural tools and fertilizers who hold vouchers, on the instructions of specialized NGOs which will have an account dedicated specifically to this operation in such banks; (C) the procurement of 2,400 T of fertilizer (1600 DAP and 800T of KCI) through a limited tender to cover the fertilizer needs of 11,000 ha (4,800 ha of maize and 4,800 ha of rice); and the distribution of these fertilizers to selected smallholders producing cassava on an area of 1,400 ha.

3.5 Component 3: Project Coordination and Management. The project is integrated into the structures of PADCA-6P, which officially started in April 2022, and placed under the technical supervision of the Ministry of Agriculture (MINAGRI). It will be strengthened by a small technical assistance team of three experts (agronomist, farmers' organisation, accounting assistant) who will work within the Integrated Emergency Community Development Programme (CAPUIDC) Support Unit.

3.6 Expected Outcomes

The following are the main expected project outcomes: (i) the seed sector is revitalized through the structuring of the main stakeholders; (ii) introduction and extension of at least 5 innovative technologies in agricultural production, irrigation and communication; (iii) a network linking producers and sellers of agricultural goods and a better post-harvest management mechanism are put in place; (iv) the income of at least 22,000 households is increased; (v) the capacity of at least 12,000 farmers' cooperatives is strengthened in agricultural production techniques, storage and conservation of agricultural products; and (vi) Government structures involved in the seed sector are strengthened.

3.7 Beneficiaries and Impact Areas

Twenty-two thousand (22,000) households will be covered by the operation. Details by province and territory are given as annex to this Note. The beneficiaries will be mainly unemployed youths whose average age varies between 25 and 35 years. Young mothers, single women or women with at least one child under the age of 5 will be targeted as a priority. The targeting and monitoring of beneficiaries will be carried out using the IDEA tool (farmer sustainability index).

The project will be implemented in the following eleven (11) provinces: Haut-Lomami, Kasai, Kasai Central, Kasai Oriental, Lomami, Kongo Central, Kwilu, Maniema, North Kivu, South Kivu and Tshopo.

3.8 Project Cost and Financing Arrangements: The project will be implemented over two years (September 2022 to August 2024). The total project cost, including physical contingencies and price escalation but net of taxes and customs duties, is estimated at USD 13.5 million (UA 10 million). This cost is split between USD 8.929 million in foreign exchange (UA 6.614 million) and USD 4.571 million (UA 3.386 million) in local currency. Provisions of approximately 5% of the base cost have been applied for physical contingencies and price escalation. The project cost summary is presented in the technical annexes and Annex 7. The absence of a counterpart contribution is justified by the emergency situation and the country's low capacity. Nonetheless, it is worth noting that this assistance is anchored on PADCA 6P, which mobilises counterpart resources.

3.9 Financing Needs and Modalities

Project Cost and Financing Arrangements: The project will be implemented over two years (September 2022 to August 2024). Its total cost, including physical contingencies and cost escalation, net of taxes and duties, is estimated at UA 10 million. The Project will be financed with a UA 10 million TSF allocation representing 100% of the total project cost, net of taxes and customs duties. Expenditure on various project components will be executed according to an established schedule.

4. Project Implementation

4.1 Institutional Arrangements

To reduce transaction costs and ensure a rapid effective start-up of field activities, the project will be implemented by the PADCA-6P Coordination Unit team. The steering, management, audit as well as monitoring and evaluation mechanisms are already in place and have been strengthened by CAPUIDC Technical Assistance following the conclusions and recommendations of the performance review of the agricultural and rural portfolio conducted in March 2022. These are the same institutional arrangements of the PADCA-6P as reinforced. The PADCA-6P institutional arrangements will be renewed and followed by PURPA, which will be integrated into this mechanism. The National Steering Committee (NSC)

of PADCA-6P, which will be the same as PURPA, will play a guiding role, approve the Annual Work Programme and Budget (AWPB) and generally supervise project implementation. The NSC could undertake follow-up field missions based on clear terms of reference and the production of a post-mission report. CAPUIDC Technical Assistance will provide external monitoring and governance support.

4.2 Institutional Anchoring and Contractual Arrangements

The project is designed based on the sub-contracting principle. Therefore, the project will strengthen the capacity of national structures (INERA, SENASEM and SNV) which are essential pillars to establishing a sustainable seed sector in DRC and allow a large diffusion and use of improved seeds by smallholders. Agreements will be signed with these structures. Seeds will be acquired locally from groups of seed agri-multipliers and other operators through the organisation of fairs to put them in contact with farmers. Small agricultural equipment will be acquired by specialized NGOs and fertilizers will be procured through limited tender. In this regard, the specialized NGOs, through agreements to be signed with the project, will prepare and lead the organization of these fairs, and ensure the payment of selected agri-multipliers cooperatives and other operators providing seeds and supplying small agricultural tools and fertilizers.

4.3 Institution Building

4.3.1 The Bank is pursuing close policy dialogue with the country through the DRC Country Office to improve project portfolio quality and performance. The appraisal mission was informed of the reform process underway within the Ministry of Agriculture, particularly with regard to the seed sector. Government's vision is also to build institutional capacity to make INERA, SENASEM and SNV operational. The project plans to support this process by building the capacity of the three institutions involved in restoring the seed chain. The Government has undertaken to inform the Bank of the progress of this agricultural sector reform process.

4.3.2 The project will provide multi-faceted support, particularly in the monitoring and supervision of operations on the ground. The project will provide these institutions with a budget that will enable them to acquire equipment to improve their working conditions and to be able to deploy in the project impact areas. Technical capacity building through training will also be provided.

4.4 Financial Management and Disbursement

4.4.1 *Financial Management Arrangements:* The Bank's decision on whether to use the national public finance management system was considered under CSP 2013-2022, based on the assessment of the DRC's PFM system, the Bank's guidelines, practices and risk tolerance, country preference and other factors such as the perceived level of governance and corruption. Country risk remains high despite progress in implementing some reforms. The use of the country system will be limited to the Court of Auditors, a new team of which has just been appointed in June 2022 and is capable of auditing Bank-financed operations as it continues to strengthen its operational capacity. Regarding other financial management components, the use of resources under the programme will be in line with Bank policies and guidelines. The financial management arrangements in place within PADCA 6P will be used in part: (i) the project coordinator/manager will oversee the implementation of programme activities with the support of an accounting assistant (individual consultant) to be recruited to avoid overlapping tasks with ongoing PADCA 6P activities

4.4.2. *Disbursement Arrangements.* Disbursements to the project will be made using the following three (3) methods: (i) the direct payment method; (ii) the special account method; and (iii) the reimbursement method. Under the special account method, an account will be opened with a Commercial Bank (acceptable to the Bank), to receive grant resources for project operating expenses. The reimbursement method will be used only when there is a need to repay eligible expenses from project resources, pre-financing of which would have been authorized by the Bank.

4.4.3. *Audit Arrangements.* The programme's accounts, separate from those of PADCA 6P, will be audited by the Court of Auditors, whose operational capacity is being strengthened through PAREC and whose missions already cover some projects financed by the Bank (PROADER, COVID-19 budget support). The Court of Auditors' annual work programme will include the audit of programme activities throughout the implementation period. In line with the Bank's general conditions, an annual audit of the financial statements will be carried out per terms of reference previously validated by the Bank. The audit reports must be submitted to the Bank latest six months after the end of the financial year concerned.

4.5 Procurement

4.5.1 The Country Fiduciary Risk Assessment (CFRA) for procurement concluded that the level of risk was "substantial". Although the national procurement system is well structured, broadly in line with international best practice and includes (i) the Public Procurement Law, (ii) organic and procedural decrees, (iii) orders, (iv) provincial decrees, (v) standard dossiers, (vi) decisions of the Dispute Settlement Committee (DSC), (vii) bid evaluation guides, and (viii) decisions of the Contracting Authorities (CA), a review of the LRMP revealed certain weaknesses, notably (a) the absence of provisions governing the participation of state-owned enterprises, Local Executing Agencies (LEAs) and Non-Governmental Organisations (NGOs), (b) the absence of texts implementing the automation of public procurement, even though this is provided for in the LRMP, (c) the absence of texts obliging the CAs to execute the decisions of the DSC, (d) the absence of a policy for archiving files related to contract award, (e) the absence of a decree organizing special contracts,

(f) the absence of procedures manuals for Project Management and Public Procurement Units (PMPU), (g) the non-submission of directly negotiated contracts to the use of standard contracts (they are in free form), and (h) the non-existence of sustainable public procurement policies. Moreover, the non-integration of the procurement system into the public expenditure chain has resulted in a lack of credibility in the system (due to failure to pay), the absence of capacity-building strategies for public procurement stakeholders, as well as the irregularity of public procurement audits. Lastly, the risk of governance remains high in the country, as shown by the Transparency International CPI index.

4.5.2 To mitigate the risks identified, (i) the Bank will maintain its ex-ante reviews of major contracts in addition to the internal control provided for at the national level by the regulations, (ii) given the emergency nature of the project, it has been decided to use the technical services of the State present in the field as much as possible, to speed up implementation, and (iii) to use the national procurement system for a number of goods, ensuring the application of the provisions of the law on public procurement in the event of a disaster, and to provide for audits to be carried out on the procurement concerned.

4.6 Environmental and Social Safeguards

4.6.1 **Categorization:** Given the environmental and social risks that may arise from its implementation, the project has been classified as Category 2 per the requirements of the Bank's Integrated Safeguards System (ISS) and the DRC's national regulations (Decree No. 14/019 of 2 August 2014 setting out the rules governing the procedural mechanisms for environmental protection). The main project activity is to provide farmers with agricultural kits (improved seeds, chemical/organic fertilizers and small tools) to improve agricultural production and productivity. However, it should be noted that beyond the use of fertilizers and seeds, the improvement of agricultural productivity and production is sometimes accompanied by the use of pesticides (herbicides, insecticides, fungicides, acaricides, etc.) by farmers for pest management. Overall, these pesticides and agrochemicals could have negative impacts on both the environment and human health if they are of poor quality and misused.

4.6.2 **E&S Safeguard Instruments:** In line with the Bank's ISS provisions for short-term emergency relief operations, in the case of AEFPP-supported operations, the Donee is exempted from preparing and disclosing environmental and social safeguard instruments before approval of the project by the Board. However, during the implementation phase and before the distribution of input kits to farmers, a Pest Management Plan (PMP) will be prepared by the Donee, reviewed by the Bank and subsequently published by both the Donee and the Bank.

4.6.3 **Stakeholder Consultation:** The Donee will consult with project stakeholders, including the Plant Protection Directorates, on the potential environmental and social impacts of the operation as appropriate whenever necessary.

4.6.4 **Cost of Implementing the E&S Measures:** An estimated USD 100,000 is envisaged for developing and executing the PMP as well as annual compliance audits of its implementation. These costs are detailed in the project cost table.

4.6.5 **Institutional Arrangements:** PADCA 6P project coordination team, which will also act as the PMU for executing this emergency project, has an Environmental and Social Safeguards specialist among its staff. He/she will coordinate the implementation of measures contained in the Pest Management Plan. Furthermore, the PADCA-6P PMU will introduce sustainable agriculture measures through better land use management and the application of best environmental practice. It will prevent possible land conflicts in the project area. It will also raise awareness among direct beneficiaries for total integration of the project and the development of resilient endogenous farming practices.

4.6.6 **Involuntary Resettlement:** The project will not require any involuntary resettlement of people.

4.6.7 **E&S Reporting and Compliance:** Through the PMU of the PADCA-6P project, The Donee will submit quarterly reports on the implementation of the project's environmental and social measures to the Bank and other stakeholders, as well as annual environmental and social performance audit reports. ESCON confirms the project's compliance with the Bank's environmental and social requirements prior to approval; these requirements are reflected in the Financing Agreement

4.7 Climate Change

4.7.1 Climate change in the DRC is marked by high temperatures, heavy rains, land degradation, a longer dry season and flooding. The DRC is known to have an average annual temperature of between 24 and 26°C. Trends over the past few decades show a gradual rise in temperature. Projections for the whole of DRC show an increasing rainfall pattern in the second half of the 21st century. Climate change is affecting the agricultural sector. According to the DRC Nationally Determined Contribution (2021) document, the impacts of climate change are already being felt across the country, including persistent heat waves, heavy rains, land degradation, especially through erosion, longer dry seasons, increased dry spells during rainy seasons, and flooding. In terms of greenhouse gas (GHG) emissions, the "Forestry and other Land Use" sector, which includes changes in land use for agriculture, account for about 86% of the country's emissions. In this context, the following measures are considered priorities to address climate risks and mitigate the carbon footprint in the agricultural sector: strengthening the resilience of the agricultural sector; managing climate risks in peasant agriculture; promoting agroforestry practices and crop and perennial crop rotation, particularly in forest areas; promoting rational and sustainable use of agricultural production areas to preserve agro-ecological conditions and ensure the stability of the forest

cover, disseminating and promoting resilient agricultural practices, and other technological packages (use of climate-sensitive seeds, soil and water management) The project is classified under category 2 of the Bank's Climate Safeguard System.

4.7.2. This project is linked to these priorities and aligned with the country's NDC as well as the Bank's strategic and policy framework on climate change since it provides for the introduction and extension of innovative agricultural production technologies (including climate-smart agricultural production techniques), manufacture of organic fertilizers (development of composting methods), propagation of efficient seeds resistant to major diseases and/or pests (due to climate change, among other things), support to seed multipliers, including seeds resistant to climate change, use of improved seeds on a large scale and dissemination of best practice for increased productivity and production.

4.8 Risks and Mitigation Measures

4.8 The socio-political situation in DRC due to conflicts has affected the economic conditions of women. The continuing insecurity in areas where there are still hotbeds of tension prevents rural women from carrying out their daily productive activities. Through the project executing agency, the Bank and the DRC Government will agree on an action plan to assess the risks and measures to be taken to minimize or mitigate these risks, which are located at several levels. At the country level, these may include risks related to the deterioration of the political and security situation and its extension to the project area, looting of project assets by armed groups and extreme weather conditions, including vulnerability to climate change, the reluctance of smallholders to embrace innovations and the state of road infrastructure in the rainy season, sometimes limiting the transport of agricultural inputs and the movement of trainers/coaches. At the project implementation level, these may include risks related to procurement (see the annex).

4.9 Monitoring and Evaluation

4.9.1 The project will be monitored using key performance indicators in terms of inputs, outputs and outcomes outlined in the logical framework. The overall responsibility for monitoring and evaluation will lie with the executing agency, which will set up an adequate monitoring and evaluation system, monitor all activities and prepare periodic reports highlighting implementation progress, fiduciary and procurement status, stakeholder participation with particular emphasis on the Ministry of Agriculture, beneficiary participation, and risks and mitigation measures. The Project Management Unit (PMU) will prepare half-yearly progress reports that will include interim financial information. The Bank will closely monitor the day-to-day implementation of the programme and conduct at least two (2) supervision missions (in-country or virtual) per year, including financial management and procurement assessment reviews. Furthermore, the Bank will also prepare a programme completion report at the end of the project.

4.9.2 Concerning financial management monitoring and evaluation, quarterly reports will be produced. Furthermore, through the TOM2PRO software, the Project Implementation Unit could regularly monitor the various financial transactions related to the implementation of activities.

4.10 Economic and Financial Performance

4.10.1 An economic and financial analysis is not required for this emergency operation. However, a farming performance assessment was carried out to determine the income generated for the beneficiaries for the three crops selected for the project. The average income per farmer is around USD 600 for cassava, USD 700 for maize and USD 850 for rice. However, these amounts should be readjusted. Moreover, the project will have positive impacts on household food and nutrition and will ultimately (i) improve the food and nutritional security of vulnerable groups estimated at over 11,000 households, (ii) create new direct and indirect jobs for over 100,000 people, and (iii) reduce food imports in the short term by increasing local production by 50,000 T per year, all crops combined.

5. Legal Documentation

Legal Instrument. The financing instruments retained are (i) a TSF loan agreement for UA 5.600 million; and (ii) a TSF grant protocol agreement for UA 4.400 million between the Bank and the African Development Fund (the "Fund") acting as TSF administrator, and the Democratic Republic of Congo (the Borrower/Donor).

5.2 Conditions Associated with the Bank's Intervention

- **Conditions precedent to effectiveness:** For the loan, effectiveness is subject to the Borrower's fulfilment of conditions set out in Section 12.01 of the General Conditions. For the grant, effectiveness is subject to the signing of the Protocol Agreement by the Fund and the Donor.
- **Conditions precedent to first disbursement of the loan/grant:** The first disbursement of loan/grant resources is subject to the Borrower/Donor fulfilling the following conditions, to the satisfaction of the Fund: submit to the Fund evidence satisfactory to the Fund in form and substance of the opening of a special account to receive the resources of the loan/grant;
- **Other conditions: Furthermore, the Borrower/Donor shall:** (i) submit the contracts of the experts (agronomist, farmers' organization and accounting assistant) to the Fund, latest three months following the signature of the loan/grant agreement; (ii) submit to the Fund before the distribution of input kits to farmers, a Pest Management Plan (PMP) and ensure its implementation; (iii) provide to the Fund, on a

quarterly basis latest the 15th day of the month following the reporting period, the monitoring report on the implementation of environmental and social measures as well as the Gender Action Plan; (iv) provide the Fund with annual E&S performance audit reports; and (v) provide to the Fund, before 31 December 2023, a note on the status of implementation of reforms aimed at making operational the State structures that will be supported under the project.

6. Recommendations

6.1 It is recommended that the Boards of Directors approve (i) a Transition Support Facility loan of UA 5.600 million; and (ii) a Transition Support Facility grant of UA 4.400 million to the Government of the Democratic Republic of Congo, under the African Emergency Food Production Facility (AEFPF), for the purposes and subject to the conditions set out in this report.

Annex 1 – Map of the Democratic Republic of Congo

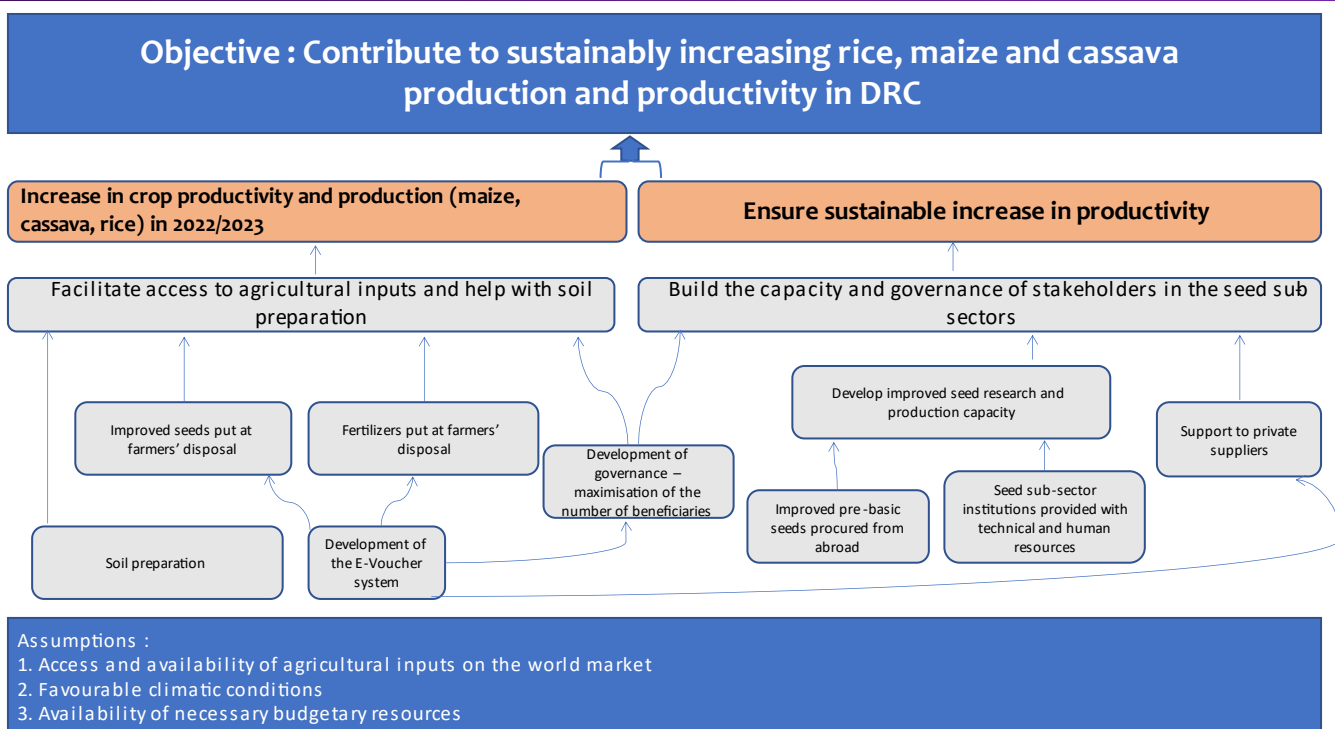


Agricultural Production Basins

The table below shows the main production basins selected for the operation.

Table 1: Production Basins

No.	Production Basin	Rice	Maize	Cassava	Beans
	Kasai		+	+	+
	Kasai Central		+		+
	Kasai Oriental		+		+
	Kongo Central	+		+	+
	Kwilu	+	+	+	
	Lomami		+		+
	Maniema	+		+	+
	Nord-Kivu	+	+		+
	Sud-Kivu	+	+		+
	Tshopo	+		+	
	Haut Lomami	+	+	-	-



Ministry of Finance

The Minister

Ref. No. 1224/CAB/MIN FINANCES/PP/CFT/2022

Kinshasa, 8 June 2022

Copy forwarded for information to:

- His Excellency Mr President of the Republic, Head of State
(with my most humble respect)

The National Palace

- His Excellency Mr Prime Minister, Head of Government
(with the expression of my highest consideration)

Government House

- Mr Minister of Agriculture;
- Madam Vice-Minister of Finance;
- Mr Secretary-General of Agriculture;
- Mr Coordinator of CAPUIDC ;
- Mr Coordinator of CSPP.

(All) in **Kinshasa/Gombe**

**To Mr Deputy Director-General of the Central African Region
and Country Manager of the African Development Bank
Group in DR Congo**

6th Floor

Immeuble BCDC

Boulevard du 30 juin

Kinshasa/Gombe

Subject: Request Confirming the Government's Agreement to Receive a Financing of Ten (10) Million Units of Account (UA) under the African Emergency Food Production Facility (AEFPF)

Mr. Deputy Director-General and Country Manager,

I am pleased to acknowledge receipt of your letter No. 104/COCD/RP/CM/06/2022/OBM of 2 June 2022, informing me of the approval of ten (10) million Units of Account for the Democratic Republic of Congo under the African Emergency Food Production Facility (AEFPF).

In this regard, I confirm the Government's agreement to receive this financing, the final details of which will be worked out after discussions with your teams. I would also like to confirm the Government's availability to receive the Bank's mission from 16 to 28 June 2022, to support and accelerate the preparation of the related project document.

Please accept, Mr. Deputy Director General and Country Manager, the assurance of my highest consideration.

Nicolas KAZADI KADIMA-NZUJI
(signed)

Annexe 4 -Climate Change

Although it is a low-carbon country, the DRC has a vision for the environmental sector. Its government is keen to address climate threats and reduce risks by advocating long-term environmentally sustainable development. The DRC ratified the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol in 1997 and 2005, respectively. It has since launched the framework process serving as a reference for action on climate change. These include (i) the low-carbon development strategy (2012); (ii) the DRC's National Climate Change Adaptation Plan (2014); and (iii) mainstreaming into sector policies and strategies. DRC's main priority actions in terms of mitigation of pressures on the environment and adaptation to climate change are described in the document entitled "Nationally Determined Expected Contribution under the United Nations Convention on Climate Change (NDC)" submitted in 2015 to UNFCCC. The document recalls that DRC's contribution to global GHG (greenhouse gas) emissions is very low ($\pm 0.5\%$ on average since 2010). Nevertheless, it has committed to reducing its emissions by 17% by 2030, i.e. a reduction of approximately 70 Mt CO₂. The sectors targeted for these goals are agriculture, forestry and energy.

Annex 5: Fragility - Resilience

The AfDB Fragility and Resilience Assessment Study (2021) of the DRC showed that fragility increased in the country over the 2019-2020 period due to internal political and security conflicts and the Covid-19 pandemic. Resilience weakened overall, despite Government's efforts to normalize the security situation in the East and ensure the rule of law in the conduct of national affairs. Furthermore, the analysis of the country context, the factors of fragility and efforts made by the country from 2002 to 2020 to address them shows that the DRC has the potential to transform its vulnerability.

By providing improved seeds and fertilisers to farmers in 11 provinces of the country, including Haut-Lomami, Kasai, Kasai Central, Kasai Oriental, Lomami, Kongo Central, Kwilu, Maniema, North Kivu, South Kivu and Tshopo, the project will enable about 40,000 households to have access to output that will cover their food needs, while generating a surplus to supply other provinces that may be in deficit. In doing so, PURPA aligns with the Bank's strategy to reduce fragility and improve resilience (2022-2026), Priority 2 of which is to "build resilient societies." At least 50% of project activities will benefit vulnerable people, particularly women and youths. Their resilience will have a positive impact on other vulnerable groups, especially malnourished children, the disabled and the elderly.

Annex 6: Project Cost Estimate by Component

COMPONENTS	In USD			In UA			%	%
	F.E.	L.C.	TOTAL	F.E.	L.C.	TOTAL	F.E.	TOTAL COST
Support agricultural production	3 018 753	1 633 447	4 652 200	2 236 113	1 209 961	3 446 074	22	34
Support access to inputs and financing	4 616 300	2 485 700	7 102 000	3 419 481	1 841 259	5 260 741	34	53
Project management and coordination	940 810	162 133	1 102 943	696 897	120 098	816 995	7	8
Total base cost	8 575 864	4 281 280	12 857 143	6 352 491	3 171 318	9 523 809	64	95
Physical contingencies and cost escalation	353 571	289 286	642 857	261 905	214 286	476 191	3	5
Total project cost	8 929 434	4 570 565	13 500 000	6 614 396	3 385 604	10 000 000	66	100

Annex 7: Risks

	Risks Identified	Mitigation Measures	Responsibility	Timeframe
At project implementation level	Lack of an administrative and financial procedures manual	Develop a project-specific procedures manual	PMU/Bank	At start-up
	Weak procurement plan monitoring, thus causing delays in carrying out activities	Organize monthly meetings for the PPM implementation monitoring	PMU	Continuous
At country level	Deterioration of the political and security situation	Efforts by the government and the international community to fight insecurity	Government	Continuous
	Looting of project assets by armed groups	Government's strengthening of national security	Government	Continuous

ENVIRONMENTAL AND SOCIAL COMPLIANCE NOTE (ESCON)



A. Basic Information ¹	
Project Title: EMERGENCY FOOD PRODUCTION PROJECT (PURPA)	Project "SAP code": P-CD-AA0-019
Country: Democratic Republic of Congo	Lending Instrument²: DI <input checked="" type="checkbox"/> FI <input type="checkbox"/> CL <input type="checkbox"/> BS <input type="checkbox"/> GU <input type="checkbox"/> RPA <input type="checkbox"/> EF <input type="checkbox"/> RBF <input type="checkbox"/>
Project Sector: Agriculture	Task Team Leader: Khaled LAAJILI
Appraisal date: 16-28/06/2022	Estimated Approval Date: 14/07/2022
Environmental Safeguards Officer: XXXXXXXX	
Social Safeguards Officer: Bandékni Pakidame KOLANI	
Environmental and Social Category: 2	Date of categorization: 30/06/2022
Operation type: SO <input checked="" type="checkbox"/> NSO <input type="checkbox"/> PBO <input type="checkbox"/>	
Is this project processed under rapid responses to crises and emergencies?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Is this project processed under a waiver to the Integrated Safeguards System?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

B. Disclosure and Compliance Monitoring	
B.1 Mandatory disclosure	
Environmental Assessment/Audit/System/Others (specify: Pest Management Plan (PMP))	
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	[date]
Date of receipt, by the Bank, of the authorization to disclose	[date]
Date of disclosure by the Bank	[date]
Resettlement Action Plan/Framework/Others (specify: NA)	
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	[date]
Date of receipt, by the Bank, of the authorization to disclose	[date]
Date of disclosure by the Bank	[date]
Vulnerable Peoples Plan/Framework/Others (specify: NA)	
Was the document disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	[date]
Date of receipt, by the Bank, of the authorization to disclose	[date]
Date of disclosure by the Bank	[date]
If in-country disclosure of any of the above documents is not expected, as per the country's legislation, please explain why: In accordance with the provisions of the African Emergency Food Facility document approved by the Board, the preparation and publication of the E&S documents are deferred after Board approval. They will be prepared and disclosed in-country and by the Bank prior to the implementation of the relevant activities.	

B.2. Compliance monitoring indicators	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>
Have costs related to environmental and social measures, including for the running of the grievance redress mechanism, been included in the project cost?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>
Is the total amount for the full implementation for the Resettlement of affected people, as integrated in the project costs, effectively mobilized and secured?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>

C. Clearance			
Is the project compliant to the Bank's environmental and social safeguards requirements, and to be submitted to the Board?			
Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>			
Prepared by:	Name	Signature	Date
Environmental Safeguards Officer:	XXXXXXX		
Social Safeguards Officer:	Bandékni Pakidame KOLANI		30/06/2022
Task Team Leader:	Khaled LAAJILI		30/06/2022
Submitted by:			
Sector Director:	Martin FREGENE		30/06/2022
Cleared by:			
Director SNSC:	Maman Sani ISSA		01/07/2022

¹ Note: This ESCON shall be appended to project appraisal reports/documents before Senior Management and/or Board approvals.

² DI=Direct Investment; FI=Financial Intermediary; CL=Corporate Loan; BS=Budget Support; GU=Guarantee; RPA=Risk Purchase Agreement; EF=Equity Financing; RBF=Results Based Financing.

BOARDS OF DIRECTORS

Resolution N° B/CD/2022/43 - F/CD/2022/55

Adopted by the Boards of Directors of the Bank and the Fund, on a lapse of time basis, on 15 July 2022

Loan to the Democratic Republic of Congo, from the resources of the Transition Support Facility, to finance part of the costs of the Emergency Food Production Project (PURPA)**THE BOARDS OF DIRECTORS,**

HAVING REGARD to: (i) Articles 1, 2, 32 and 37 of the Agreement Establishing the African Development Bank (the “Bank”); (ii) Articles 1, 2, 26 and 30 of the Agreement Establishing the African Development Fund (the “Fund” or “ADF”); (iii) the Report on the Fifteenth General Replenishment of the Resources of the Fund (the “ADF-15”); (iv) the Operational Guidelines for the Implementation of the Strategy for addressing Fragility and building Resilience in Africa and for the Transition Support Facility (the “TSF Operational Guidelines”); and (v) the appraisal report contained in document ADB/BD/WP/2022/138/Approval- ADF/BD/WP/2022/97/Approval (the “Appraisal Report”);

RECALLING:

- (i) Resolution N° B/BD/2008/05 - F/BD/2008/03 approved by these Boards on 28 March 2008 establishing the Fragile States Facility;
- (ii) Document ADB/BD/WP/2021/208/Rev.1 - ADF/BD/WP/2021/163/Rev.1/ entitled “Bank Group’s Strategy for Addressing Fragility and Building Resilience in Africa (2022-2026);
- (iii) Resolution N° B/BD/2020/08 – F/BD/2020/04 adopted by these Boards on 24 June 2020 approving the proposal contained in Document ADB/BD/WP/2020/137 - ADF/BD/WP/2020/99 entitled “Country Eligibility Assessments for Resources of the Transition Support Facility under ADF-15” which confirmed, inter alia, the eligibility of the Democratic Republic of Congo to receive financing from the TSF Supplemental Support Window (Pillar I); and
- (iv) Resolution N° B/BD/2022/08 – F/BD/2022/04 adopted by these Boards on 20 May 2022 approving the proposal contained in Document ADB/BD/WP/2022/86/Rev.1 - ADF/BD/WP/2022/66/Rev.1 entitled “A Proposal for the Establishment of the African Emergency Food Production Facility (AEFPF)”;

DECIDE as follows:

1. To award to the Democratic Republic of Congo (the “Borrower”), from the unallocated reserve of the TSF Supplemental Support Window (Pillar I)) approved under the AEFPPF, a loan of an amount not exceeding the equivalent of Five Million, Six Hundred Thousand Units of Account (UA 5,600,000) (the “Loan”) to finance part of the costs of the Emergency Food Production Project (PURPA);
2. To authorize the President to conclude a loan agreement amongst the Bank, the Fund and the Borrower (the “Loan Agreement”) on the terms and conditions specified in the General Conditions

Applicable to Loan Agreements and Guarantee Agreements of the African Development Fund (Sovereign Entities), the TSF Operational Guidelines, the Appraisal Report and, in particular:

- (i) The ADF-15 Loan Financing Terms applicable to Regular Countries; and
 - (ii) The Loan will be amortized in equal and consecutive semi-annual instalments payable on 15 March and 15 September of each year;
3. The President may cancel the Loan if the Loan Agreement is not signed within ninety (90) days from the date of approval of the Loan by these Boards; and
4. This Resolution shall become effective on the date above-mentioned.