

# AFRICAN DEVELOPMENT FUND



## NGANDAJIKA AGRO-INDUSTRIAL DEVELOPMENT SUPPORT PROGRAMME (PRODAN) P-CD-AAG-006

**COUNTRY: DEMOCRATIC REPUBLIC OF CONGO (DRC)**

### APPRAISAL REPORT

*Date : September 2021*

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**RDGE/AHFR/COCD**

November 2021

*Translated Document*

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## **CURRENCY EQUIVALENTS (September 2021)**

UA 1	=	CDF 2,819.35990
UA 1	=	USD 1.4242
UA 1	=	EUR 1.20353
USD 1	=	CDF 1,979.5261

**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**

<b>ADF</b>	: African Development Fund
<b>AFD</b>	: Administrative and Financial Department
<b>AFO</b>	: Administrative and Financial Officer
<b>AHAI</b>	: Agriculture and Agro-Industry Department
<b>AHFR</b>	: Agricultural Finance and Rural Development Department
<b>AHHD</b>	: Human Capital, Youth and Skills Development Department
<b>AIP</b>	: Agro-Industrial Park
<b>AIP-BL</b>	: Bukanga-Lonzo Agro-Industrial Park
<b>ANAPI</b>	: National Agency for Investment Promotion
<b>APO</b>	: Agricultural Professional Organisation
<b>ARAP</b>	: Abbreviated Resettlement Action Plan
<b>BD</b>	: Bidding Documents
<b>CASA</b>	: Aggregation and Agricultural Services Centre
<b>COCD</b>	: Bank Country Office of the Democratic Republic of Congo
<b>COMG</b>	: Bank Country Office of the Republic of Madagascar
<b>CPIA</b>	: Country Policy and Institutional Assessment
<b>FRP</b>	: Full Resettlement Plan
<b>CSP</b>	: Country Strategy Paper
<b>DRC</b>	: Democratic Republic of Congo
<b>E&amp;S</b>	: Environmental and Social
<b>ESIA</b>	: Environmental and Social Impact Assessment
<b>ESMP</b>	: Environmental and Social Management Plan
<b>FEC</b>	: Federation of Congolese Enterprises
<b>GIBADER</b>	: Inter-Donor Group for Agriculture and Rural Development (in DRC)

<b>GPRSP</b>	: Growth and Poverty Reduction Strategy Paper
<b>High-5s</b>	: The Bank’s High-5 Operational Priorities
<b>IGF</b>	: General Inspectorate of State Finance
<b>IMP</b>	: Integrated Management Plan
<b>INERA</b>	: National Institute for Agronomic Study and Research
<b>Km</b>	: Kilometre
<b>M/W</b>	: Men/Women
<b>MES</b>	: Monitoring- and Evaluation System
<b>MFI</b>	: Microfinance Institution
<b>MICS/EDS</b>	: Multiple Indicator Cluster Survey/Population and Health Survey
<b>MINAGRI</b>	: Ministry of Agriculture
<b>AASDP</b>	: African Agribusiness Supplier Development Programme
<b>PARSAR</b>	: Agricultural and Rural Sector Rehabilitation Support Project (PARSAR)
<b>PCN</b>	: Project Concept Note
<b>PDDP</b>	: Provincial Development Master Plans
<b>PEA</b>	: Agricultural Business Poles
<b>PEJAB</b>	: Youth Entrepreneurship Project in Agriculture and Agribusiness
<b>PGAI</b>	: Aid and Investment Management Platform
<b>PA</b>	: Project Area
<b>PMU</b>	: Project Management Unit
<b>PNIA</b>	: National Agricultural Investment Plan
<b>PNSD</b>	: National Strategic Development Plan
<b>PO</b>	: Professional Organisation
<b>PPP</b>	: Public-Private Partnership
<b>PRESAR</b>	: Agricultural Sector Rehabilitation Project
<b>PRODAN</b>	: Ngandajika Agro-Industrial Development Support Programme
<b>PSC</b>	: Project Steering Committee
<b>SAPZ</b>	: Special Agro-Industrial Processing Zone
<b>SME</b>	: Small and Medium-sized Enterprises
<b>SNOQ</b>	: Secretariat of the Operations and Quality Control Committee
<b>TAAT</b>	: Technology for African Agriculture Transformation
<b>UA</b>	: Unit of Account
<b>UNDP</b>	: United Nations Development Programme
<b>USD</b>	: United States Dollars

## PROGRAMME INFORMATION SHEET

### Client Information

<b>BORROWER/DONEE:</b>	Democratic Republic of Congo
<b>EXECUTING AGENCY:</b>	Ministry of Agriculture

### Financing Plan

Source	Amount	Instrument
ADF loan	UA 50,000,000	ADF loan
Government	UA 15,811,937	
<b>TOTAL COST</b>	UA 64,954,840	

### Key ADF Financing Information

Loan/grant currency	Unit of Account
Interest type*	2% per year between the eleventh and twentieth years of the said period and 4% thereafter
Interest rate margin*	Not applicable (NA)
Commitment fee*	0.5% of the undisbursed loan amount 120 days after the signing of the Loan Agreement
Service commission	0.75% per year on the disbursed loan amount not yet reimbursed
Maturity	40 years
Grace period	10 years
IRR (baseline scenario)	17.93%
ERR (baseline scenario)	20.31%

### Duration – Key Milestones (expected)

Programme approval	November 2021
Signing of the Agreement	November 2021
Loan effectiveness	March 2022
First disbursement	May 2022
Programme completion	December 2026
Last disbursement	March 2027
Last reimbursement	

## PROGRAMME SUMMARY

**Programme Overview.** The Ngandajika Agro-Industrial Development Support Programme (PRODAN) is located in Lomami Province, some 1,390 km from Kinshasa (the capital city) and 89 km from Mbuji-Mayi (capital of Kasai Oriental Province). In this province, which has a population of 1,039,351 inhabitants, including 555,347 agricultural households, the agricultural sector provides 65.5% of jobs, the poverty rate ranges between 60 and 70% and rural food insecurity is assessed at 15%. PRODAN is a pilot operation aimed at implementing national policies and strategies for the development of agro-industrial parks (AIPs) in 22 provinces, to stimulate an annual growth in the agricultural sector of more than 6%, essential for reducing poverty, ensuring food and nutritional security for the population, and generating sustainable jobs and income. In this province, the Programme targets fragile and economically, socially and environmentally disadvantaged areas, but endowed with significant agricultural potential, the sustainable development of which will help improve food and nutritional security, increase the income of vulnerable small producers, reduce the incidence of poverty on rural households and build the resilience of the population, in particular women and young people. At a total cost of UA 64.95 million, including UA 50.00 million of ADF loan, PRODAN will be implemented over a period of five years, through four components: (i) support to governance and incentives; (ii) development of processing and access infrastructure; (iii) capacity building for key actors; and (iv) programme coordination and management. The programme is designed following a public-private partnership approach in which government facilitates the leadership of the private sector, through the development of key infrastructure and the creation of an environment conducive to the establishment and performance of the private sector. The strategy is to help build national capacity for the processing of agricultural products and, thus, reduce the excessive imports of agro-food products in reasonable proportions.

PRODAN will directly benefit more than 131,413 households, or about 750,000 people, 52% of whom are women, and indirectly 500,000 agricultural households. It will induce the creation and consolidation of about 35 private agricultural SMEs, 40% of which are women SMEs; 40,000 direct jobs for young people (18-35 years old) will be created (30% girls); and 20,000 direct jobs other than for young people created (30% women). The other expected outcomes relate to improving the food and nutritional security of communities and their incomes through better access to markets, agricultural inputs and services. In order to ensure the sustainability of investments, the *"participatory and inclusive"* approach, adopted during preparation and appraisal, will continue during implementation to involve all stakeholders. Likewise, the *"Special Agro-Industrial Processing Zone (SAPZ)"* approach will be adopted to attract the private agro-industrial sector and facilitate their investments in a serviced agro-industrial park (AIP) (roads and various networks (VRD), production and social infrastructure, etc.), connected to the various national networks (road, electricity, telephone, ICT, etc.). Finally, the *"programme"* approach was adopted to make the investments required for the complete servicing of the Ngandajika site and agro-industrial development (about USD 323.50 million) resulting from the pre-feasibility and feasibility studies carried out under an ADF grant in the amount of UA 1,524,583) in three phases, the first of which will be a pilot phase, devoted to the establishment and servicing of the agro-park.

**Needs Assessment:** Despite its enormous agricultural potential, the DRC has a significant annual food deficit (10,560,724 tonnes of cereals (mainly maize) and 6,942,292 tonnes of legumes). Thus, the country resorts to annual imports of agricultural products, estimated at USD 1.5 billion. The financing needs of the agricultural sector in the DRC are substantial in view of the challenges in terms of structural transformation to contribute significantly to the country's socio-economic development and bridge the gap in foodstuffs. For the 2013-2023 period, the needs were estimated at about USD 10 billion (PNIA; USD 5.7 billion; PNRA 2020-2023: USD 4.4 billion). This investment should help accelerate the creation of economic opportunities in

agro-industrial parks and rural areas and increase the agricultural production and productivity of small producers, as well as their access to markets, but also by promoting small and medium-sized agricultural, livestock and aquaculture enterprises. Ultimately, the transformation of the agricultural sector will help to diversify the national economy to make it less vulnerable to exogenous shocks. ADF resources will help reduce the need for financing and develop agriculture in Lomami Province.

**Bank's Value Added :** The agricultural sector occupies a very important place in the national economy and the Bank contributes to its development within the framework of the country strategy. The Bank's active portfolio as of 31 August 2021 includes 32 operations for an amount of UA 1.118 billion. The performance is considered satisfactory overall with a score of 3 on a scale of 4 (RPPP September 2020). The Bank was approached, through an official request, to support the development of the Ngandajika SAPZ, while intensifying its interventions in the central region of the DRC, where it has comparative advantages. In this context, the Bank intends to play on several levers to develop value chains in "agropoles": increase productivity, facilitate programme financing, develop support infrastructure (road, water, energy, ICT), improve regulations, promote capital flows, and prioritise inclusion, sustainability and appropriate nutrition for the population. To do this, the Bank has the necessary experience to support the preparation and implementation of this type of operations (including in Togo, Ethiopia, Guinea, Côte D'Ivoire, Senegal, etc.), which require an integrated approach that encompasses the entire value chain and addresses fragility.

**Knowledge Management:** A baseline situation based on field surveys (including value chains) was established during programme preparation. The agricultural map of the DRC will be fed by geo-referenced data on the Ngandajika site and throughout the province. As part of knowledge management, an electronic library will be set up to store all relevant documents from the agricultural and rural sector, which will be accessible to stakeholders and the public. To this end, an inventory of good practices, and an identification of local knowledge and innovations will be carried out. The programme's monitoring and evaluation system and the gender-sensitive social and institutional communication strategy that will be developed will make it possible to produce and disseminate information to the stakeholders, in particular through partner community radio stations. The programme will support the Ministry of Agriculture to conduct baseline and end-of-programme surveys and to conduct, if necessary, specific studies (incentives, private funding, public-private partnership, etc.). Lastly, the results of the M&E system will be capitalised and shared through digital platforms, analytical reports, consultation meetings and experience sharing organised at regional, national and international level. It is also about generating and managing knowledge on the involvement of the private sector in public window initiatives, the mobilisation of financing within this framework, the involvement of the beneficiary population, the connection of production areas to national and regional markets, etc.



## RESULTS-BASED LOGICAL FRAMEWORK

RESULTS FRAMEWORK					
A	PROJECT INFORMATION				
PROJECT NAME AND SAP CODE: Ngandajika Special Agro-Industrial Processing Zone Development Support Programme (PRODAN). SAP No: P-CD-AAG-006			COUNTRY: DEMOCRATIC REPUBLIC OF CONGO (DRC)		
DEVELOPMENT OBJECTIVE: Promote the inclusive transformation of agriculture, from the development of basic infrastructure to the establishment of an incentive framework for private investment in priority value chains in Ngandajika, Lomami Province					
ALIGNMENT INDICATORS: Poverty rate in rural areas, Human Development Index adjusted for inequalities in the Programme area, Value of imports of agro-food products and the prevalence rate of stunting in children					
B	RESULTS MATRIX				
RESULTS CHAIN AND DESCRIPTION OF INDICATORS	CMR/ADOA INDICATORS (CEAR)	UNIT OF MEASUREMENT	BASELINE VALUE (2021)	TARGET VALUE AT COMPLETION (date)	MEANS OF VERIFICATION
OUTCOME 1: The local processing capacity of agricultural products has improved					
OUTCOME INDICATOR 1.1 : Average rate of processing of plant, animal and fishery production	CMR	%	<5	≥40	Agricultural statistics from MINAGRI; Statistics from the Ministry of Industry.
OUTCOME 2: Level of private investment in agriculture has increased					
OUTCOME INDICATOR 2.1 : Number of small and medium private agricultural enterprises created and operational (40% headed by women)	CMR	Number	0	35	MINAGRI monitoring report
OUTCOME INDICATOR 2.2 : Number of processed foods fortified	CMR	Number	0	2	Programme monitoring-evaluation report
OUTCOME 3: Productivity of priority value chains improved					
OUTCOME INDICATOR 3.1 : Maize yield for fortification	CMR	Tonnes/ha	1.8	4	Programme monitoring and evaluation report; MINAGRI annual report.
OUTCOME INDICATOR 3.2 : Cassava yield			7	18	
OUTCOME INDICATOR 3.3 : Bean yield			1.1	2	
OUTCOME INDICATOR 3.4 : Oil palm yield			8	16	
OUTCOME INDICATOR 3.5 : Change in the average daily gain (ADG) of livestock		%	0	20	
OUTCOME 4: Employability of young and non-young people improved					
OUTCOME INDICATOR 4.1 : Number of direct jobs for young people (18-35 years old) created (30% girls)	CMR	Number	0	40,000	National job profile report; Programme monitoring and evaluation report; MINAGRI annual report.
OUTCOME INDICATOR 4.2 : Number of direct jobs other than for young people created (30% girls)	CMR	Number	0	20,000	
OUTPUT 1: Good governance & incentives implemented and regulatory framework improved					
OUTPUT INDICATOR 1.1 : Regulatory instruments on agropoles available		Number	0	2	Programme monitoring and evaluation reports

					▪ Official Gazette
RESULTS CHAIN AND DESCRIPTION OF INDICATORS	CMR/ADOA INDICATORS (CEAR)	UNIT OF MEASUREMENT	BASELINE VALUE (2021)	TARGET VALUE AT COMPLETION (date)	MEANS OF VERIFICATION
OUTPUT INDICATOR 1.2 : Study report on the establishment of the Aggregation and Agricultural Services Centre (CASA)		Number	0	1	
OUTPUT INDICATOR 1.3 : Number of partner structures benefiting from institutional support		Number	0	5	
OUTPUT INDICATOR 1.4 : Study report on incentives in priority subsectors		Number	0	1	
OUTPUT 2: Agro-Industrial Park and Agribusiness Centres operational					
OUTPUT INDICATOR 2.1 : Agro-Industrial Park (AIP) serviced and equipped	CMR	Number	0	1	Programme monitoring-evaluation reports
OUTPUT INDICATOR 2.2 : CASAs created and operational	CMR	Number	0	2	
OUTPUT INDICATOR 2.3 : Incubation Centre for Agri-Food Processing Sub-Programmes	CMR	Number	0	1	
OUTPUT 3: Capacity of priority value chain actors built					
OUTPUT INDICATOR 3.1 : Number of women/young people supported in food production and processing and nutrition education activities, including food technology training	CMR	Number	0	450/450	▪ Quarterly progress (QP), monitoring and evaluation (M&E) and annual activity (AA) reports  ▪ Programme Mid-Term Review Report (PMRR)  ▪ Programme Completion Report (PCR)
OUTPUT INDICATOR 3.2 : Number of young people/women benefiting from the local employment promotion and economic empowerment fund.	CMR	Number	0	500/500	
OUTPUT INDICATOR 3.3 : Number of women/men APOs supported (including organisational plan and management and signing of contracts)	CMR	Number	0/0	5/5	
OUTPUT INDICATOR 3.4 : Number of technical themes disseminated, including on nutrition for men/women		Number	0/0	7/7	
OUTPUT INDICATOR 3.5 : Number of improved stoves distributed to women		Number	0	6,000	
OUTPUT INDICATOR 3.6 : Forest cover restored (ha)		ha	0	1,000	
OUTPUT INDICATOR 3.7 : Number of local small producers (M/W) having received support in securing their production against CC <sup>1</sup>		Number	0/0	200/200	
OUTPUT INDICATOR 3.8 : ESIA/ESMP and RAP carried out and implemented		Number	0	3	
RESULTS CHAIN AND DESCRIPTION OF INDICATORS	CMR/ADOA INDICATORS (CEAR)	UNIT OF MEASUREMENT	BASELINE VALUE (2021)	TARGET VALUE AT	MEANS OF VERIFICATION

<sup>1</sup> CC: Climate change

				COMPLETION (date)	
<b>OUTPUT 3 : Programme steering, coordination, management and monitoring-evaluation ensured</b>					
<b>OUTPUT INDICATOR 4.1</b> : Programme physical execution rate		%	0	≥ 95%	<ul style="list-style-type: none"> <li>▪ Quarterly progress, monitoring and evaluation and annual activity reports</li> <li>▪ Programme Mid-Term Review Report</li> <li>▪ Programme Completion Report</li> </ul>
<b>OUTPUT INDICATOR 4.2</b> : Number of supervision missions		<i>Number</i>	0	10	
<b>OUTPUT INDICATOR 4.3</b> : Mid-Term Report is approved		<i>Number</i>	0	1	
<b>OUTPUT INDICATOR 4.4</b> : Completion Report is approved		<i>Number</i>	0	1	
<b>OUTPUT INDICATOR 4.5</b> : Environmental and social (E&S) audit report		<i>Number</i>	0	4	
<b>OUTPUT INDICATOR 3.6</b> : Number of annual programme audit reports		<i>Number</i>	0	5	

## PROGRAMME IMPLEMENTATION SCHEDULE

	Year Quarter	2021	2022 1 2 3 4	2023 1 2 3 4	2024 1 2 3 4	2025 1 2 3 4	2026 1 2 3 4	2027
<b>1</b>	<b>INITIAL ACTIVITIES</b>							
	ADF Loan Negotiations and Approval							
	Signing of the Loan Agreement							
	Fulfilment of loan effectiveness and first disbursement conditions							
	Publication of the general procurement notice							
<b>2</b>	<b>START-UP ACTIVITIES</b>							
	Appointment and establishment of the programme management team							
	Launch mission							
	Preparation of the first annual work plan and budget for 2021							
	Preparation of the procedures and implementation manual							
<b>3</b>	<b>GOVERNANCE AND CAPACITY BUILDING INSTITUTIONAL SUPPORT</b>							
	Mobilisation of technical assistance (development of the AIP, the private sector, communities, project management)							
	Support for the establishment of the institutional framework							
	Updating of the master plan for the development of the Ngandajika AIP							
	Preparation of AIP management tools							
	Mobilisation of the private sector							
	Institutional support to institutions							
<b>4</b>	<b>DEVELOPMENT OF PROCESSING AND ACCESS INFRASTRUCTURE</b>							
	Identification and installation of companies							
	Carrying out of structuring, agro-park and community infrastructure works							
	Project management for technical studies and works control							
<b>5</b>	<b>COMMUNITY DEVELOPMENT</b>							
	Implementation of the community development plan							
	Financing of income-generating activities							
	Capacity building							
<b>6</b>	<b>PROGRAMME COORDINATION AND MANAGEMENT</b>							
	Management, monitoring and evaluation, procurement and communication activities							
	Annual audit of accounts							
	Impact assessment and mid-term review							
	Bank and Government Completion Report							

# **REPORT AND RECOMMENDATION OF BANK GROUP MANAGEMENT TO THE BOARD OF DIRECTORS CONCERNING A LOAN TO THE DEMOCRATIC REPUBLIC OF CONGO TO FINANCE THE NGANDAJIKA SPECIAL AGRO-INDUSTRIAL PROCESSING ZONE SUPPORT PROGRAMME (PRODAN)**

Management submits this report and its recommendation concerning a proposal for a loan of **fifty (50.00) million Units of Account (UA)** to the Government of the Democratic Republic of Congo to finance the Ngandajika Special Agro-Industrial Processing Zone Support Programme (PRODAN).

## **I. STRATEGIC THRUST AND RATIONALE**

### ***1.1 Programme Linkages with Country Strategy and Objectives***

1.1.1 The Ngandajika Special Agro-Industrial Processing Zone Support Programme (PRODAN) is part of the Strategic Development Framework (CSD) 2016-2021 and the National Strategic Development Plan (PNSD) 2018-2022. The PNSD is based on an “integrated” approach, where primary, secondary and tertiary activities are integrated around the following six focus areas: (i) agriculture and the agro-food chain; (ii) forestry and wood processing and marketing industries; (iii) mining; (iv) buildings and construction materials; (v) tourism and the hospitality industry; and (vi) financial services. The programme is also aligned with the National Agricultural Investment Programme (PNIA), the National Food and Nutrition Security Policy (PNSAN 2018-2030) and the National Agricultural Recovery Plan (PNRA), which focus on improving governance and the business climate, rural infrastructure, agro-industrial parks in the 22 Provinces, improving access to land and rural financing as well as food and nutritional security, in order to stimulate sustained and inclusive annual growth in the agricultural sector of more than 6%, essential for reducing poverty, generating sustainable jobs and income, and increasing the attractiveness of agricultural activity.

1.1.2 In addition to the significant public and private structuring investments to be mobilised for the development works of the agro-industrial park with all the amenities required to attract the private sector, improving the competitiveness of the plant (maize, cassava, rice, oil palm, legumes and market gardening) and animal/fishery (goats, pigs, poultry, fish) subsectors will induce global repercussions on the regional economy, the reduction in annual imports of agricultural products, estimated at USD 1.5 billion, and, ultimately, will reverse the trend of food imports by gradually helping to reduce the annual deficit in cereals and legumes. The programme will also facilitate access to agricultural inputs and technologies, including for the improvement of soil fertility through the compacts of the TAAT flagship initiative, and limit the effects of climate change through water and soil conservation (WSC) works. The programme will promote the development of a green regional economy, human development and social inclusion with a gender perspective by strengthening the empowerment of women. Lastly, PRODAN is in line with the country’s Decentralisation Policy, which empowers Provinces and Decentralised Territorial Entities (ETDs) to plan and take charge of the economic development of their communities and to become real poles of impetus for grassroots development.

### ***1.2 Rationale for Bank Involvement***

1.2.1 In the DRC, arable agricultural land is estimated at about 80 million ha, of which only 10 % is developed. This agricultural potential, once developed, will improve the food and

nutritional security of the population and reduce food imports (maize, rice, wheat, meat, fish), which represent more than 80% of the country's food needs, and generate more than 60% of jobs at national level. Enhancement of the agricultural potential could also meet food demand in the sub-region and contribute to consolidating the country's trade balance. The Bank has a clear comparative advantage by intervening in the financing of PRODAN. Indeed, it has developed skills and technical expertise in the design and formulation of agro-industrial transformation programmes (agropoles); the development of agricultural value chains, with appropriate targeting of vulnerable areas and environmental and social safeguards; and the promotion of youth and women's entrepreneurship.

1.2.2 PRODAN is consistent with the Country Strategy Paper (2013-2017 CSP extended to 2022), built on the following two complementary pillars: **(i) Development of Private Investment and Regional Integration Support Infrastructure** and **(ii) Building Central Government's Capacity to Increase Public Revenue and Create an Enabling Framework for Private Investment**. At the level of **Pillar 1** covering High-5s "Feed Africa", "Industrialise Africa", "Light up and Power Africa" and "Integrate Africa", the programme will construct structuring infrastructure likely to attract the agro-industrial private sector and facilitate their investments in a serviced agro-industrial park (AIP). At the level of **Pillar 2**, corresponding to High-5s "Industrialise Africa" and "Improve the quality of life for the people of Africa", the programme will build the capacity of actors and MSMEs and improve local governance in terms of land, management of the AIP and CASAs, and socio-economic infrastructure.

1.2.3 The programme is consistent with the Bank's Ten-Year Strategy (2013-2022) on the transformation of Africa, the two main objectives of which are inclusive growth and the transition to green growth. It also incorporates the Bank's strategy "Addressing fragility and building resilience in Africa 2014-2019" by consolidating the role of communities in building resilience, and by raising the awareness of all stakeholders around issues of inequality and fragility. It is consistent with the gender strategy (2021-2025), through the empowerment of women (access to financing and markets), the promotion of women's right to land and resources (in the irrigation schemes of the AIP) and the strengthening of their management and entrepreneurship skills. Lastly, the programme is part of the CSP spatial approach of concentrating the Bank's operations in the central region of the country.

### **1.3 Aid Coordination**

In the DRC, official development assistance (ODA) reached USD 16.21 billion over the period 2010-2019, with a peak in 2011 (USD 4.12 billion) (*source: oecd.org/dac/stats/idsonline*). The current national aid coordination mechanism needs to be strengthened, to make it more effective in terms of alignment and shared responsibility. The Bank is contributing to it as part of the country dialogue led by the Central Africa Regional Development and Business Delivery Office (RDGC) and the Country Liaison Office (COCD). The Bank participates in the activities of the TFP Consultation Framework and thematic groups, which has made it possible to establish a solid relationship with partners active in Congo. At the national level, the coordination of development partners' activities is done through the Aid and Investment Management Platform (PGAI) housed at the Ministry of Planning. Technical activities are discussed and planned in thematic groups, including the Inter-Donor Group for Agriculture and Rural Development (GIBADER). Significant improvement in aid coordination requires strong government leadership and robust administrative capacities that still need to be built. The table below shows the main amounts committed in the agricultural sector in the DRC, by sources of financing.

Table 1.1 : Main amounts committed in the agricultural sector

1- Sector or subsector :	2- Importance					
	GDP	Exports	Labour			
Agriculture and rural development	22.4% in 2016	15 %	70-80%			
3- Stakeholders and contribution to annual public expenditure						
Government (budget executed from 2007 to 2016): USD 584 million						
Donors (commitment between 2008-2016)	WB	USAID	Belgium	IFAD	AfDB	EU
In %	34%	17%	18%	15%	11%	5%
Amount (USD million)	425	213	221	183	137	63
4- Aid coordination level						
Existence of thematic working groups [Yes, GIBADER]; Technical Group No. 9 at government level, bringing together the sectors of agriculture, rural development and community dynamics.						
Existence of an overall sector project [Yes, PNIA 2013-2020]						
Role of the AfDB in aid coordination Member (non-leader) Sources: PNIA; GIBADER.						

## II. PROGRAMME DESCRIPTION

### 2.1 Programme Objectives and Components

2.1.1 The overall objective of PRODAN is to contribute to reducing poverty and improving food and nutritional security in the DRC. The specific objective is to develop transformative infrastructure in the Programme Area (PA) and set up an enabling framework for investment by the agro-industrial private sector, with a view to bringing value added to priority value chains, a guarantee for wealth creation; reduction of foreign exchange losses due to massive imports; and improvement of food and nutritional security.

2.1.2 **Design:** Programme design builds on the feasibility study financed by the ADF grant in the amount of UA 1,524,583 for the development of the Ngandajika, Kaniama-Kasésé and Mwaka agro-industrial parks. A "**programme**" approach was adopted to make the investments required for the complete servicing of the Ngandajika site and agro-industrial development (about USD 323.50 million) in three phases, the first of which will be a pilot phase, devoted to the creation and servicing of the agro-park. Programme design is also based on a **SAPZ** approach. SAPZs are spatial development initiatives based on agriculture, designed to concentrate agricultural transformation activities in areas with great agricultural potential, with a view to boosting productivity and integrating the production, processing and marketing of a number of agricultural crops.

2.1.3 They help to operationalise the notion of "agricultural value chains (AVC)" by giving it content, namely: (i) farming sites for agricultural production, according to the standards required in this area, thanks to the Technologies for African Agriculture Transformation (TAAT) programme, which offers advanced technological innovations adapted to production conditions; (ii) agro-industrial parks for processing raw materials from farming sites, serving as outlets for agricultural production; (iii) the establishment of transformative, physical and smart infrastructure for connection to markets and major consumption centres at national level and outside the country. They are also known, in some cases, as Agro-Industrial Parks, Agribusiness Parks, Mega Food Parks, Agropoles, Agro-clusters, etc.

2.1.4 This approach will be the common thread of the programme to meet the challenges of aggregating agricultural SMEs, integrating the various links in the targeted agricultural

subsectors, and creating value added and resilience of the population's agro-ecological and socio-economic systems.

2.1.5 The Programme will be implemented over a period of five years, with four components: (A) Support to governance and incentives; (B) Development of processing and access infrastructure; (C) Capacity building for key actors; and (D) Programme coordination and management. The activities are summarised in the table below:

*Table 2.1: Programme components, activities and cost in UAM*

COMPONENT	AMOUNT IN UAM	DESCRIPTION
<b>Component A: Support to governance and incentives:</b>	<b>UA 1.30 million (1.97%)</b>	<p>Component A, Support to governance and incentives, includes the following three sub-components:</p> <p><b>A1 : Support to good governance:</b> (i) the preparation/update of regulatory instruments for the AIP; (ii) support to institutions for steering and evaluating the development policies of SAPZs; and (iii) the establishment of a digital platform for the Ngandajika SAPZ community.</p> <p><b>A2 : Implementation of incentives in favour of the private sector:</b> (i) capacity building for ANAPI staff; (ii) promotion of the agribusiness sector; (iii) identification of administrative and fiscal barriers and red tape; (iv) establishment of the single window; (v) strengthening of the security system; and (vii) facilitating access to a raw material.</p> <p><b>A3 : Support for the establishment of a PPP for SAPZ management:</b> (i) the preliminary study on the management structure(s) of the AIP and CASAs; (ii) the recruitment of a technical assistant; (iii) the recruitment of a consortium of transaction advisers, (iv) capacity building for key agents of the Ministries concerned; and (v) support for the operation of the management structure.</p>
<b>Component B: Development of processing and access infrastructure:</b>	<b>UA 57.67 million (84.59%)</b>	<p><b>B1 : Development of AIP facilities and infrastructure:</b> (i) Road works over 47 km, including 7.5 km of asphalted main roads and 39.5 km of secondary and tertiary earth roads; (ii) Development works of 534 ha of the AIP platform, including 159 ha of breeding area, 51 ha for industry, 32 ha of logistics area, 27 ha for training/research, 12 ha of administrative and service area, 56 ha of housing and equipment areas, 31 ha of networks and 166 ha of green areas; (iii) AIP fence works on 534 ha ; (iv) Development/resurfacing works of 145 km of access roads to the AIP; (v) Provision for detailed additional studies and works control; (vi) AIP equipment.</p> <p><b>B2 : Development of production support infrastructure:</b> (i) Construction of collective infrastructure; (ii) Construction and equipment of a general park administration area; (iii) Construction of basic collective infrastructure consisting of a pre-school, a primary school, a medical centre with a school canteen, a market, a bus station, a beach-type leisure park, a hydrocarbons depot, a machine repair workshop, warehouses on 3,000 m<sup>2</sup>, silos on 600 m<sup>2</sup>, and a cold room; (iv) Electricity production and distribution through the construction of a solar-diesel hybrid plant with a peak load of 2.5 MW and a battery-free PV solar plant with a capacity of 2.4 MWp; (v) Installation of autonomous solar street lights for public lighting; (vi) Drinking water supply to homes and industries by constructing a pumping station on River Lubilanji, a water treatment station, a 150 m<sup>3</sup> water tower and an 80 km linear water transport and distribution network as well as fire hydrants; (vii) Construction of a wastewater treatment plant (WTP); (viii) Installation of a telephony and ICT station; (ix) Development of a solid waste collection and treatment centre on 947m<sup>2</sup> ; (x) Provision for detailed additional studies and works control..</p>



COMPONENT	AMOUNT IN UAM	DESCRIPTION
<b>Component C : Capacity building for key actors:</b>	<b>UA 4.05 million (6.15%)</b>	<p><b>C.1 : Improvement of farm productivity and technological innovations:</b> (i) Support for the improvement of soil fertility; (ii) dissemination of technological innovations; (iii) restoration and protection of natural habitat; (iv) improvement of access to quality agricultural inputs; and (v) improvement of access to agricultural service provision.</p> <p><b>C.2 : Capacity building for stakeholders:</b> (i) Support to 94 farmers' organisations (FO) and the SNCOOP; (ii) Organisation of extension workshops; (iii) Support for the registration and compliance of FOs/umbrella organisations; (iv) Capacity building for MINAGRI</p> <p><b>C.3 : Fragility management measures in the AIP:</b> (i) Capacity building for women and young people; (ii) Capacity building for socio-professional organisations and partner institutions; (iii) Support for the implementation of priority micro-programmes; (iv) Preparation of immigration- and gender-sensitive integrated management plans for Circles;</p>
<b>Component D: Programme coordination and management</b>	<b>UA 4.79 million (7.28%)</b>	Planning and coordination of programme activities; administrative, accounting and financial management; procurement of goods, works and services; implementation of a communication plan; monitoring and evaluation of programme implementation; and impact analysis with gender perspectives.

## 2.2 Technical Solutions Adopted and Alternatives Explored

2.2.1 PRODAN aims to address the central issue of the transformation of Congolese agriculture, according to an approach that positions the private sector in a leadership role, while the public sector strives to create incentive conditions likely to attract private investors to developed and serviced agro-industrial parks. This is an agricultural development approach according to SAPZs.

2.2.2 The design of the Ngandajika AIP is based on an integrated and pragmatic approach, driving innovation, inclusive on all links of agricultural value chains and creating wealth through the jobs it generates, but also by reducing the outflow of foreign exchange thanks to the reduction in imports of agro-food products. It focuses the efforts of all the other sectors which contribute to the success of agricultural development, in particular, the sectors of industry, transport, energy, water and NICTs, including within the Bank. It also includes the interventions of other development partners, as part of the systematic search for complementarity, with a view to generating synergy. For PRODAN, these are the World Bank, IFAD, Belgian Cooperation, etc.

2.2.3 The SAPZ approach also emphasises support for key actors in promising subsectors, through the implementation of a specific capacity building programme for the development of specific advanced skills, to meet programme requirements. With regard to PDZSTAN, speculations relate to: (i) production of cash crops such as oil palm; (ii) food products such as maize, cassava and legumes; (iii) animal products such as poultry, small ruminants and pigs; and (vi) fishery products from fish farming.

2.2.4 SAPZ's technical solutions, therefore, break with the traditional approach to improving productivity, production and sales, without specifying their content.

Table 2.2 : Programme alternatives explored and reasons for their rejection

ALTERNATIVE	BRIEF DESCRIPTION	REASONS FOR REJECTION
Traditional approach to agricultural programmes	Productivity, production and sales improvement approach	This approach has no chain content and therefore clashed with the reality on the ground on key issues of processing, markets and outlets.
Single-sector approach, based on agriculture	Sectoral approach exclusively based on agricultural activities	It does not integrate other development sectors, which have an impact on agricultural development and therefore constitute factors for the success of this sector.
Use of the Bank's public resources mainly	The programmes are financed mainly from the Bank's public resources and those of Government	The financing needs of AVCs go beyond the Bank's public resources, as they include private sector financing, co-financing from development partners and non-sovereign operations.
Popularisation of technological innovations according to the traditional method of training & visits to producers	Approach based on regular visits to producers, according to a precise schedule and a framework mechanism with tools such as the contact group (CG), the observation point (OP) and the system study point (PES)	In addition to being cumbersome and expensive, this method has shown its limits in the past and is less effective than the client-supplier system, which emphasises the development of skills in all relevant fields of activity.

## 2.3 Programme Type

This intervention is a stand-alone public investment programme, which aims to create the conditions required to increase private investments in six priority subsectors, particularly in terms of processing agricultural products, packaging, supply of inputs and provision of agricultural services. It is part of the Bank's assistance to Regional Member Countries in the "Feed Africa" strategy and through the SAPZ approach.

## 2.4 Programme Cost and Financing Mechanism

**2.4.1 Programme Cost:** The total programme cost is estimated at UA 65.81 million (USD 93.73 million), net of taxes and customs duties. The cost is broken down into foreign exchange for an amount of UA 40.22 million (USD 57.28 million) and UA 25.59 million in local currency (USD 36.45 million). This cost includes provisions for physical contingencies and for price escalation, which are estimated respectively at 3% and 1%, on average. The provision for price escalation has been estimated based on the current and programmed levels of price escalation rates in local currency and foreign exchange respectively of 1.5% and 1.35% per annum on average. A summary of the estimated programme cost by component and by expenditure account is presented in the tables below.

Table 2.3 : Summary of estimated costs by component

PROGRAMME COMPONENTS	(USD '000)			(UA '000)			% FE	%
	Local currency (LC)	Foreign exchange (FE)	Total	Local currency	Foreign exchange	Total		
<b>A. SUPPORT TO GOVERN. &amp; INCENTIVES/a</b>	<b>541.20</b>	<b>1,256.80</b>	<b>1 798.00</b>	<b>376.02</b>	<b>873.22</b>	<b>1,249.24</b>	<b>70</b>	<b>2</b>
Support to good governance	225.00	635.00	860.00	156.33	441.20	597.53	74	1
Implementation of incentives	206.25	368.75	575.00	143.30	256.21	399.51	64	1
Support for the establishment of a PPP	109.95	253.05	363.00	76.39	175.82	252.21	70	-
<b>B. DEVELOP. OF PROCESSING &amp; ACCESS INFRASTRUCT.</b>	<b>26,743,78</b>	<b>49,270,73</b>	<b>76,014,50</b>	<b>18,777,31</b>	<b>34,593,91</b>	<b>53,371,22</b>	<b>65</b>	<b>85</b>
Develop. of Ngandajika AIP infrastructure	25,993,78	47,410,73	73,404,50	18,250,72	33,287,97	51,538,69	65	82
Develop. of production support infrastructure	750,00	1,860,00	2,610,00	526,59	1,305,94	1,832,53	71	3

PROGRAMME COMPONENTS	(USD '000)			(UA '000)			% FE	%
	Local currency (LC)	Foreign exchange (FE)	Total	Local currency	Foreign exchange	Total		
<b>C. CAPACITY BUILD. FOR PRIORITY AVC STAKEHOLDERS</b>	<b>3,365.25</b>	<b>2,145.75</b>	<b>5,511.00</b>	<b>2,362.81</b>	<b>1,506.57</b>	<b>3,869.38</b>	<b>39</b>	<b>6</b>
Improvem. of productivity & techn. innovations	439.50	146.50	586.00	308.58	102.86	411.44	25	1
Capacity build. for priority AVC stakeholders.	258.00	172.00	430.00	181.15	120.76	301.91	40	-
Skills and quality management	2,667.75	1,827.25	4,495.00	1,873.08	1,282.95	3,156.02	41	5
<b>D. PROGRAMME MANAGEMENT AND COORDINATION</b>	<b>4,462.29</b>	<b>2,148.67</b>	<b>6,610.96</b>	<b>3,133.06</b>	<b>1,508.62</b>	<b>4,641.68</b>	<b>33</b>	<b>7</b>
<b>TOTAL BASE COST</b>	<b>35,112.51</b>	<b>54,821.94</b>	<b>89,934.46</b>	<b>24,653.16</b>	<b>38,491.53</b>	<b>63,144.69</b>	<b>61</b>	<b>100</b>
Physical contingencies	885.35	1,805.62	2,690.97	621.62	1,267.76	1,889.38	67	3
Financial contingencies	454.27	653.62	1,107.88	318.95	458.92	777.87	59	1
<b>TOTAL PROGRAMME COST</b>	<b>36,452.14</b>	<b>57,281.17</b>	<b>93,733.31</b>	<b>25,593.74</b>	<b>40,218.20</b>	<b>65,811.94</b>	<b>61</b>	<b>104</b>

Table 2.4: Summary of programme costs by expenditure categories

EXPENDITURE CATEGORIES	(USD '000)			(UA '000)			% For. exch.	% CB
	Loc. currency	Foreign exch.	Total	Loc. currency	Foreign exch.	Total		
<b>I. INVESTMENT COSTS</b>	<b>31,639.84</b>	<b>54,544.42</b>	<b>86,184.26</b>	<b>22,214.93</b>	<b>38,296.67</b>	<b>60,511.61</b>	<b>63</b>	<b>96</b>
<b>A. WORKS</b>	<b>19,968.00</b>	<b>46,492.00</b>	<b>66,460.00</b>	<b>14,019.91</b>	<b>32,642.92</b>	<b>46,662.83</b>	<b>70</b>	<b>74</b>
Infrastructure	19,609.50	45,755.50	65,365.00	13,768.20	32,125.81	45,894.01	70	73
Plantation works	90.00	110.00	200.00	63.19	77.23	140.42	55	-
Construction & rehabilitation	268.50	626.50	895.00	188.52	439.88	628.40	70	1
<b>B. GOODS</b>	<b>450.52</b>	<b>897.24</b>	<b>1 347.76</b>	<b>316.32</b>	<b>629.97</b>	<b>946.29</b>	<b>67</b>	<b>2</b>
Vehicles	53.00	159.00	212.00	37.21	111.64	148.85	75	-
Equipment	397.52	738.24	1 135.76	279.10	518.34	797.44	65	1
<b>C. SERVICES</b>	<b>7,640.33</b>	<b>7,155.18</b>	<b>14,795.50</b>	<b>5,364.42</b>	<b>5,023.78</b>	<b>10,388.20</b>	<b>48</b>	<b>16</b>
1. Training	2,548.80	1,699.20	4,248.00	1,789.56	1,193.04	2,982.60	40	5
2. Technical assistance	621.53	3,521.98	4,143.50	436.38	2,472.85	2,909.23	85	5
3. Studies	369.00	451.00	820.00	259.08	316.66	575.74	55	1
4. Contractual services	3,970.50	1,323.50	5,294.00	2,787.76	929.25	3,717.02	25	6
5. Audit	130.50	159.50	290.00	91.63	111.99	203.61	55	-
<b>D. MISCELLAN.</b>	<b>3,581.00</b>	<b>-</b>	<b>3,581.00</b>	<b>2,514.29</b>	<b>-</b>	<b>2,514.29</b>	<b>-</b>	<b>4</b>
<b>II. RECURRENT COSTS</b>	<b>3,232.03</b>	<b>277.52</b>	<b>3,509.56</b>	<b>2,269.27</b>	<b>194.85</b>	<b>2,464.13</b>	<b>8</b>	<b>4</b>
<b>A. STAFF</b>	<b>2,400.00</b>	<b>-</b>	<b>2,400.00</b>	<b>1,685.09</b>	<b>-</b>	<b>1,685.09</b>	<b>-</b>	<b>3</b>
<b>B. TRAVEL ALLOW.</b>	<b>608.15</b>	<b>-</b>	<b>608.15</b>	<b>426.99</b>	<b>-</b>	<b>426.99</b>	<b>-</b>	<b>1</b>
<b>C. MAINTEN., OPERAT. &amp; REP.</b>	<b>89.11</b>	<b>152.38</b>	<b>241.50</b>	<b>62.57</b>	<b>106.99</b>	<b>169.56</b>	<b>63</b>	<b>-</b>
Vehicles	70.81	131.51	202.32	49.72	92.33	142.05	65	-
Equipment	16.42	20.07	36.50	11.53	14.09	25.62	55	-
Infrastructure	1.88	0.80	2.68	1.32	0.56	1.88	30	-
<b>D. OVERHEADS</b>	<b>375.41</b>	<b>125.14</b>	<b>500.55</b>	<b>263.58</b>	<b>87.86</b>	<b>351.45</b>	<b>25</b>	<b>1</b>
<b>TOTAL BASE COST</b>	<b>35,112.51</b>	<b>54,821.94</b>	<b>89,934.46</b>	<b>24,653.16</b>	<b>38,491.53</b>	<b>63,144.69</b>	<b>61</b>	<b>100</b>
Physical contingencies	885.35	1,805.62	2,690.97	621.62	1,267.76	1,889.38	67	3
Financial contingencies	454.27	653.62	1,107.88	318.95	458.92	777.87	59	1
<b>TOTAL PROGRAMME COST</b>	<b>36,452.14</b>	<b>57,281.17</b>	<b>93,733.31</b>	<b>25,593.74</b>	<b>40,218.20</b>	<b>65,811.94</b>	<b>61</b>	<b>104</b>

Table 2.5 : Expenditure schedule by component (in thousands of UA)

COMPONENTS	PROGRAMME YEARS					
	2022	2023	2024	2025	2026	Total
<b>A. SUPPORT TO GOVERN. &amp; INCENTIVES</b>	1,148.19	122.86	31.87	-	-	1,302.91
<b>B. DEV. OF PROCESS. &amp; ACCESS INFRASTRUCT.</b>	43,188.81	5,966.41	5,346.97	1,165.89	-	55,668.08
<b>C. CAPAC. BUILD. FOR PRIOR. AVC STAKEHOLD.</b>	1,324.41	1,029.54	902.33	543.46	247.97	4,047.71
<b>D. PROGRAMME MANAGEMENT AND COORDINAT.</b>	2,044.60	736.69	729.77	602.98	679.20	4,793.24
<b>TOTAL PROGRAMME COST</b>	<b>47,706.01</b>	<b>7,855.49</b>	<b>7,010.94</b>	<b>2,312.32</b>	<b>927.18</b>	<b>65,811.94</b>

**2.4.2 Financing Mechanism:** This operation will be financed by an ADF loan in the amount of UA 50.00 million (USD 71.96 million), or 76.98% of the cost, and a State counterpart contribution of about UA 14.84 million (USD 21.52 million), or 23.02% of the cost, over a period of five years. The State's contribution will be used to finance part of the guarantee fund and the national access roads to the site of the AIP (145 km). The breakdown of expenditure financing by source of financing is summarised in Table 2.6 below:

*Table 2.6: Programme financing plan*

SOURCE OF FINANCING	(USD '000 )			(UA '000)			%
	Loc. currency	Foreign exch.	Total	Loc. currency	Foreign exch.	Total	
ADF loan	26,949.29	44,263.71	71,213.00	18,921.61	31,078.39	50,000.00	76.0
DRC State	9,502.84	13,017.47	22,520.31	6,672.13	9,139.81	15,811.94	24.0
<b>Total</b>	<b>36,452.14</b>	<b>57,281.17</b>	<b>93,733.31</b>	<b>25,593.74</b>	<b>40,218.20</b>	<b>65,811.94</b>	<b>100.0</b>

## 2.5 Programme Area and Beneficiaries

**2.5.1** PRODAN's impact area, Ngandajika territory, is located in Lomami Province. Its surface area is 5,726 km<sup>2</sup>. This city is located 1,390 km from Kinshasa (the capital city) and 89 km from Mbuji-Mayi (capital of Kasai Oriental Province). The boundaries of Ngandajika territory are as follows: (i) in the north, Katanda territory in Kasai Oriental Province; (ii) in the south, Luilu and Kaniama territory in the former Katanga Province; (iii) in the east, Kabinda and Kabongo territory in the former Katanga Province; and (iv) in the west, Tshilenge territory in Kasai Oriental Province by River Kalelu. The AIP covers an area of 4,274 ha and will be approved as a SAPZ, which will offer investors and operators of the park, customs and tax advantages.

**2.6.2** While the incidence of poverty is over than 60% in most regions of the DRC (World Bank, 2016), it is very high in the PA (between 70 and 95%) because subsistence agriculture, which is the population's main activity, provides only a limited income that does not enable households to overcome poverty. Also, the majority of households have no access to drinking water, electricity or road services. Malnutrition and child mortality rates are relatively high. Lastly, equality of opportunity between men and women in the labour market and in relation to education is far from being achieved.

**2.6.3** The direct beneficiaries of PRODAN consist of 131,413 agricultural households of small producers and farmers living in and around the site, small and medium-sized enterprises and agro-industrialists that will be established in the different segments of agricultural value chains, and the local authorities impacted. These beneficiaries will reap the following benefits: improved agricultural productivity and production; the creation of 35 private SMEs, 40% of which are women's SMEs; 40,000 direct jobs for young people (18-35 years old) will be created (30% girls); and 20,000 direct jobs other than for young people created (30% women).

## 2.6 Participatory Approach

The Bank adopted a *participatory, inclusive and partnership approach* throughout the programme preparation and appraisal process, which made it possible to involve all stakeholders in the identification of major issues and appropriate solutions. These are representatives of the population, provincial technical services, other public institutions, producers' organisations, civil society including organisations working in the field of gender, the private sector and TFPs. This also enabled broad consensus to be reached on the **SAPZ**

approach. Stakeholders also *took ownership of the Programme approach* in view of the importance of the investments to be made over time and the need for flexibility to attract other technical and financial partners. During implementation, the programme will continue this participatory approach so that stakeholders can take ownership of the activities and ensure the sustainability of investments at the agro-park level.

## **2.7 Consideration of Bank Group Experience**

2.7.1 As of 31 August 2021, the Bank's active portfolio included 32 operations for an amount of UA 1.118 billion. The performance is considered satisfactory overall with a score of 3 on a scale of 4 (RPPP September 2020). *At the strategic level*, the Bank had opted for a concentration of its interventions in the central region, due to: (i) the proven agricultural production potential; (ii) a vast territory in the centre of the country that does not benefit from the advantages of cross-border trade because it is largely landlocked, but which can serve as a granary for most crops and a vector for the promotion of Agricultural Business Poles (PEA); (iii) a junction area between the west (Kinshasa, border with Congo), the south-west (border with Angola) and the south-east (Katanga to Zambia); it is crossed by the railway and national road no. 1, which are the two routes of the regional network linking Kinshasa to South Africa in which the Bank is already involved, in coordination with the other TFPs.

## **2.8 Key Performance Indicators**

2.8.1 The key performance indicators monitored from the baseline are indicated in the logical framework. These are the impact indicators: (i) poverty rate in rural areas; (ii) value of food imports; (iii) share of the agro-industrial sector in GDP; Outcome indicators: (i) modern capacities for processing agricultural products installed (number of MSMEs) ; (ii) rate of agricultural products processed, including percentage fortified, according to the required standards (maize and banana); (iii) cumulative amount in USD million of private investment catalysed by agribusiness (including MSME/SMIs); (iv) additional number of direct/indirect decent jobs created/strengthened (including 50% women and 60% young people); (v) variation in the level of average annual income of agricultural households (including women-headed); (vi) agricultural yield from the plant (maize, cassava, rice, oil palm, legumes and market gardening) and animal/fishery (goats, pigs, poultry, fish) subsectors. Added to this is the number of producers that have adopted good agricultural and environmentally friendly farming practices, and food hygiene and safety rules and standards. The programme will also monitor the degree of women's involvement in decision-making bodies, and the rate of women's access to land after the developments.

## **III. PROGRAMME FEASIBILITY**

### **3.1 Economic and Financial Performance**

3.1.1 PA-ZSTAN is designed to facilitate the installation of private investors in order to boost agro-industrial development in the area. The established companies will operate mainly using raw materials produced on the spot, which will enable beneficiaries to earn additional income. In addition to the benefits for the private companies located in the agro-industrial park, significant income will be garnered by the beneficiaries of the equally developed agricultural operation sites from which the companies will be supplied with raw materials relating to already identified crops such as maize, cassava, soybeans, cowpeas, poultry, small ruminants and fishery products.

3.1.2 In addition to these spinoffs, the project is designed to generate the following other benefits: (i) climate regulation functions through the establishment of forest cover, thus creating conditions for smart and, therefore, sustainable agriculture; (ii) the improvement of the well-being of the population, in particular women and vulnerable groups, improving the life expectancy of the population, better incomes enabling access to health care and education, etc. (iii) the improvement of production and market access infrastructure; (iv) the improvement of overall animal and livestock production, due to the quality and abundance of pastures and water; (v) the effects of carbon sequestration (carbon credit); and (vi) the creation of temporary and permanent jobs, resulting from project achievements.

3.1.3 **Financial Analysis:** The abovementioned spinoffs and benefits will not be the subject of a commercial transaction and are also not tangible. A financial analysis on the basis of existing markets is, therefore, not possible. Under these conditions, it was not considered relevant to integrate them into a quantitative analysis, on the basis of an approach of production models or profit-making activities. However, a cost-benefit analysis was possible on the models of agro-industrial enterprises and various agricultural products (FARMOD).

3.1.4 With regard to agro-industrial enterprises, a hypothesis is proposed on the basis of three types of processing units, namely small, medium and large enterprises, with respective investments of USD 150,000; USD 500,000, and USD 40,000 each, in line with the average investment profile in such models. Under these conditions, the annual turnover per company is USD 59,296.29; USD 211,458.07; and USD 1.79 million, respectively, for micro, small, medium and large units, from the 5<sup>th</sup> year over an operating period of about 20 years.

3.1.5 **Economic Analysis:** Based on the realistically defined assumptions, the project's economic rate of return (ERR) is estimated at 20.31%, with a C/B ratio of 2.03. Consequently, overall project profitability can be considered satisfactory, in view of these results.

ERR (baseline scenario): 20.31%	NPV amount: 155,278.62	USD million
IRR (baseline scenario): 17.92%	NPV amount: 145,117.35	USD million

3.1.6 **Sensitivity Analysis.** The sensitivity tests carried out on the basis of the reduction in production prices made it possible to measure the stability of financial and economic performance indicators. Thus, the tests show that prices should be lowered to 22.38% (breakeven point) to cancel the additional benefits generated respectively at the financial and economic level, with IRRs and ERRs equal to the opportunity cost of capital, or 12%.

## 3.2 Environmental and Social Impact

3.2.1 **E&S risk categorization.** The programme is classified in Category 1 according to the requirements of the country's national regulations and the Bank's Integrated Safeguards System (ISS). A detailed Environmental and Social Impact Assessment (ESIA), together with its Environmental and Social Management Plan (ESMP), an Abbreviated Resettlement Action Plan (ARAP) relating to the agro-park site, and a Pest and Vector Management Plan (PVMP) has been prepared. These studies have been validated by the Bank. They were the subject of a certificate of authorisation on 29 June 2021 and were published nationally on the same day on the website of the Congolese Environment Agency (ACE). The Bank was authorised by the country to publish the studies on 1 July 2021. The studies were published on the Bank's website the same day for a period of 120 days before project presentation to the Board of Directors.

**3.2.2 Project environmental and social risks and impacts** are as follows: (i) biophysical level: soil compaction with repercussions on local micro fauna, erosion, soil pollution by hydrocarbons and chemical agricultural inputs, dust and fumes, surface water pollution and, loss of vegetation and repercussions on wildlife, increased poaching (ii) socio-economic level: disruption of social cohesion due to new arrivals, spread of communicable diseases, loss of land, potential damage to cultural and sacred resources, child labour or cases of gender-based violence, noise and odour nuisance, risk of injury, food price inflation or poisoning from water pollution or poor food storage. The ESMP has provided for adequate mitigation measures to minimise these impacts. These include the rehabilitation of sites, compensatory plantations, wastewater treatment, waste management, public awareness and management of complaints, institutional capacity building for environmental and social measures implementation, monitoring and annual audits. Several management plans have been developed for the anticipation and management of impacts. The estimated cost of environmental and social measures is USD 992,920.

**3.2.3 Involuntary Resettlement.** This phase of the programme will require the acquisition of 2,055 ha of land for the needs of the hub. These wastelands belong to five landowners representing five lineages of the Nyongolo village. No physical displacement is planned under the programme. An ARAP has, therefore, been prepared, which provides for: (i) compensation for the wasteland lost by 500 ha of developed land, based on the estimated yield expected after development. In proportion, the compensation land represents about 25% of the AIP hub (500 ha/2,055 ha) and 15% of the agricultural land, and (ii) a reduction in input costs and the costs of processing agricultural products for landowners and their families.

**3.2.4** The ARAP also provides, as part of support measures, for support to market gardening targeting women of the five lineages. A specific study will make it possible to identify the market gardening subsectors likely to be developed on a commercial scale at regional level. This study will define the terms and conditions for land allocation by customary authorities outside the hub of the AIP, advisory support, supply, cultivation and irrigation techniques, conservation, possible processing and marketing of products, as well as target markets.

**3.2.5** A Mediator will be recruited for ARAP implementation and will be responsible for supporting affected persons, as part of implementation of the compensation measures selected. Stakeholder consultation measures and a complaint management mechanism have also been provided for. The ARAP cost of USD 2,157,850 will cover in particular market gardening (2,000,000) and implementation, monitoring and auditing measures. The ARAP cost is fully integrated into the programme budget and will be covered by loan resources.

**3.2.6 Public consultation.** Consultations were carried out with the population and the administration during the various missions and during pre-feasibility and feasibility studies, and in particular within the framework of the conduct of ESIA's and the ARAP. The concerns expressed focused on youth employment, land tenure rights, construction of socio-economic infrastructure, and support for agricultural production and processing. These concerns are integrated into programme activities and have been taken into account in the ESMP and ARAP.

**3.2.7 Institutional arrangement for the implementation of E&S measures.** A Programme Management Unit (PMU) will be set up within the Ministry of Agriculture (MINAGRI). Its staff will include an Environmental Assessment Specialist, a Social Safeguard and Resettlement Specialist, and a Land Expert who will be based at the regional level and will be responsible for monitoring the implementation of environmental and social measures for the entire project. The measures associated with construction will be implemented by the

Contractors in charge of the park's development during the construction phase and by the private operators during the operation phase. Environmental monitoring will be carried out by the environmental experts of the control missions, while external monitoring will be carried out by the Congolese Environmental Agency (ACE), in accordance with its responsibilities. In view of its weaknesses, and to contribute to the strengthening of national capacities in monitoring and evaluation of ESMPs, the project provides institutional (training) and logistical support (computer equipment, field measurement kits, specialized environmental monitoring software).

3.2.8 The project is therefore in compliance with the requirements of the national legislation and the Bank's ISS. All the above implementation provisions have been reflected in the negotiated financing agreement.

## **Climate Change**

3.2.9 In relation to climate change, the project is in Category 2 according to the relevant Bank procedures. The DRC's position straddling the equator does not spare it from the consequences of global warming. Deforestation (loss of about 0.37% of its forest area), slash-and-burn shifting agriculture and land use change are the main factors that rank the country on the list of greenhouse gas emitters. In this context, the road to be constructed is therefore likely to be vulnerable to climate risks. It will, therefore, require adaptation measures under the ESMP. Also, the DRC is committed to reducing its greenhouse gas emissions by 17% between 2021 and 2030.

3.2.10 Even though there is no baseline data on GHG emissions in the programme area, an increase in emissions is expected, due to the conversion of more than 20,000 ha to agricultural land, the development of intensive breeding, and increased road transport for the production and evacuation of agri-food products to markets. The asphaltting of nearly 7.5 km of road leading to the site's industrial zone contributes to mitigation by (i) making traffic smoother and regulating speed which can minimise CO<sub>2</sub> emissions by 15% along the route; and (ii) planting trees that will help sequester part of the carbon that will be emitted from the road and in the villages. The development of a water storage basin (225,000 m<sup>3</sup>) for irrigation and animal feed is a climate change resilience measure.

## **Gender**

3.2.11 NGANDAJIKA territory is essentially agricultural. Participation in agricultural activities is 70% for women and 30% for men. Rural women cultivate cassava, maize, peanuts, cowpeas and soybeans. The breeding of ruminants, pigs, rabbits and poultry is also reserved for women and young people. The soil has become depleted over time and with climate change. Women continue to cultivate thereon with very rudimentary tools and agricultural techniques are still archaic. The study adopted a participatory approach involving women's and youth associations in the discussions. These meetings resulted in the identification of needs that were taken into account by the programme at appraisal. These are: construction of the modern market; access to drinking water and electricity; agricultural extension and access to inputs to improve agricultural yields and income; support for the marketing of agricultural products; and construction/rehabilitation of rural tracks and roads, etc.

3.2.12 The planned construction of roads and tracks will enable 500 women to benefit from the fund for the promotion of local employment and economic empowerment, and to participate in the marketing of products on local markets and in the provinces. In addition, among so many activities that build women's capacities, 450 women will benefit from food production and



processing support and nutritional education activities; five women's agricultural professional organisations (APO) will be trained in organisational planning and management, and will have operating contracts; 6,000 improved stoves will be distributed to women; 200 local women farmers will be supported by securing their production against climate change. The programme will generate temporary and permanent jobs for women and young people. Indeed, during construction and operation, the use of labour intensive (LI) methods will provide jobs and activities, and income to young people and women. This will make it possible for them to have regular incomes in any season, and should also lower the level of household debt, and dependence on informal credit, a source of tension and social conflict.

3.2.13 At the end of the programme, 35 private agricultural SMEs will be established and operational, 40% of which will be women SMEs; 40,000 direct jobs for young people (18-35 years old) will be created (30% girls); 20,000 direct jobs other than for young people will be created (30% women). The programme implementation team will include a gender and social development expert. The provincial gender ministry will be a member of the Steering Committee.

3.2.14 In view of the above, the programme is classified in the GMS II category. Its budget is gender-sensitive in the sense that the planned works and activities will ensure women's economic empowerment and poverty reduction for the entire population of the province by 2060. An in-depth gender analysis, a related action plan and a detailed budget are annexed to the PAR.

3.2.15 **Social.** Despite a drop in the poverty rate from 71% to 64% between 2005 and 2012, the DRC is still among the poorest countries in the world and is ranked 176<sup>th</sup> (out of 187 countries) on the human development index (UN 2015). Life expectancy is estimated at 51.46 years (2015); the birth rate, 43.69 ‰ (2015); the fertility rate, 6.45 children/woman (2015); the mortality rate, 13.27 ‰ (2015); the infant mortality rate, 88.62 ‰ (2015); the literacy rate, 63.82% (2015), etc. Access to basic social services according to the 1,2,3 survey is as follows: access to water, 50.2%; access to electricity, 15%; and access to health, 50%. In such a context of poverty and vulnerability, the programme will help improve agricultural production and income; strengthen food security; promote the creation of local employment opportunities; contribute to the reduction of poverty and vulnerability among the population; reduce unemployment and the exodus of young people; contribute to local development and women's empowerment, etc.

## **Fragility and Resilience**

3.2.16 The DRC is considered by the Bank Group as a State in transition classified in Category 1. In recent years, Lomami Province has suffered the effects of the Kamuina Nsapu rebellion in neighbouring Kasai Central (2016-2017), with some of the militias who had taken refuge in this area, as well as the arrival of many internally displaced persons. However, the current security situation, having improved considerably, does not appear to present any major risks for the programme's implementation.

3.2.17 PRODAN is of paramount importance for the DRC as a source of resilience as it has the potential to be the main economic hub of Lomami Province, which lives mainly on agricultural and fisheries products. In addition, the programme will have a positive impact on neighbouring provinces, in particular those of Kasai Oriental and Kasai Central. Appendix III details the fragility analysis and how it is taken into account in the operation's design.

## **IV. PROGRAMME IMPLEMENTATION**

### **4.1 Implementation Arrangements**

4.1.1 Programme management is under the responsibility of MINAGRI through the Secretariat General, which will coordinate its activities as well as the interventions of other sectoral ministries, in particular those in charge of industry, SMEs, water resources and electricity, infrastructure and public works and the environment, finance, including the National Agency for Investment Promotion (ANAPI) and other specialised agricultural institutions. MINAGRI will be reinforced by a PMU, which will act as an executing agency. The PMU will be responsible for coordinating the programme's technical and financial implementation, financial management, procurement, and monitoring and evaluation of activities. It will comprise the following staff: (i) a Coordinator; (ii) an Agronomist; a Monitoring and Evaluation Specialist; (iii) a Procurement Expert; (iv) an Infrastructure Specialist, (v) an Administrative and Financial Manager; (vi) a Junior Procurement Officer; (vii) an Environment Officer; (viii) a Private Sector Specialist; (ix) a Land Expert; (x) a Gender and Social Development Specialist; (xi) a Capacity Building Officer for key actors and organisations; (xii) an Accountant; and (xiii) an Administrative and Financial Assistant; (xiv) a Program Assistant; (xv) two (02) secretaries, one of which will be appointed in the project site in Ngandajika; and (xvi) three (03) drivers.

4.1.2 The headquarters of the PMU will be in Kinshasa, with the following staff: (i) the Programme Coordinator; (ii) the Administrative and Financial Manager (AFM); (iii) the Procurement Expert, and his assistant, the Junior Procurement Officer; (iv) the Financial and Administrative Assistant; and (v) the Program Assistant. The PMU will have part of its team deployed to the project's site in Ngandajika, in a liaison office where field functions will be performed, with the following staff: (i) a Liaison Officer; and (ii) all remaining members of the PMU, as captured above. The key professional positions will be filled on a competitive basis.

4.1.4 Technical assistance is envisaged to support the PMU at the technical and legal level, as well as an Expert Consultant in financial and accounting management, to facilitate decision-making and implementation, during the first two years of the programme.

4.1.5 A Programme Steering Committee (PSC) will be set up. The PSC will be chaired by the Secretariat General of MINAGRI. It will be made up of the Presidency of the Republic, the abovementioned technical Ministries and the stakeholders concerned, in particular (i) two Representatives of Civil Society, whose selection method will be subject to prior agreement by the Bank; (ii) two representatives of the agricultural private sector, in particular the Federation of Congolese Enterprises (FEC), the Agricultural Interprofessional Confederation (CIPA); (iii) two representatives of Local Authorities, namely the Sector Chief of Baluba- Shankadi and the Administrator of Ngandajika Territory. It will be responsible for validating annual work programmes and budgets (AWPB) and activity reports. The main tasks of the PSC will be to review and validate the AWPBs and to propose the necessary adjustments to achieve its expected results.

### **Procurement Arrangements**

4.1.6 The procurement of goods (including services other than those of consultants), works and consultancy services, financed by the Bank under the project, will be carried out in accordance with the October 2015 "Procurement Policy and Methodology for Bank Group-Financed Operations", and in accordance with the provisions set out in the Financing

Agreement. More specifically, procurement will be carried out according to: (i) the Borrower's National Procurement Procedures (NPP) governed by Law No. 10/010 of 10 April 2010 relating to Public Procurement, as well as the implementing decrees; (ii) the Bank's Procurement Methods and Procedures (PMP), on the basis of the relevant Standard Bidding Documents (SBD) for contracts which are either: (a) above the thresholds indicated in Annex B5, Para. B.5.3.2, or (b) for procurement for which the Borrower's NPP is not considered appropriate.

4.1.7 Procurement Risk and Capacity Assessment (PRCA). The risk assessment at country, sector and project levels as well as the procurement capacity of the EA was carried out for the project and the results informed the choice of procurement system (Borrower, Bank, or Third Party) to be used for a given activity or set of similar activities under the project. Appropriate risk mitigation measures have been included in the action plan indicated in Para. B.5.9. of Annex B5.

4.1.8 The PMU/PRODAN, to be created, will be placed under the supervision of the Secretariat General of MINAGRI and will be responsible for the procurement of goods, works and consultancy services. The PMU will be assisted by the Project and Public Procurement Management Unit (PPPMU), in accordance with the provisions of Section 13, Paragraph 1 of the Public Procurement Code, supplemented by Article 2 of Decree No. 10/32 2012, on the creation, organisation and operation of the PPPMU.

4.1.9 PMU members have not yet been recruited to assess their level of expertise in procurement and other matters. However, the expertise and capacities of the two procurement experts (including a PO and a PA) from the Secretariat General of MINAGRI, who took part in the assessment, were built throughout project appraisal (identification, preparation, evaluation) to the point of being able to manage the procurement activities. It is obvious that this capacity building, almost permanent to this day, will continue right up to project implementation. However, since there will be no need to recruit additional experts, it should be noted that they will be fully seconded to the project, in order to avoid an overload of work that could penalise the project. In addition, it will be necessary to prepare an administrative, financial, accounting and procurement procedures manual and an implementation manual in order to determine all the procedures that will be applicable to the project as soon as it is approved.

4.1.10 A procurement plan (PP) was prepared during programme preparation. It will be updated by the Project Coordination Unit (PCU) at start-up and published in the database of the Bank's website. The PP will cover an initial period of 18 months and will be updated annually or as needed, but always over the following 18 months, during the project implementation period. The PP, the detailed procurement methods, as well as the table relating to the procurement of goods and services are presented in the Technical Annexes of the Report (Annex B5).

## **Financial Management and Disbursement**

4.1.11 The fiduciary risk assessed in terms of PRODAN's financial management is high. As the PMU has not yet been set up, the financial management arrangements do not meet the Bank's minimum requirements as defined by the policy on "Financial Management of Projects Financed by the African Development Bank" established in February 2014. MINAGRI in its capacity as the Executing Agency will allocate workspaces for the programme team, and implement all necessary controls to ensure that: (i) programme funds, including those planned, are used wisely, efficiently and economically, (ii) the preparation of various budgets as well as

periodic, accurate, reliable and timely financial reports is effective, and (iii) that programme assets are well safeguarded.

4.1.13 The Administrative and Financial Department, in support of the PMU, will be responsible for supervising the financial management of all programme components through three members of its financial staff already in place and who have adequate capacities.

Thus, the Administrative and Financial Director will assume the supervisory function (or Administrative and Financial Manager) of the programme, and the other members of this team will be appointed to the positions of (i) accountant, and (ii) administrative and financial assistant. The financial team will benefit from the support of an expert consultant in financial and accounting management for a maximum period of 24 months. The appointment of the AFD team within the PMU will be made by decision of the Minister of Agriculture, who will ensure the implementation of the necessary management tools to be procured.

4.1.14 The annual audits of the programme financed with loan resources will be carried out by the Court of Auditors, which may be assisted by an independent external audit firm to be recruited on a competitive basis according to the national system, in accordance with the standard model of the terms of reference (ToR) currently in force at the Bank. Similarly, MINAGRI will ensure that the programme of the General Inspectorate of Finance (IGF) includes the periodic review of the activities to be financed from the resources allocated to the “operation” category, in accordance with international internal control standards.

4.1.15 Loan resources will be disbursed in accordance with the Bank's Disbursement Manual once the Loan Agreement has become effective and the first disbursement conditions have been fulfilled. The first disbursement is expected to take place no later than three months following the signing of the Loan Agreement. The following disbursement methods will be applied for disbursement of loan resources by the Bank (i) the direct payment method, (ii) the special account method; (iii) and the reimbursement method. The disbursements of Government resources (State counterpart contribution) planned to finance (i) part of the guarantee fund, (ii) the development of the national access roads to the site as well as part of the secondary and tertiary roads to be constructed, will be done in accordance with the provisions of relevant national public finance legislation.

## **4.2 Programme Monitoring and Evaluation (M&E)**

4.2.1 **Monitoring mechanisms:** The monitoring and evaluation system will be designed taking into account its specific objectives and the programme's expected results and aligned with the Aid and Investment Management Platform (PGAI). The dissemination and sharing of information at the national and provincial levels as well as the production of decision support tools, will drive a participatory approach to continuously improve PRODAN's implementation and the entire development strategy for agro-industrial parks. A participatory monitoring and citizen control mechanism is also planned, in line with the principle of accountability now recommended in the context of results-based management.

4.2.2 Internal Monitoring and Evaluation will be carried out by the PMU and will focus on the physical (overall execution rate and at the level of each component) and financial monitoring of the programme (commitment rate and disbursement rate), gender mainstreaming in activities, inputs, and their consistency with forecasts. External monitoring and evaluation aims to measure the effectiveness and efficiency of programme outputs and their contributions to the achievement of development results, namely programme outcomes and impacts. It will be coordinated by the PMU within MINAGRI, in addition to the two annual supervision missions organised by the Bank. The mid-term review will be carried out during year 3. At the end of the programme, the Bank and Government will produce a completion report within the required deadlines. The main implementation milestones are summarised below.

*Table 9: Programme schedule*

MILESTONES	DEADLINE	RESPONSIBLE BODY
Negotiation	September 2021	Borrower/Bank
Board Approval	November 2021	Bank
Signing of the Loan Agreement	November 2021	Borrower/Bank
Fulfilment of loan effectiveness conditions	March 2022	Borrower
Fulfilment of first disbursement conditions	April 2022	Borrower
First disbursement	May 2022	Bank
Implementation of activities	May 2022 to December 2026	Programme Implementation Unit/Borrower
Mid-term review	November 2024	Bank/Borrower
Submission of the programme audit report	Mid-June of each year	Borrower
Closure of all activities	December 2026	Borrower
Final disbursement	March 2027	Bank

### 4.3 Governance

Programme implementation could encounter governance problems (fraud, corruption and political interference in the procurement process) mainly at the level of the procurement process and financial management. The risk associated with procurement will be mitigated by the following provisions: (i) the control exercised by the bodies in charge of controlling public contracts, through the issuance of its non-objection opinions on bidding documents, award proposals, procurement and contracts; as well as (ii) the Bank's ex-post supervision and reviews of the procurement process and audits by external accounting firms. Only the Project Coordination Unit will be empowered to conduct the procurement process independently in order to minimise the risk of political interference in the procurement process. With regard to financial governance, refer to the appropriate financial management and audit arrangements in the technical annexes.

### 4.4 Sustainability

4.4.1 The Ngandajika agro-industrial park benefits from a very strong political will in the sense that it is part of the broader dynamic of the development of similar projects, whose feasibility studies have been carried out on three sites, including that of Ngandajika. This initiative is part of the agribusiness revival strategy, which is consistent with the National Agricultural Investment Plan (PNIA) 2013-2020. To strengthen the institutional framework for steering and monitoring this ambitious programme, the programme will support: (i) the establishment and operationalisation of an Agro-Industrial Park Development Agency, at the level of MINAGRI and;

(ii) the establishment of a new property management company for the Ngandajika AIP, with majority participation from the private sector.

4.4.2 The other factors that could limit programme sustainability are linked to: (i) poor management of community structures; (ii) non-payment of agricultural services by producers; and (iii) productivity problems. The measures that will be implemented to address these factors are (i) the structuring of producers into cooperative enterprises including management of structures and capacity building for management committee members; (ii) the adoption of remuneration for agricultural services starting from production; and (iii) recourse to technical assistance in state-of-the-art technologies for the transformation of agriculture, through the TAAT programme, based at IITA.

## 4.5 Risk Management

Potential risks and mitigation measures have been identified and taken into account (see table and logical framework). They are summarised as follows:

Risks	Risk level	Mitigation measures/actions
Risk 1: Lack of interest from the private sector (PS) could limit investment at the agro-park level	High	Mitigation 1: i) The PS will be regularly consulted; ii) the PIU will set up basic infrastructure and agro-park facilities (including the single window); iii) the private operator will facilitate the implementation of private sub-projects; iv) credit access facilities will be implemented; v) non-tariff barriers will be applied, if necessary.
Risk 2: Climate change (CC), discharges from industrial units and the harmful practices of the population can degrade natural resources (NR)	Moderate	Mitigation 2: The use of resilient technologies, the planned environmental and social safeguards, access to markets and agricultural insurance, should mitigate the effects of CC and industrial risks.
Risk 3: The expected benefits could be monopolised by a minority (including for land)	Moderate	Mitigation 3: The measures included in the SESA (including the ESMFP), ESMPs/RAPs, and the IEC programme should help to mitigate it.
Risk 4: Deterioration of security in the programme area	Moderate	Mitigation 4: Coordination with the UN system on the information produced with regard to security; Promote social cohesion.

## 4.6 Knowledge Building

4.6.1 The Programme will finance a series of studies to update information on industrial development in the area, the results of which will populate a database to ensure adequate programming of SME facilities. A digital platform will be set up for the Ngandajika SAPZ community to facilitate interactions among stakeholders and access to real-time information on market conditions, and relevant legal and regulatory instruments. Also, the EA will work on the production and integration of climate information in the construction of infrastructure and encourage farmers to consider climate information in the agricultural calendar. The information will also be shared with weather monitoring networks, in order to identify the risks of natural disasters and ensure their rational and predictive management. Monitoring and evaluation with a gender dimension will also contribute to knowledge building in this sector and will help advance gender aspects in other Bank operations in the agricultural sector.

## **V. LEGAL FRAMEWORK**

### **5.1 Legal Instrument**

The legal instrument will be an ADF Loan Agreement to be signed between the African Development Fund (the "Fund") and the Democratic Republic of Congo (the "Borrower").

### **5.2 Conditions Associated with the Fund's Intervention**

5.2.1. Conditions precedent to loan effectiveness: The effectiveness of the loan agreement is subject to fulfilment by the Borrower of the conditions provided for in Section 12.01 of the General Conditions Applicable to the Fund's Loan and Guarantee Agreements.

5.2.2. Conditions precedent to the first loan disbursement: Subject to the provisions of Section 5.2.1 above, the first disbursement of loan resources is subject to fulfilment by the Borrower, to the full satisfaction of the Fund, of the following condition: provide the Fund with proof of the establishment of the PMU and the appointment of key staff, namely the programme coordinator, the Administrative and Financial Manager, the procurement expert and the accountant. The qualifications and experience of this staff must first have been deemed satisfactory by the Fund.

5.2.3. Conditions precedent to disbursements involving loss of land: Subject to the provisions of Sections 5.2.1, 5.2.2 and 5.2.3 above, as the case may be, the Fund's obligation to disburse resources for works involving loss of land, will be subject to fulfilment of the following additional conditions by the Borrower:

- (a) submission of a works and compensation schedule prepared in accordance with the Abbreviated Resettlement Action Plan (ARAP) and the Bank's Safeguard Policies, satisfactory in substance and form for the Fund, detailing: (i) each project work area; and (ii) the period of compensation and/or resettlement of all Project Affected Persons (PAPs) for each area; [and]
- (b) submission of satisfactory evidence that all PAPs in the works area have been compensated and/or resettled, in accordance with the ESMP, the FRP and/or the works and compensation schedule, as agreed, and with the Bank's Safeguard Policies, before the start of these works and, in any case, before the displacement and/or taking of possession of the land and/or related property of the PAPs; or
- (c) in lieu of paragraph (b) above, submission of satisfactory evidence indicating that the resources allocated to compensation and/or resettlement of PAPs have been deposited in a dedicated account in a bank acceptable to the Bank, when the Donee can prove, to the satisfaction of the Bank, that the compensation and/or resettlement of PAPs, in accordance with paragraph (b) above, could not be carried out fully or partially, for the following reasons:
  - (i) identification of PAPs by the Borrower is not feasible or possible;
  - (ii) there are ongoing disputes involving PAPs and/or affecting the compensation and/or resettlement exercise; or
  - (iii) any other reason beyond the control of the Borrower, as discussed and agreed with the Fund.

5.2.1. Commitments: the Donee/Borrower undertakes to: (a) recruit a Health, Safety and Environmental Expert within the Programme, no later than six months after the first loan disbursement; (b) prepare an environmental and social management system including specific management plans, which must be prepared and implemented by each investor according to his/her area of specialisation, no later than one year after the first loan disbursement; (c) send to the Fund, for validation, the ESIA and ARAP to be prepared for the access roads rehabilitation works; and (d) implement the Project and ensure that the EA and each of its contractors and/or workers implement the Project in accordance with the provisions of Anti-Corruption Policies.

### **5.3 Compliance with Fund Policies**

The programme complies with all Fund policies.

## **VI. RECOMMENDATION**

6.1 Management recommends that the Fund's Board of Directors approve the proposal for an ADF loan of fifty million Units of Account (UA 50,000,000) to the Democratic Republic of Congo to finance the Ngandajika Agro-Industrial Development Support Programme (PRODAN), under the terms and conditions set out in this report.



## Appendix I : DRC- The Bank's Project Portfolio Situation as of 31 May 2021

### 1. National Portfolio

#	Sector	Project name	Status of project	Net loan	Capital value date	Disburs. ratio	Approval date	Commit. date	Effectiveness	Effective 1st disb.	Planned final disb. date
1	Agriculture	FEASIBILITY STUDY FOR THE DEVELOPMENT OF INDUSTRIAL PARKS	OnGo	1,524,582.00	243,154.18	15.95	21/09/2016	09/11/2016	09/11/2016	15/03/2017	27/02/2020
2	Agriculture	REDD+ INTEGRATED PROJECT IN THE MBUI-MAYI/KANANGA BASINS	OnGo	15,512,377.43	4,181,620.43	26.96	11/09/2013	15/08/2014	15/08/2014	20/02/2015	30/06/2021
3	Agriculture	RURAL INFRASTRUCTURE DEVELOPMENT SUPPORT PROJECT	OnGo	49,460,000.00	43,419,085.84	87.79	10/11/2011	20/01/2012	20/01/2012	02/10/2012	31/12/2019
4	Agriculture	YOUTH ENTREPRENEURSHIP PROJECT IN AGRICULTURE AND AGRIBUSINESS	OnGo	40,000,000.00	775,701.46	1.94	09/12/2016	10/03/2017	20/03/2018	20/03/2018	31/12/2022
<b>AGRICULTURE SECTOR</b>				<b>106,496,959.43</b>	<b>48,619,561.91</b>	<b>45.65</b>					
5	Ind/Mini/Quar	NYUMBA YA AKIBA CEMENT PLANT	OnGo	21,645,177.81	21,645,177.81	100.00	12/02/2014	27/11/2014	27/11/2014	01/09/2015	27/11/2017
	Ind/Mini/Quar	NYUMBA YA AKIBA CEMENT PLANT	OnGo	12,125,087.48	0.00	0.00	04/11/2015	14/10/2016			
<b>MINING/PRIVATE SECTOR</b>				<b>33,770,265.29</b>	<b>21,645,177.81</b>	<b>64.10</b>					
6	Transport	PRIORITY AIR SAFETY PROJECT PHASE 2 (PPSA 2)	APVD	75,000,000.00	0.00	0.00	18/10/2018	18/12/2018			31/12/2022
	Transport	PRIORITY AIR SAFETY PROJECT PHASE 2 (PPSA 2)	APVD	5,000,000.00	0.00	0.00	18/10/2018	18/12/2018			31/12/2022
7	Transport	BATSHAMBA-TSHIKAPA ROAD REHABILITATION PROJECT - L	OnGo	53,550,000.00	50,727,494.31	94.73	13/06/2012	07/08/2012	07/08/2012	24/10/2012	31/12/2019
8	Transport	BATSHAMBA-TSHIKAPA ROAD IMPROVEMENT PROJECT - LOANGE BRIDGE-LOVUA BRIDGE SECTION	OnGo	660,000.00	244,010.29	36.97	10/12/2013	07/01/2014	29/09/2016	29/09/2016	31/12/2019
	Transport	BATSHAMBA-TSHIKAPA ROAD IMPROVEMENT PROJECT - LOANGE BRIDGE-LOVUA BRIDGE SECTION	OnGo	13,260,000.00	2,266,448.44	17.09	10/12/2013	07/01/2014	07/01/2014	14/09/2015	31/12/2019
9	Transport	NR1 DEVELOPMENT PROJECT (TSHIKAPA-MBUJI-MAYI) AND	OnGo	74,000,000.00	16,109,822.44	21.77	17/12/2014	26/03/2015	26/03/2015	14/10/2015	31/12/2019
10	Transport	LOT 3 - BATSHAMBA-TSHIKAPA ROAD IMPROVEMENT PROJECT	OnGo	55,560,000.00	17,834,300.55	32.10	22/10/2014	26/03/2015	26/03/2015	14/10/2015	31/12/2019
<b>TRANSPORT SECTOR</b>				<b>277,030,000.00</b>	<b>87,182,076.03</b>	<b>31.47</b>					
11	Water Sup/Sanit	DWSS AND SOCIO-ECONOMIC INFRASTRUCTURE REINFORCEMENT PROJECT	OnGo	1,475,000.00	1,418,058.99	96.14	27/11/2013	07/01/2014	13/07/2016	22/07/2016	30/06/2021
	Water Sup/Sanit	DWSS AND SOCIO-ECONOMIC INFRASTRUCTURE REINFORCEMENT PROJECT	OnGo	43,525,000.00	12,509,080.77	28.74	27/11/2013	07/01/2014	07/01/2014	22/07/2014	30/06/2021
	Water Sup/Sanit	DWSS AND SOCIO-ECONOMIC INFRASTRUCTURE REINFORCEMENT PROJECT	OnGo	4,808,119.66	807,845.21	16.80	27/11/2013	07/01/2014	07/01/2014	22/07/2014	30/06/2021
	Water Sup/Sanit	DWSS AND SOCIO-ECONOMIC INFRASTRUCTURE REINFORCEMENT PROJECT	OnGo	55,000,000.00	19,418,472.26	35.31	27/11/2013	07/01/2014	07/01/2014	22/07/2014	30/06/2021
12	Water Sup/Sanit	SD-GIEU KINSHASA PREPARATION AND DWS FEASIBILITY STUDY	OnGo	1,515,163.76	564,361.52	37.25	26/06/2015	14/09/2015	14/09/2015	28/01/2016	31/12/2019
<b>WATER &amp; SANIT. SECTOR</b>				<b>106,323,283.42</b>	<b>34,717,818.75</b>	<b>32.65</b>					

#	Sector	Project name	Status of project	Net loan	Value-dated Capital	Disburs ratio	Approval date	Commit. date	Effectiveness	Effective 1st disb.	Planned final disb. date
13	Power	HYDROPOWER PLANTS REHABILITATION AND REINFORCEMENT PROJECT	OnGo	35,700,000.00	34,031,306.92	95.33	18/12/2007	10/04/2008	10/04/2008	14/10/2011	30/06/2019
14	Power	SEMI-URBAN AND RURAL ELECTRIFICATION PROJECT	OnGo	9,690,000.00	8,005,899.89	82.62	15/12/2010	10/03/2011	10/03/2011	27/12/2011	31/12/2019
	Power	SEMI-URBAN AND RURAL ELECTRIFICATION PROJECT	OnGo	60,000,000.00	40,523,435.72	67.54	15/12/2010	10/03/2011	10/03/2011	27/12/2011	31/12/2019
15	Power	POWER SECTOR GOVERNANCE AND IMPROVEMENT SUPPORT PROJECT	OnGo	66,220,000.00	0.00	0.00	07/12/2016	10/03/2017	26/02/2018		30/06/2020
	Power	POWER SECTOR GOVERNANCE AND IMPROVEMENT SUPPORT PROJECT	OnGo	4,880,000.00	234,317.40	4.80	07/12/2016	10/03/2017	10/03/2017	28/08/2017	30/06/2020
	Power	POWER SECTOR GOVERNANCE AND IMPROVEMENT SUPPORT PROJECT	OnGo	25,000,000.00	100,372.45	0.40	07/12/2016	10/03/2017	10/03/2017	28/08/2017	30/06/2020
16	Power	TARGETED TECHNICAL ASSISTANCE PROJECT FOR THE DEVELOPMENT OF INGA3	OnGo	1,500,000.00	1,447,487.27	96.50	13/05/2013	31/05/2013	31/05/2013	12/12/2013	30/12/2019
17	Power	SUPPORT FOR THE CREATION OF THE INGA DEV. AND PROMOTION AGENCY	OnGo	1,995,000.00	486,737.69	24.40	17/04/2013	31/05/2013	31/05/2013	18/12/2013	31/12/2019
	<b>ENERGY SECTOR</b>			<b>204,985,000.00</b>	<b>84,829,557.34</b>	<b>41.38</b>					
18	Finance	RAWBANK	APVD	10,822,588.90	0.00	0.00	07/03/2018				
				<b>10,822,588.90</b>	<b>0.00</b>	<b>0.00</b>					
19	Multi-Sector	SUPPORT PROJECT FOR THE GENERAL POPULATION AND HOUSING CENSUS	OnGo	15,000,000.00	2,440,128.30	16.27	26/11/2014	28/05/2015	28/05/2015	08/09/2015	30/06/2019
20	Social	EMERGENCY ASSISTANCE TO FIGHT THE EBOLA VIRUS DISEASE EPIDEMIC IN THE DRC	APVD	721,505.93	721,505.93	0.00	10/10/2018	05/11/2018			30/06/2019
	<b>SOCIAL SECTOR</b>			<b>15,721,505.93</b>	<b>3,161,634.23</b>	<b>20.11</b>					
21	Multi-Sector	STATISTICS AND PUBLIC FINANCE INSTITUTIONAL SUPPORT PROJECT	OnGo	10,960,000.00	10,577,755.30	96.51	23/10/2013	07/01/2014	07/01/2014	14/04/2014	30/08/2019
22	Multi-Sector	PRIVATE SECTOR AND JOB CREATION DEVELOPMENT SUPPORT PROJECT	OnGo	38,000,000.00	24,873,172.94	65.46	03/06/2015	05/08/2015	05/08/2015	07/10/2015	30/06/2019
23	Multi-Sector	DOMESTIC RESOURCE MOBILISATION AND PUBLIC FINANCE MODERNISATION SUPPORT PROJECT	OnGo	15,000,000.00	717,849.97	4.79	10/01/2018	05/03/2018	05/03/2018	29/06/2018	31/12/2021
25	Multi-Sector	SUPPORT PROJECT FOR CONSOLIDATION OF THE ECONOMIC FABRIC (PACTE)	APVD	2,424,000.00	0.00	0.00	30/03/2017	23/06/2017			31/12/2020
	Multi-Sector	SUPPORT PROJECT FOR CONSOLIDATION OF THE ECONOMIC FABRIC (PACTE)	APVD	1,766,000.00	0.00	0.00	30/03/2017	23/06/2017	23/06/2017	04/12/2017	31/12/2020
	<b>GOVERNANCE SECTOR</b>			<b>68,150,000.00</b>	<b>36,168,778.21</b>	<b>53.07</b>					
	<b>Total national portfolio</b>			<b>823,299,602.97</b>	<b>316,324,604.28</b>	<b>38.42</b>					

## 2. Regional Portfolio

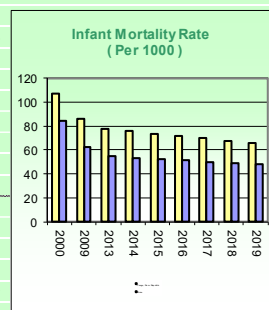
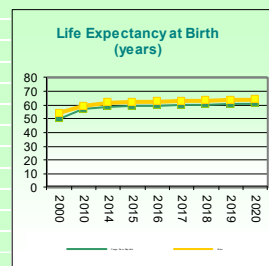
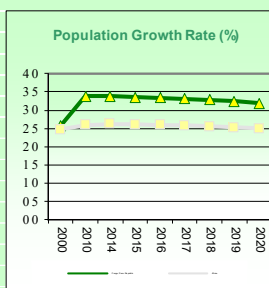
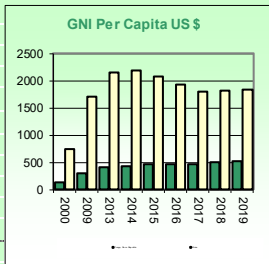
#	Name	Sector	Project name	Status of project	Net loan	Value-dated capital	Disburs. ratio	Approval date	Commit. date	Effectiveness	Effective 1st disb.	Planned final disb. date
25	Multi	Agriculture	DRC - LAKES EDWARD AND ALBERT INTEGRATED FISHERIES & WATER RESOURCES MANAGEMENT PROJECT	OnGo	6,000,000.00	2,669,231.38	44.49	20/05/2015	14/09/2015	14/09/2015	08/06/2016	30/06/2021
		<b>AGRICULTURE SECTOR</b>			<b>6,000,000.00</b>	<b>2,669,231.38</b>	<b>44.49</b>					
26	Multi	Power	INGA AND ELECTRICITY ACCESS DEVELOPMENT SUPPORT PROJECT	OnGo	39,409,000.00	5,189,791.42	13.17	20/11/2013	07/01/2014	07/01/2014	29/09/2014	31/12/2019
	Multi	Power	INGA AND ELECTRICITY ACCESS DEVELOPMENT SUPPORT PROJECT	OnGo	5,000,000.00	2,108,647.04	42.17	20/11/2013	07/01/2014	07/01/2014	29/09/2014	31/12/2019
27	Multi	Power	INTERCONNECTION OF CAR-DRC POWER GRIDS FROM THE BOALI HYDROPOWER SYSTEM	OnGo	5,550,000.00	581,456.16	10.48	19/09/2012	20/02/2013	20/02/2013	14/08/2015	30/12/2019
28	Multi	Power	RUZIZI III – DRC	OnGo	60,000,000.00	267,681.51	0.45	16/12/2015	14/11/2016	14/12/2016	06/11/2017	31/12/2022
29	Multi	Power	NELSAP INTERCONNECTION PROJECT - DRC - ADDITIONAL GRANT	OnGo	8,040,000.00	1,935,119.62	24.07	05/07/2016	20/10/2016	20/10/2016	21/06/2017	31/12/2021
		<b>ENERGY SECTOR</b>			<b>117,999,000.00</b>	<b>10,082,695.75</b>	<b>8.54</b>					
30	Multi	Social	YOUTH SOCIO-ECONOMIC REINTEGRATION SUPPORT PROJECT	OnGo	900,000.00	747,068.99	83.01	25/05/2016	06/10/2016	06/10/2016	25/07/2017	31/12/2020
		<b>SOCIAL SECTOR</b>			<b>900,000.00</b>	<b>747,068.99</b>	<b>83.01</b>					
		<b>Total regional portfolio</b>			<b>124,899,000.00</b>	<b>13,498,996.12</b>	<b>10.81</b>					
		<b>Total overall portfolio</b>			<b>948,198,602.97</b>	<b>329,823,600.40</b>	<b>34.78</b>					

## Appendix II : Key Socio-economic Indicators

### Congo, Dem. Republic

#### COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Congo, Dem. Republic	Central Africa	Africa	Developing Countries
<b>Basic Indicators</b>					
Area ('000 Km²)	2020	2 267	5 365	30 067	94 557
Total Population (millions)	2020	89.6	146.5	1 338.8	6 437.7
Urban Population (% of Total)	2020	45.6	46.8	43.8	50.8
Population Density (per Km²)	2020	39.5	27.9	45.6	67.2
GNI per Capita (US \$)	2019	520	924	1 843	5 093
Labor Force Participation *- Total (%)	2020	61.4	65.0	61.3	58.3
Labor Force Participation **- Female (%)	2019	61.0	58.4	55.8	45.9
Sex Ratio (per 100 female)	2020	99.7	100.0	99.9	106.9
Human Develop. Index (Rank among 189 countries)	2019	175	...	...	...
Popul. Living Below \$ 1.90 a Day (% of Population)	2007-18	77.2	57.0	34.4	...
<b>Demographic Indicators</b>					
Population Growth Rate - Total (%)	2020	3.2	3.0	2.5	1.2
Population Growth Rate - Urban (%)	2020	4.6	4.1	3.6	2.3
Population < 15 years (%)	2020	45.8	44.7	40.4	27.4
Population 15-24 years (%)	2020	19.2	19.5	19.3	16.3
Population >= 65 years (%)	2020	3.0	2.9	3.5	7.3
Dependency Ratio (%)	2020	95.4	90.9	78.1	54.6
Female Population 15-49 years (% of total population)	2020	22.4	22.9	24.2	25.1
Life Expectancy at Birth - Total (years)	2020	61.0	60.0	63.8	71.0
Life Expectancy at Birth - Female (years)	2020	62.5	61.5	65.6	73.2
Crude Birth Rate (per 1,000)	2020	40.1	38.5	32.6	19.7
Crude Death Rate (per 1,000)	2020	9.1	9.3	7.8	7.3
Infant Mortality Rate (per 1,000)	2019	66.1	62.8	47.9	30.6
Child Mortality Rate (per 1,000)	2019	84.8	85.5	69.5	41.0
Total Fertility Rate (per woman)	2020	5.7	5.3	4.3	2.6
Maternal Mortality Rate (per 100,000)	2017	473.0	559.8	432.3	231.0
Women Using Contraception (%)	2020	25.9	30.6	39.1	59.1
<b>Health &amp; Nutrition Indicators</b>					
Physicians (per 100,000 people)	2010-18	7.4	8.9	33.4	127.9
Nurses and midwives (per 100,000 people)	2010-18	111.0	78.0	107.8	247.6
Births attended by Trained Health Personnel (%)	2010-18	80.1	69.7	64.7	79.4
Peop. Using at least basic drinking water services (% of Pop.)	2017	43.2	48.1	66.3	87.7
Peop. Using at least basic sanitation services (% of Population)	2017	20.5	23.5	40.3	68.4
Percent of Adults (aged 15-49) Living with HIV/AIDS	2019	0.8	1.6	3.1	...
Incidence of Tuberculosis (per 100,000)	2019	320.0	285.2	198.2	152.0
Child Immunization Against Tuberculosis (%)	2019	73.0	75.0	81.0	88.0
Child Immunization Against Measles (%)	2019	57.0	55.9	71.9	84.9
Underweight Children (% of children under 5 years)	2010-19	23.4	23.5	18.1	14.5
Prevalence of stunting	2010-19	42.7	41.1	32.4	23.6
Prevalence of undernourishment (% of pop.)	2018	...	19.8	15.1	9.7
Current health expenditure (% of GDP)	2018	3.3	3.4	5.2	5.4
<b>Education Indicators</b>					
Gross Enrolment Ratio (%)					
Primary School - Total	2010-20	118.5	111.5	101.0	101.6
Primary School - Female	2010-20	114.7	106.6	98.8	100.5
Secondary School - Total	2010-20	46.2	47.0	53.5	72.4
Secondary School - Female	2010-20	36.0	36.9	50.5	72.1
Primary School Female Teaching Staff (% of Total)	2010-20	28.6	33.8	49.2	63.7
Adult literacy Rate - Total (%)	2010-18	77.0	71.8	67.9	84.3
Adult literacy Rate - Male (%)	2010-18	88.5	72.6	73.5	88.4
Adult literacy Rate - Female (%)	2010-18	66.5	65.0	61.7	80.2
Gouvernement expenditure on Education (% of GDP)	2010-19	1.5	2.5	4.8	4.1
<b>Environmental Indicators</b>					
Land Use (Arable Land as % of Total Land Area)	2016	3.1	4.0	8.0	11.3
Agricultural Land (as % of land area)	2016	11.6	20.4	38.2	38.3
Forest (As % of Land Area)	2016	67.2	46.6	13.2	31.9
Per Capita CO2 Emissions (metric tons)	2016	0.0	0.2	1.1	3.4



Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators;

last update :

March 2021

UNAIDS; UNSD; WHO, UNICEF, UNDP; Country Reports.

Note : n.a. : Not Applicable ; ... : Data Not Available. \* Labor force participation rate, total (% of total population ages 15+)

\*\* Labor force participation rate, female (% of female population ages 15+)

## Appendix III : - Risk Analysis Linked to the Fragility of the Ngandajika AIP

The DRC is considered by the Bank Group as a State in transition classified in Category 1. This note aims, on the one hand, to identify the factors of fragility linked to the sector and the project area (PA) and, on the other hand, to make concrete recommendations to build the resilience of the most vulnerable groups through this operation.

### Overview of the Main Factors of Fragility and Resilience of the DRC

The DRC's most recent CRFA records strong pressures related to insecurity, cross-border crime, polarisation based on ethnic identity, and poor access to justice. In addition, the pressure related to food insecurity is particularly high because the country is highly vulnerable to natural disasters associated with a low capacity in terms of prevention and response to complex emergencies. Lastly, lack of basic socio-economic infrastructure as well as corruption and bribes are major factors of fragility that affect the country's attractiveness and business climate.

However, the DRC is endowed with significant natural resources (agricultural, mining, energy, fisheries, tourism...), the tapping of which could guarantee its economic and social development. Its hydroelectric power potential is estimated at more than 100,000 MW, only 2.5% of which is currently tapped. Finally, a recent improvement in the effectiveness of economic policies offers some resilience to external shocks.

### Overview of the Main Factors of Fragility and Sources of Resilience of the AIP

#### Factors of Fragility

- **At the political level:** The persistence of land conflicts and customary powers, the lack of a consultation framework for resolving disputes, the absence of civil society capable of defending the interests of the population as well as the low representation of women in decision-making bodies are the main vectors of political fragility.
- **At the security level:** In recent years, Lomami Province has suffered the effects of the Kamuina Nsapu rebellion from neighbouring Kasai Central (2016-2017) with some of the militias who had taken refuge there as well as the arrival of many internally displaced persons. However, the security situation in the province, having improved considerably, does not appear to present major risks for programme implementation. However, the population's crisis of confidence in the security and defence forces is also a factor of fragility. Indeed, this is explained by the establishment of numerous roadblocks on the roads in several parts of the province as well as abuse of power by security services and agents and poor protection of vulnerable people.
- **At the economic level:** The province has a weak capacity to mobilise resources, a weak competitiveness of the economy caused mainly by the lack or poor condition of basic infrastructure, including agricultural service roads, health facilities, schools and rural markets. The low agricultural production and the lack of processing industries in the PA are also major factors of fragility. Added to this is the presence of several artisanal mining operations, sometimes using children as labour. Lastly, the difficulties in accessing credit and financing in the agricultural sector and the low-incentive business climate contribute to accentuating these factors of economic fragility.
- **At the social level:** The majority of the inhabitants of the province live in extreme poverty<sup>2</sup>, while the fertility rate of women remains very high (more than six children per woman on average). The impoverishment of the population, the low purchasing power, the lack of a middle class at the provincial level, the high unemployment rate, the absence of a social security system and of employment and vocational training

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<sup>2</sup> According to a World Bank poverty assessment report in 2016, the poverty rate in Lomami Province ranges between 70 and 90 %. Unfortunately, we could not find more recent data.

policies at the provincial level are the vectors of social fragility observed. Stakeholder consultation revealed the persistence of acute malnutrition, food insecurity, poor skills among young people and women, violence against women and early marriages. Young girls (14 to 18 years old) are the most vulnerable group.

- ***At the environmental level:*** The province lives mainly on agricultural products and fishing. Artisanal mining does not apply any environmental rules, while industrial pollution of soil and water is of particular concern – almost all artisanal mining companies do not treat their liquid effluents before discharging them into the natural environment. In addition, the province is particularly vulnerable to droughts and/or floods, plant diseases and insects.

### Potential Sources of Resilience and Entry Point for Programme Design

- Existence of a train station in the town of Mwene-Ditu, which connects Katanga and the port city of Ilebo on River Kasai ;
- Availability of large areas of fertile agricultural land;
- Cultivation of peanuts, soybeans, oil palm and certain vegetables already present in local practices;
- Breeding of goats, broilers, rabbits and pigs already present in local practices;
- Labour availability in the province ;
- Existing agricultural research capacities in the province (presence of INERA centres).

### Recommendations

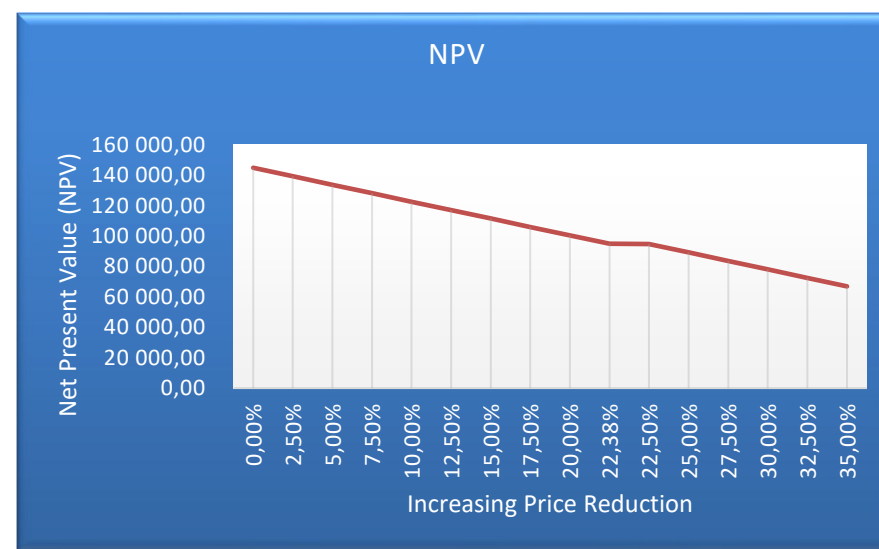
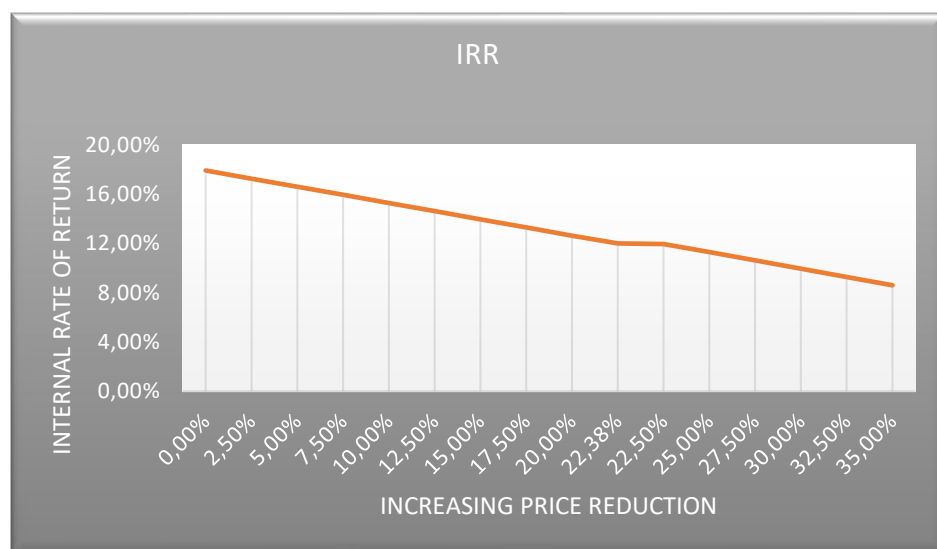
Factors of fragility	Consideration in programme design
1) Land disputes	The environmental and social safeguard team will have to ensure the identity of the landowners and the necessary measures in terms of compensation for the latter.
2) Lack of a legal and regulatory framework	Component A1 of the programme provides for the preparation of regulatory instruments for the AIP and the Aggregation and Agricultural Services Centres (CASA).
3) Lack of basic infrastructure	Components B1 and B2 of the programme provide for the development of transport and access infrastructure to the PA.  However, it is recommended to: <ul style="list-style-type: none"> <li>○ Upgrade existing schools with IT equipment and improvement/development of playgrounds for schools;</li> <li>○ Endeavour to locally select young people from the villages affected by the programme throughout its implementation;</li> <li>○ Facilitate the development of agricultural product marketing infrastructure, including the construction of small local markets;</li> <li>○ Construct boreholes for access to water;</li> <li>○ Rehabilitate priority agricultural roads.</li> </ul>
4) Lack of attractiveness for the private sector	Component A2 of the programme provides for the implementation of incentives in favour of the private sector as well as the establishment of Public-Private Partnerships.

Factors of fragility	Consideration in programme design
	In addition, the programme should include the establishment of a single window for administrative formalities for businesses as well as an operational and fully equipped police station/security service.
<b>5) Household poverty and unemployment</b>	<p>Component C3 of the programme: SAPZ fragility management measures should include:</p> <ul style="list-style-type: none"> <li>- Support for the implementation of community micro-projects that generate income for young people and women in the PA,</li> <li>- Facilitation of access to credit and financial inclusion in the PA,</li> <li>- Conduct of a study on the structural causes of fragility and proposed solutions adapted to the project area.</li> </ul>
<b>6) Food insecurity and malnutrition</b>	<p>The programme should include:</p> <ul style="list-style-type: none"> <li>- The provision of good seeds and storage means to surrounding disadvantaged households (Food crops should be prioritised).</li> <li>- A nutritional education and supervision centre for women on nutritional issues in order to sensitise them on the preparation of balanced meals adapted to the food products available in the PA.</li> <li>- The distribution of animal proteins through the provision of chickens, goats, rabbits and pigs for domestic and community breeding.</li> </ul>
<b>7) Lack of skilled labour for processing agricultural products</b>	The programme must provide for capacity building activities for young people and women in processing (in coordination with the TAAT programme).
<b>8) Gender inequalities</b>	<p>The programme could provide for capacity building and income-generating activities for women in the PA in the following areas:</p> <ul style="list-style-type: none"> <li>- Breeding</li> <li>- Agriculture</li> <li>- Horticulture</li> <li>- Soap production</li> <li>- Dye production</li> <li>- Sewing</li> <li>- Cooperative management</li> </ul> <p>In addition, it is recommended to plan awareness-raising activities on GBV and early marriage.</p>
<b>9) Vulnerability to floods</b>	The programme should include flood risk mitigation measures (e.g. embankment or dykes).
<b>10) Risks of pollution and the disappearance of rare species</b>	The programme must provide for the preservation and/or restoration of rare species in collaboration with the structures and associations existing in the PA. This will come within the framework of ESMP implementation.

However, the effective implementation of these measures requires a significant improvement in governance, in particular the acceleration of the fight against corruption, the transparency of public procurement, and the rationalisation of public finance management, in general, and project resources, in particular. The country is at a point of transition; public expectations remain high and government still needs to communicate effectively with its people to allay fears of regression towards insecurity and conflicts. Although compromises have to be made when resources are limited, development planning must remain an integral part of discussions on governance, inclusive opportunity creation and security. This involves reducing poverty, increasing economic opportunities for all, including, listening and empowering young people and women. At the same time, government must strive to strengthen peace, governance, political participation, the rule of law and security.

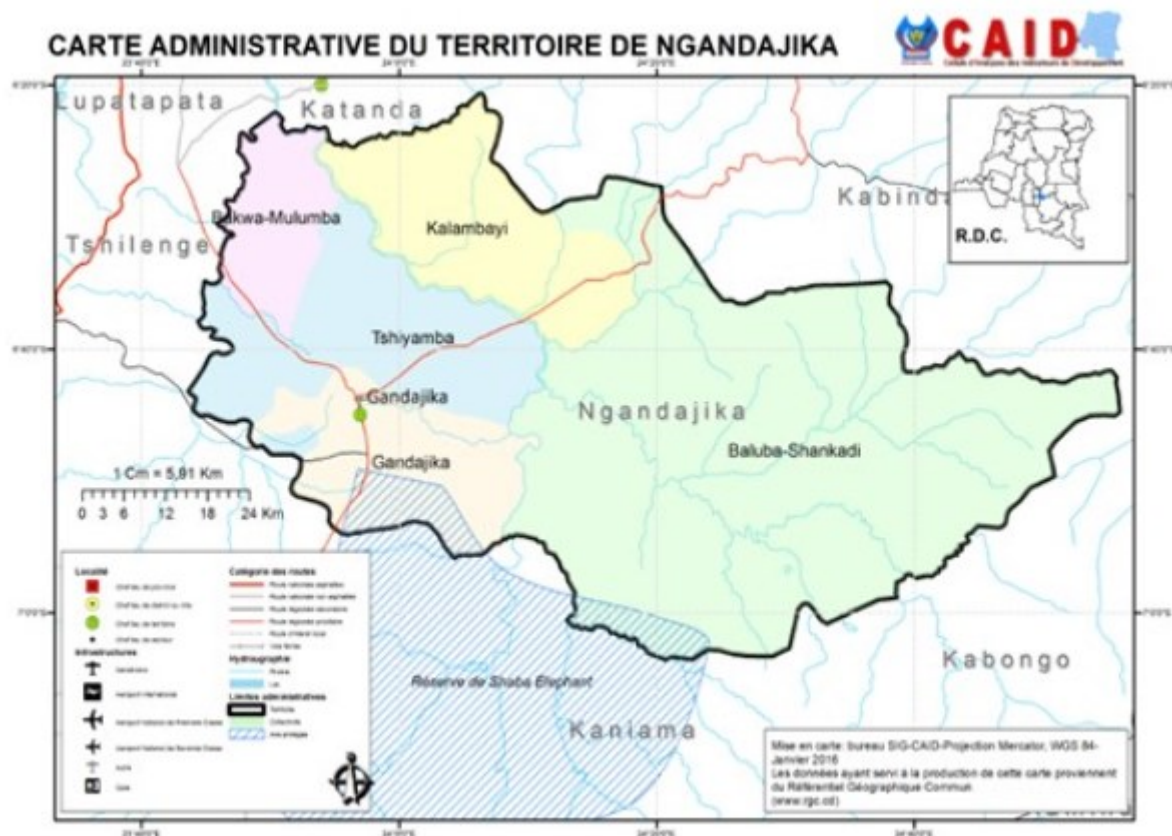
## Appendix IV: Summary of Financial and Economic Analysis

Scenario Summary														
		Current Values:	Price drop -2.5%	Price drop -5%	Price drop -7.5%	Price drop -10%	Price drop -12.5%	Price drop -20%	Price drop -22.38%	Price drop -22.5%	Price drop -25%	Price drop -27.5%	Price drop -30%	Price drop -35%
	Price drop	0.00%	2.50%	5.00%	7.50%	10.00%	12.50%	20.00%	22.38%	22.50%	25.00%	27.50%	30.00%	35.00%
Result Cells:														
	NPV	144,991.43	139,415.97	133,840.52	128,265.06	122,689.61	117,114.15	100,387.79	95,079.95	94,812.33	89,236.88	83,661.42	78,085.97	66,935.06
	IRR	17.93%	17.27%	16.61%	15.95%	15.28%	14.62%	12.63%	12.00%	11.96%	11.30%	10.63%	9.95%	8.60%
	���36	2.03	1.99	1.95	1.91	1.88	1.84	1.73	1.69	1.69	1.65	1.61	1.57	1.49





## Appendix V: Map of the Project Area



This map has been provided by the staff of the African Development Bank (AfDB) Group exclusively for the use of the readers of the report to which it is attached. The names used and the borders shown do not imply on the part of the AfDB Group and its members any judgment concerning the legal status of a territory nor any approval or acceptance of these borders.

## Appendix VI: Environmental and Social Compliance Note ((ESCON))

### ENVIRONMENTAL AND SOCIAL COMPLIANCE NOTE (ESCON)



AFRICAN DEVELOPPEMENT BANK GROUP

#### A. Basic Information<sup>3</sup>

<b>Project Title:</b> Ngandajika Agro-Industrial Development Support Programme (PRODAN)		<b>Project "SAP code":</b> P-CD-AAG-006
<b>Country:</b> DRC	<b>Lending Instrument<sup>4</sup>:</b> 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"/>	
<b>Project Sector:</b> Agriculture		<b>Task Team Leader:</b> Léandre GBELI
<b>Appraisal date:</b> 19 March – 27 May 2021		<b>Estimated Approval Date:</b> 17/11/2021
<b>Environmental Safeguards Officer:</b> Bruno BOLEKIMO		
<b>Social Safeguards Officer:</b> Gisele BELEM		
<b>Environmental and Social Category:</b> 1	<b>Date of categorization:</b> 8/05/2020	<b>Operation type:</b> SO <input checked="" type="checkbox"/> NSO <input type="checkbox"/> PBO <input type="checkbox"/>
<b>Is this project processed under rapid responses to crises and emergencies?</b>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>Is this project processed under a waiver to the Integrated Safeguards System?</b>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

#### A. Disclosure and Compliance Monitoring

##### B.1 Mandatory disclosure

<b>Environmental Assessment/Audit/System/Others (specify: Environmental and Social Impact Assessment, Pests Management Plan)</b>	
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> NA <input type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	29/06/2021
Date of receipt, by the Bank, of the authorization to disclose	30/06/2021
Date of disclosure by the Bank	1/07/2021
<b>Resettlement Action Plan/Framework/Others: Resettlement Action Plan</b>	
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> NA <input type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	29/06/2021
Date of receipt, by the Bank, of the authorization to disclose	30/06/2021
Date of disclosure by the Bank	1/07/2021
<b>Vulnerable Peoples Plan/Framework/Others (specify): NA.</b>	
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]
<b>If in-country disclosure of any of the above documents is not expected, as per the country's legislation, please explain why:</b> NA	

##### 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 checked="" type="checkbox"/> No <input type="checkbox"/> NA <input 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"/>

#### B. Clearance

Is the project compliant to the Bank's environmental and social safeguards requirements, and to be submitted to the Board? Yes ☒ No ☐

Prepared by:	Name	Signature	Date
Environmental Safeguards Officer:	Bruno BOLEKIMO		05/11/ 2021
Social Safeguards Officer:	Gisele BELEM		05/11/ 2021
Task Team Leader:	Léandre GBELI		
<b>Submitted by:</b>			
Sector Director:	Atsuko TODA		08/11/ 2021
<b>Cleared by:</b>			
Director SNSC:	Maman-Sani ISSA		08/11/ 2021

<sup>3</sup> Note: This ESCON shall be appended to project appraisal reports/documents before Senior Management and/or Board approvals.

<sup>4</sup> 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.