

AFRICAN DEVELOPMENT FUND



RURAL ECONOMY INTEGRATED DEVELOPMENT SUPPORT PROJECT (PROADER)

COUNTRY : DEMOCRATIC REPUBLIC OF CONGO (DRC)

APPRAISAL REPORT

Date: August 2019

Project Team	Team Leader	A. SOW Principal Rural Infrastructure Specialist	RDGC.2	3888
	Team Members	J. TIEGUHONG Chief Forestry Expert	ECNR	5043
		Ann DEFRA YE, Nutrition Programme Officer	AHHD.2	4908
		S. KOL OTA Principal Social Development Specialist	COCD	6367
		V.-A. M. LOSSOMBOT Financial Management Specialist	COCD	6348
		D. MARINI Procurement Specialist	COCD	6358
		L. NSIMPASI Agroeconomist (Consultant)	RDGC.2	5268
		O. K. NDIAYE Environmental (Consultant)	RDGC.2	5778
	Regional Division Manager	A. EYEGHE	RDGC.2	2253
	Sector Director	M. FREGENE	AHAI	5586
	Director-General	O. DORE	RDGC	4902
	Deputy Director-General	R. KANE	RDGC	4440
Peer Reviewers	Laouali GARBA, Chief Climate Change Specialist		AHAI.2	1990
	Nathalie GAHUNGA, Chief Gender Specialist		RDGW.2	3383
	Firmin BRI, Power Engineer		RDGC.1	1677
	Vaidjoua GUINEO, Rural Infrastructure Specialist		COMG	6001
	Souleye KITANE, Environmental and Natural Resource Specialist		RDGW.2	6541

Currency Equivalents

(June 2019)

UA 1 = EUR 1.22

USD 1 = CDF 1650

UA 1 = USD 1.38

Sources: <https://www.afdb.org/fr/documents/document/June-2019-exchange-rates-108175/>

Abbreviations and Acronyms

DWSS	Drinking Water Supply and Sanitation
AfDB	African Development Bank Group
AVC	Agricultural Value Chain
CDF	Congolese Franc
CDTA	Centre for Demonstration of Agricultural Techniques
CNSA	National Enhanced Seed Centre
CSP	Country Strategy Paper
DRC	Democratic Republic of Congo
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
FAO	United Nations Food and Agriculture Organisation
FI	Financial Institution
GDP	Gross Domestic Product
GIZ	German Cooperation Agency
Govt	Government
HPEK	<i>Huilerie, Plantations, Élevage du Kwango Kwilu –Sarl</i> (Kwango Kwilu Oil Mill, Plantations and Livestock Company)
ICB	International Competitive Bidding
IDA	International Development Agency
IFAD	International Fund for Agricultural Development
ILO	International Labour Office
IMF	International Monetary Fund
NCB	National Competitive Bidding
NDP	National Development Plan
PMU	Project Management Unit
PAPAKIN	Kinshasa Supply Poles Support Project
PARSA	Agriculture Rehabilitation and Recovery Support Project
PARSAR	Agricultural and Rural Sector Recovery Support Project
PCU	Project Coordination Unit
PDPC	Growth Poles Development Projects
PMEAR	Small- and Medium-sized Agricultural and Rural Enterprises
PRESAR	Agricultural and Rural Sector Rehabilitation Project
PROADER	Rural Economy Integrated Development Support Project
PRODAKK	Kwilu/Kwango Districts Agricultural Development Programme
PRODEKK	Kwilu/Kwango Access Improvement Programme
SIG	Study and Intervention Group
TAAT	Technologies for African Agricultural Transformation
UAM	Million Units of Account
USAID	United States Agency for International Development

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Project Information Sheet

Client Information

BORROWER: Democratic Republic of Congo
EXECUTING AGENCY: Ministry of Rural Development

Financing Plan

Source	Amount	Instrument
ADF LOAN	UA 39,99 million	ADF
ADF GRANT	UA 2,1 million	From Loan cancellations
Government	UA 6,84 million	
Beneficiaries	UA 0,56 million	
TOTAL COST	UA 49,49 million	

Key ADF Financing Information

Loan Currency	Unit of Account
Interest Type	N/A
Interest Rate Margin	N/A
Other Costs	N/A
Commitment Fee	0.5% of the undisbursed amount effective 120 days following signature of the Loan Agreement
Loan Maturity	40 years
Grace Period	10 years
FRR (baseline scenario)	18%
NPV	USD 86.4 million
ERR (baseline scenario)	19%
NPV	USD 95.5 million

Duration – Key Milestones (expected)

Project approval	21 November 2019
Signature of the agreement	End-January 2020
First disbursement	End-April 2020
Completion	End-July 2025
Last disbursement	End-December 2025
Last reimbursement	To be specified

Project Summary

1. **Project overview:** The Rural Economy Integrated Development Support Project (PROADER) will be implemented in the rural areas of Kasai-Central, Kasai, Kasai-Oriental, Kwilu, Kwango, Kongo Central and Mai-Ndombe Provinces. About 60% of the inhabitants of these provinces live below the extreme poverty line of USD 1.9 per day. The targeted corridor is an integral part of areas most severely affected by the humanitarian crisis in the Democratic Republic of Congo (DRC). The area has a huge agricultural, forestry, pastoral and fisheries production potential, and can serve as a vector for the promotion of agribusiness. It is the junction area between the West (Kinshasa border with the Republic of Congo), the Southwest (border with Angola) and the Southeast (Grand Katanga towards Zambia). The overall objective of the project is to promote a dynamic and prosperous rural economy by improving agricultural and rural socioeconomic services, and by diversifying and enhancing agricultural production. To achieve this objective, PROADER's activities will be centred on the following components: (a) local governance and institutional capacity building; (b) promotion of productive and social investments; and (c) project coordination and management. The project cost is estimated at UA 49,49 million, of which UA 39,99 million will be contributed by ADF Loan, UA 2,1 million by ADF grant from Loan cancellation, UA 6,84 million by the Government and UA 0.56 million by the project beneficiaries. The project will be implemented over a six-year period.

2. PROADER will directly affect 380,000 households in the 30 selected agricultural, forestry and pastoral basins, representing nearly 10% of households in the seven targeted provinces, or about 2 million people, of whom 50% are women and at least 40% are young people. The project will indirectly affect nearly 500,000 households or about 2.6 million people. The expected project benefits are the increase in rural household income, the reduction in chronic malnutrition among children under five, the increased share of the agricultural sector in the national Gross Domestic Product (GDP), and the enhanced resilience of rural households.

3. **Needs assessment:** The Bank's intervention is justified partly by the considerable investment needs of the DRC agricultural sector, which must be met to allow the actors of this sector to fully play their roles in the structural transformation of Congolese agriculture. The project area is replete with natural resources that offer value-adding opportunities with the potential to generate wealth for the rural economy. However, agricultural/rural development continues to face problems that hinder the dynamism of the rural economy and should, therefore, be given special attention. These problems include: (i) the low productivity of traditional subsistence farming systems characterised by shifting cultivation and slash-and-burn practices, the use of degenerated local seeds, rudimentary farming techniques and high vulnerability to climate change. According to the E-QUIBB 2016 survey, 1.8% of households use modern farming techniques and 0.8% have access to agricultural machinery; (ii) weak local governance leading to significant inadequacies in the planning and maintenance of basic infrastructure required for economic development; and (iii) lack of development opportunities for small- and medium-sized enterprises in occupational areas related to the development of agricultural and rural services. The formal request of the DRC Government was made to the Bank in March 2019.

4. **Bank's value-added:** The Bank's value-added stems from its experience acquired through its interventions in the agricultural and rural sector. Bank intervention will consolidate the gains of Bank-financed rural development sector projects under which several rural infrastructure facilities were rehabilitated. It will also revive the rural sector, which was left in utter shambles by the conflicts. This project lays special emphasis on the establishment of a sustainable mechanism for the management and maintenance of rural infrastructure, including roads, with the building of the institutional and financial capacity of Decentralised Territorial Entities (ETDs) and the involvement of economic actors and the communities concerned.

5. **Knowledge building:** PROADER will generate knowledge on the development of the rural economy in the DRC, including the challenges, methodologies and benefits of local planning, integrated water management, digitisation of farms and registration of producers, the public-private-producer partnership (or 4P)¹ and the financing of gender mainstreaming innovations. 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 best practices, identification of local knowledge and innovations will be carried out. This activity will be developed as part of institutional support to the Department of Studies and Planning (DEP) of the Ministry in charge of Rural Development. The project's monitoring and evaluation system and the gender-sensitive social and institutional communication strategy that will be developed will facilitate the production of information for dissemination to stakeholders, particularly through partner community radio stations. The knowledge generated by the project will help to fuel policy dialogues, support and improve the design of new projects.

¹ A 4P is a cooperation arrangement between a government, entrepreneurs and small producers, who agree to work together to reach a common goal or perform a specific task, while jointly assuming the risks and responsibilities and sharing benefits, resources and skills. An illustration of a 4P is presented in Annex B.1.4, Volume II, of the Appraisal Report.

Results-Based Logical Framework

Country and Project Name: Democratic Republic of Congo – Rural Economy Integrated Development Support Project (PROADER)						
Project Goal : Contribute to the promotion of a dynamic and prosperous rural economy through the establishment of effective agricultural and rural entrepreneurship						
RESULTS CHAIN		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/MITIGATION MEASURES
		Indicator (including CSI)	Baseline Situation	Target	Sources of Verification	
IMPACT	Contribute to poverty reduction and the value-added of agricultural products	1-Income of agricultural households 2. Chronic malnutrition rate among children under 5 in rural areas	1- Less than USD 2000 /year (2016) 2- 43 % (2013)	1- USD 3500 (in 2025) 2- 38 % (2025)	Sources: Ministry of Statistics and Planning	
	Outcome 1: Improved agricultural and rural services for rural households	1.1. Percentage of residents of the targeted basins with year-round road access 1.2. Mechanisation access rate 1.3. Access rate of small producers to agricultural technological innovations	(2018) 1.1. 25% 1.2. 0.8% 1.3. 0	(2025) 1.1. 60% 1.2. 10%, 25% of them women 1.3. 30%, 40% of them women	Sources: Reports	Risk: Vulnerability to climate change Mitigation measure: Promotion of community agroforestry, integrated water resource management and short-cycle crop varieties, access to supplemental irrigation
OUTCOMES	Outcome 2. Improved diversification and value-added of agricultural production	2.1. Improved productivity in the selected subsectors: (maize, cassava, village palms, etc., in the targeted area) 2.2. Increase in the additional volume marketed 2.3. Post-harvest losses of targeted crops 2.4. Percentage of children between 6 and 23 months with a minimum acceptable diet 2.5. Rural women empowerment index (scale of 1 = low and 5 = high)	2.1. Maize: 0.8 t/ha; cassava: 8 t/ha; rice: 0.8 t/ha; peanuts: 700 kg/ha; village oil palm: 2.5 tonnes of palm nuts/ha/year 2.2. 0 2.3. Cassava: 30 %; maize: 25 % 2.4. 8.4 % 2.5. 1	2.1. Maize: 2 t/ha; cassava: 20 t/ha; rice: 2 t/ha; peanuts: 1.5 t/ha; village oil palm: 20 tonnes of palm nuts /ha/year 2.2. 40% 2.3. Cassava: 15%; maize: 10 % 2.4. 20% 2.5. 3	Sources: Socioeconomic impact monitoring and evaluation reports Population and health survey	Risk: Poor sustainability of the infrastructure built Mitigation measures: Establishment of a local infrastructure maintenance mechanism, including rural roads, by empowering decentralised territorial entities, labour-intensive private agricultural enterprises and small- and medium-sized enterprises, as well as producer associations/cooperatives.
	Component 1. Build governance and institutional capacity 1- Build the institutional capacity of territorial entities	1.1- Number of gender-sensitive local development plans prepared 1.2- Number of community radio stations supported 1.3- Number of buildings for Decentralised Territorial Entities (ETD) rehabilitated 1.4- Number of locally elected officials trained (finance and local taxation, participatory and citizen-oriented budgeting, planning, governance, etc. (M/W) 1.5- Preparation of the National Rural Development Master Plan 1.6- Standards and blueprints for gender-sensitive rural infrastructure developed and disseminated 1.7- Electronic library for the management of sector-based data set up 1.8- Establishment of a gender-sensitive farm digitisation and registration system 1.9- Number of central and provincial staff trained in rural economy, integrated management, local planning, monitoring and evaluation, and project development 1.10- Number of integrated water resources management (IWRM) action plans for sub-watersheds 1.11- Number of actors made aware of nutrition issues 1.12- Number of teenage girls and women made aware of nutrition issues and essential nutrition actions 1.13- Mobilisation of climate funds for the project area	1.1- 0 1.2- 0 1.3- 0 1.4- 0 1.5- 0 1.6- 0 1.7- 0 1.8- 0 1.9- 0 1.10- 0 1.11- 0 1.13- 0 1.13- 02	1.1- 30 1.2- 30 1.3- 30 1.4- 1000, 30% of them women 1.5- One (1) master plan and detailed studies on three integrative hydro-agricultural development projects 1.6- One (1) guide prepared and disseminated 1.7- One (1) electronic library operational 1.8- Farm digitisation and registration system operational 1.9- 200 1.10- 4 (2 with ADF) 1.11- 800, 60% of them women 1.12- 5,000 1.13- USD 15 million	Sources: Monitoring and evaluation reports (progress, supervision and mid-term review reports) Socioeconomic impact reports	Risk: Reticence of public entities regarding the empowerment of ETDs Mitigation measures: Dissemination of the legislation on decentralisation; capacity building for public entities in preparation for the challenges of decentralisation

	RESULTS CHAIN	PERFORMANCE INDICATORS				MEANS OF VERIFICATION
		Indicator (including CSI)	Baseline Situation	Target	Sources of verification	
OUTPUTS	Component 2. Promote productive and social investments	2.1.1- Number of trade partnerships created and operational for the agro-industrial development of maize, cassava and village palm plantations	2.1.1- 0 2.2.1- 0 2.3.1- 0 2.3.2- 0 2.4.1- 0	2.1. 4 2.2.1- 50,000, 50% of them women 2.3.1- 500, 35% of them benefiting women 2.3.2- 3 2.4.1- 4 2.5.1. 300, at least 50 % of them rehabilitated by PMEARS 2.5.2- 100 2.5.3- 2	Sources: Monitoring and evaluation reports (progress, supervision and mid-term review reports) Socioeconomic impact reports	Risk: Bad governance Mitigation measure: Strengthening of citizen control with the empowerment of beneficiaries and economic actors in the process of planning, building, managing and maintaining the facilities; raising of stakeholder awareness of the available remedies Risk: Poor knowledge of gender issues and their impact on the performance of household activities. Mitigation measure. Gender mainstreaming in local planning strategies Raising the awareness of households concerning the benefits of proper gender mainstreaming
	2.1- Develop trade partnerships in the agricultural and rural sector	2.2.1- Number of rural farmers with access to technological innovations (seeds and other improved inputs)	2.5.1- 0 2.5.2- 0 2.5.3- 0			
	2.2-Strengthen the productivity and resilience of agricultural production systems	2.3.1- Number of small- and medium-sized agricultural and rural enterprises (PMEARS) established and operational cooperatives in production basins				
	2.3- Strengthen the skills of young people for jobs in the agricultural and rural sector	2.3.2- Number of technical and vocational training centres strengthened				
		2.4.1- Number of gender-based multi-service platforms created and rehabilitated				
	2.4- Strengthen rural women's economic empowerment	2.5.1- Length rural roads rehabilitated				
	2.5- Improve access to socioeconomic infrastructure	2.5.2- Number of socioeconomic infrastructure facilities built/rehabilitated (gender-sensitive drinking water supply systems, small irrigation systems, market infrastructure, renewable energy)				
		2.5.3- Number of pilot community agricultural estates set up				
KEY ACTIVITIES	COMPONENTS				RESOURCES (UA MILLION)	
	1. Build local governance and institutional capacity				ADF : UA 39.99 million	
	<ul style="list-style-type: none"> Preparation of local development plans and priority investment plans Construction of offices for decentralised territorial entities Training of locally elected officials Institutional support for technical services involved in the development of the rural economy, integrated management of water resources and nutrition 				Govt. : UA 6.84 million	
					Beneficiaries : UA 0.56 million	
					TOTAL RESOURCES: UA 49.49 million	
	2. Promote productive and social investments					
	<ul style="list-style-type: none"> Development of trade partnerships Rehabilitation and equipment of technical and vocational training centres Building of transformative rural infrastructure Support for the establishment and operationalisation of gender-based multi-service platforms Establishment of two community agricultural estates Community agroforestry development 					
	4. Project coordination and management:					
	3. Administrative management; financial management; procurement; environmental and social management; monitoring/evaluation and knowledge building					

Project Implementation Schedule

IMPLEMENTATION SCHEDULE OF PROADER ACTIVITIES																											
Activities	2019		2020				2021				2022				2023				2024				2025				
	T3	T4	T1	T2	T3	T4	T1	T2	T3	T4	T1	T2	T3	T4	T1	T2	T3	T4	T1	T2	T3	T4	T1	T2	T3	T4	
IMPLEMENTATION SCHEDULE OF PROADER ACTIVITIES																											
2- Project pre-startup activities																											
Signing the Loan Agreement																											
Loan effectiveness																											
Fulfillment of conditions for the first disbursement of loan																											
Establishment of the operational mechanism, preparation and validation of the first 2020 AWPB for the project																											
Signing of agreements with implementing partners																											
Organization of the project launch workshop																											
Equipment and materials for national coordination and provincial teams																											
3- Coordination activities and project management																											
Steering Committee meetings (end-June and end-December from 2020 to 2025)																											
Preparation of procedures manuals on project management, monitoring-evaluation and																											
Reference studies, mid-term review and impact assessment																											
Coordination, monitoring of the procurement plan, monitoring and evaluation, including the																											
Validation by the Steering Committee and the Bank of the AWPB from 2021 to 2025																											
Financial management and submission of audit reports (no later than end-June from 2021 to																											
Bank supervision mission																											
Preparation of the project completion report																											
4- Implementation of activities																											
Local Development Support																											
Update of the regional planning methodological guide																											
Preparation of local development plans and priority investment plans for the rural economy																											
Recruitment of the individual consultant for the development of the social communication strategy																											
Development of a social communication strategy																											
Strengthening of community radio stations																											
Recruitment of an architect for the design of standard premises for decentralised territorial entities (ETDs)																											
Architectural and technical studies of ETD premises																											
Recruitment of companies and rehabilitation / construction and equipment of the premises of targeted ETDs																											
Development of the capacity building plan for local actors																											
Capacity building for local actors (study tours, training, awareness raising)																											
Institutional support for technical services and structures involved																											
Preparation and validation of ToRs for the development of the rural development master plan (SDDR)																											
Recruitment of the consultant for the development of the SDDR																											
Development and validation of the rural development master plan																											
Development and dissemination of a guide on rural infrastructure standards and blueprints																											
Establishment of an electronic library for sector data management																											
Establishment of a land digitization system																											
Capacity building for the staff of technical services																											
Development of four integrated water resource management (IWRM) action plans and support for their implementation																											
Nutrition support																											
Nutrition-related awareness-raising																											
Development of rural entrepreneurship																											
Recruitment of technical assistance for the development of business partnerships and enterprises																											
Supplementary feasibility studies and support for the development of trade partnerships																											
Signing and implementation of public-private producer partnership agreements																											
Development of small amedium-sized agricultural and rural enterprises																											
Support for technical and professional agricultural training																											
Development of multi-service platforms for women																											
Recruitment of the consultant for supplementary studies																											
Supplementary studies, proposal of the platform management model																											
Construction of multi-service platforms																											
Construction of multi-service platforms																											
Equipment of platforms																											
Capacity building for women (training, study tours, participation in foras, etc.)																											
Development of structuring infrastructure																											
Recruitment of consultants																											
Preparation of information sheets for priority socioeconomic sub-projects																											
Selection of priority sub-projects																											
Supplementary technical studies and preparation of competitive bidding documents																											
Community procurement for the recruitment of companies																											
Rehabilitation of farm-to-markets roads																											
Routine maintenance of rehabilitated sections																											
Private investment support and storage and marketing infrastructure																											
Sustainable mechanism for the management and maintenance of collective infrastructure																											
Establishment of 2 pilot community agricultural domains																											
Community agroforestry																											
Signing of agreements with local agencies																											
Implementation of agroforestry activities																											

BANK GROUP MANAGEMENT'S REPORT AND RECOMMENDATION TO THE BOARD OF DIRECTORS CONCERNING A PROPOSAL TO GRANT A LOAN TO THE DEMOCRATIC DEVELOPMENT REPUBLIC OF CONGO TO FINANCE THE RURAL ECONOMY INTEGRATED DEVELOPMENT SUPPORT PROJECT (PROADER)

Management hereby submits this report and its recommendation concerning a proposal to grant a Loan of **UA 39,997.947** and a Grant of **UA 2,100,000** from Loan cancellations to the Government of the Democratic Republic of Congo to finance the Rural Economy Integrated Development Support Project.

I. STRATEGIC THRUST AND OBJECTIVES

1.1. Project Linkages with Country Strategy and Objectives

1.1.1 The project is consistent with the DRC's 2016-2021 Strategic Development Framework (SDF), which seeks to achieve economic and social development by diversifying the economy through: (i) agriculture and the agro-food chain; (i) forest exploitation, timber processing and marketing industries; (iii) mining; (iv) construction and building materials; (v) the tourism and hotel business; and (vi) financial services. The project is also aligned with the National Agricultural Investment Plan (PNIA) for 2014-2020, whose overall objective is to stimulate sustained annual growth of the agricultural sector by more than 6% - an essential prerequisite for reducing poverty, ensuring the people's food security and nutrition, and sustainably generating jobs and income. PROADER is in line with the country's Decentralisation Policy, which empowers the Provinces and ETDs to plan and assume responsibility for the economic development of their communities and to become real drivers of development from the grassroots. According to the 1-2-3 Survey (2016), 63.4% of the population, or 46 million Congolese, live below the poverty line and close to three-quarters of them below the extreme poverty line. In terms of the human assets index (HAI) and the human development index (HDI), the DRC ranks 146th out of 157 countries, with an HAI of 0.37 (2017), and 176th out of 189 countries with an HDI of 0.457 (2018). The country offers very few formal job opportunities and overall underemployment affects 85.7% of the workforce (82% of men and 89.7% of women).

1.1.2 PROADER is consistent with the 2013-2017 Country Strategy Paper (CSP), extended respectively to the end of 2018 and the end of 2020, the two pillars of which are: (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. The project will help to strengthen the structural transformation of the rural and agricultural sector, which offers a real opportunity to diversify the country's economy and create jobs. The project design is in line with the Bank's "Feed Africa" strategy, which is based on the value chain approach and seeks to improve productivity and resilience by adopting technology through two flagship programmes: Technologies for African Agricultural Transformation (TAAT) and Africa Climate-Smart Agriculture (ACSA). PROADER is also aligned with youth employment strategies, including the "ENABLE YOUTH" initiative. Lastly, the project will help to strengthen women's economic empowerment, and thus dovetails with Pillar 2 of the Bank's Gender Strategy, which is based on women's economic empowerment.

1.2. Rationale for Bank Intervention

1.2.1. The development of agriculture and agribusiness is an economic diversification pillar of the Strategic Development Framework (SDF), aimed at the economic and social development of the DRC. The DRC abounds in natural resources, which offer opportunities for the creation of value-added that could lead to the generation of wealth for the rural economy. However, agricultural/rural development continues to be handicapped by: (i) the low productivity of traditional subsistence farming systems characterised by shifting cultivation and slash-and-burn

practices, the use of degenerated local seeds, rudimentary farming techniques and high vulnerability to climate change; (ii) weak local governance leading to notable inadequacies in the planning and maintenance of basic infrastructure required for economic development; and (iii) the lack of development opportunities for small- and medium-sized enterprises in occupational areas related to the development of agricultural and rural services.. Therefore, the project will help to strengthen the structural transformation of the agricultural and rural sector, which offers a real opportunity to diversify the country's economy and create jobs, especially for young people. It will support the improvement of agricultural productivity and the organisation of small producers to guarantee regular and appropriate supply for agro-industries located in the selected production basins and operating in the priority value chains of the targeted areas. Moreover, this intervention will enhance and consolidate the major gains of previous Bank-financed projects in terms of rural development sector infrastructure, and will thus promote the revival of a rural sector that was completely in tatters due to lack of investments and as a result of conflicts in the project areas. Furthermore, the Bank's intervention will help to strengthen social cohesion and reduce the fragility of the intervention area, which is the focus area of the operational activities of the current CSP.

1.2.2. The agricultural and rural sector requires significant investments to enable all actors in the sector to fully play their role in the transformation of Congolese agriculture. In this context and as a result of its experiences gained through the implementation of its strategies for transforming agriculture, overcoming fragility and building resilience in Africa, the Bank enjoys a real comparative advantage as far as this intervention is concerned.

1.3. Aid Coordination

1.3.1. The activities of the DRC's development partners are coordinated through the Aid and Investment Management Platform (PGAI), hosted in the Ministry of Planning. Technical activities are discussed and planned in thematic groups, including the Inter-Donor Group for Agriculture and Rural Development (GIBADER). PROADER will develop synergies and complementarities with ongoing investment projects in the agricultural and rural sector financed by other donors, which include: (i) the Government-funded Agricultural Voluntary Programme (PVA); (ii) the PPAKIN project, financed by IFAD; (iii) the Kwilu/Kwango Districts Agricultural Development Programme (PRODAKK) and the Kwilu/Kwango Access Improvement Programme (PRODEKK), financed by the Kingdom of Belgium and implemented by Enabel (former Belgian Technical Cooperation); and (iv) the World Bank-funded Growth Pole Development Project (PDPC) in the Western Region. Lastly, the project will scale up successful public-private-producer partnership initiatives in village palm oil value chains (with the private concern known as *Huilerie, Plantations, Élevage du Kwango Kwilu - HPEK*) (Kwango Kwilu Oil Mill, Plantations and Livestock Company), maize with STRATEGOS, cassava with two private concerns: *Entreprise de Consultance et de Services Agricoles au Congo* (Consultancy and Agricultural Services Enterprise in Congo) (ECOSAC) and LAYUKA. The project will support the country in mobilising climate funds. Lastly, an expected partnership with the next IFAD project that is being designed for Kassai Oriental and Central will maximise the project impact. The following table provides a summary of the coordination of the agricultural sector.

Table 1.3-Aid Coordination

1- Sector or subsector		2- Importance				
		GDP		Exports		Labour
Agricultural and Rural Development		22.4% in 2016		15%		70-80%
3- Stakeholders and contribution to annual public expenditure						
Government (budget implemented from 2007 to 2016: USD 584 million)						
Donors (commitment between 2008 and 2016)	WB	USAID	Belgium	IFAD	AfDB	EU
In %	34%	17%	18%	15%	11%	5%
Amount (in USD million)	425	213	221	183	137	63
4- Aid coordination level						
Existence of thematic working groups at governmental level, comprising the agricultural and rural development sectors, and community dynamics		[Yes, GIBADER]; Technical Group No. 9 at				
Existence of an overall sector project		[Yes, PNIA 2013-2020]				
Role of the AfDB in aid coordination		Member (not the leader) Sources: PNIA; GIBADER.				

II PROJECT DESCRIPTION

2.1. Project Objective and Components

2.1.1. The overall project objective is to promote a vibrant and prosperous rural economy. The specific objectives are to improve productive and social investments to make the rural environment more attractive and productive, and to promote private sector development, agricultural and rural entrepreneurship with a view to fostering the diversification and enhancement of agricultural production. To achieve the above objectives, PROADER's activities will be centred on three components: (a) local governance and institutional capacity building; (b) promotion of productive and social investments; and (c) project coordination and management, as presented below.

Table 2.1. Project Component and Cost (in UA million)

Component	Description of Activities and Components	Cost (UA million)
Build local governance and institutional capacity	<u>Sub-component 1: Support local development.</u> Updating of the regional planning methodology guide on the rural economy, fragility, resilience and gender mainstreaming; Preparation of 30 local development plans (LDPs); Development and implementation of a social communication strategy on behavioural change; Construction of 30 premises for decentralised territorial entities; Building the capacity of 1,000 local actors, 50% of them women, in finance and local taxation, participatory and citizen budgeting, governance, planning, etc.	6.55
	<u>Sub-component 2: Institutional support for the technical services and structures involved.</u> Development of the rural development master plan; Development and dissemination of a guide on standards and model plans of rural infrastructure; Setting up of an electronic library for sector data management; Setting up of a farmer digitisation system; Capacity building for 200 officers from central and provincial technical services in rural economy, planning, project development, integrated water resource management, climate change and green growth, financial management, procurement and monitoring/evaluation, gender mainstreaming; Development and support for the implementation of two gender-sensitive integrated water resource management (IWRM) action plans; Mobilisation of USD 15 million in climate funds; Preparation of a study on deepening knowledge on fragility in the Central region of the Country; Institutional support for the establishment of a sustainable mechanism for the maintenance of rural roads; Rehabilitation of the offices of the Directorate in charge of Rural Economy.	7.56
		1.03

Component	Description of Activities and Components	Cost (UA million)
	<u>Sub-component 3: Nutrition support.</u> Nutrition awareness for 800 health workers (50% of them women), community relays (50% of them women); Awareness-raising concerning nutrition and essential nutrition actions targeting 5,000 teenage women and girls.	
Promote productive and social investments	<u>Sub-component 1: Development of trading partners.</u> Promotion of 4 commercial partnerships for the agro-industrial development of maize, cassava and village oil palm plantations; Rehabilitation and equipment of three technical and vocational training centres; Development of 300 micro-, small-, and medium-sized agricultural and rural enterprises (MPMEARs).	8.78
	<u>Sub-component 2: Skills and innovation development in the agricultural and rural sector.</u> Setting up of an innovation fund to promote innovative ideas and approaches in the agricultural and rural sector; Rehabilitation of technical and vocational training centres and improvement of the quality of the teaching at these centres; Supply of equipment and materials to centres; Opening and equipment of two pilot community farms for young people.	7.69
	<u>Sub-component 3: Empowerment of rural women.</u> Setting up of gender-based multi-service platforms, including the building of gender-based multi-service centres; Building of women's leadership capacity in the creation and development of cooperatives and/or enterprises in the areas of processing, marketing, etc.; Training of women in functional literacy; participation in fora; etc.	2.63
	<u>Sub-component 4: Support for community agroforestry.</u> Support for the establishment of 15,000 hectares under community agroforestry, in association with food crop farming (manioc and maize).	1.57
	<u>Sub-component 5: Development of transformative infrastructure.</u> Rehabilitation of 300 km of rural roads; Implementation of 100 socioeconomic sub-projects (drinking water supply systems, small irrigation systems, commercial infrastructure, renewable energy; Setting up of two pilot community agricultural estates.	8.92
Project Management	Administrative and financial management; Monitoring and evaluation; Procurement; Communication; Environmental compliance surveillance in accordance with the ESMP.	6.87
TOTAL		UA 49.49² million

2.2. Technical Solution Adopted and Alternatives Explored

2.2.1 Participatory local development. In accordance with the Constitution of 18 February 2006, which confers on Decentralised Territorial Entities (ETDs) the responsibility of planning and overseeing the economic development of their communities, EDTs are required to manage operational activities in their territory. In this context, they play a key role in establishing good local governance, facilitating the development of the rural economy and the maintenance of rural infrastructure. Under PROADER, preference will be given to the demand-driven approach and the strengthening of local project management. In this regard, project investments will not only be based on the needs clearly expressed by the actors within the context of the development of value chains, but must also support the development of the local economy and be linked to local development plans.

2.2.2 Development of public-private-producer-partnership (4P)³: There are specialised private agricultural enterprises in the project intervention area that offer small producers various services, including mechanisation, improved input supply and agricultural advisory services. The project will adopt the "subcontracting" approach by delegating services related to the improvement of the

² Including physical and financial contingencies.

³ A 4P is a cooperation arrangement between a government, entrepreneurs and small producers, who agree to work together to reach a common goal or perform a specific task, while jointly assuming the risks and responsibilities, and sharing benefits, resources and skills.

agricultural productivity to specialise agricultural enterprises located in the production basins and operating in the targeted value chains. These enterprises will be responsible for supporting producers by: (i) providing agricultural advisory services (application of good farming practices), (ii) ensuring access to resilient and good quality agricultural inputs (improved seeds and cultivars, fertilisers, pesticides, etc.); (iii) purchasing the surplus marketable production from small producers and/or unions, following an aggregation model, at a fair price that takes into account the cost of production and the market price. Specialised private agricultural enterprises will also process raw products into finished and/or semi-finished products for sale on the local, national and international markets, which will create value-added in the basins with spin-offs on the rural economy in terms of job creation. Specialised private agricultural enterprises will be remunerated based on the work actually carried out after the quality of such work has been assessed by all the parties concerned (the project/the Government, the private operator and the union). In this regard, PROADER will sign partnership protocols/contracts with the following specialised agricultural enterprises: (i) *Huilerie, Plantation, Élevage de Kwilu/Kwango (HPEC)* (Kwilu/Kwango Oil Mill, Plantation, Livestock Company), headquartered in Kikwit (Kwilu Province), to support farmers' unions in the production of palm oil from the village oil palm plantation covering an area of 2,000 hectares; (ii) STRATEGOS, headquartered in Lusanga, Kwilu Province, to support 10,000 producers in maize production. Its intervention will cover 350 villages within a radius of about 50 km of Lusanga on the right and left banks of the Kwilu River; (iii) LAYUKA, headquartered in Madimba, Kongo Central, to support 200 producer associations, representing about 5,000 households, in cassava production; (iv) *Consultance et des Services Agricoles (ECOSAC Sarl)* (Consultancy and Agricultural Services), to support small producers in the production of cassava. This company is currently operating in Bukango Lonzo, Kwango Province, where it is headquartered, but plans to set up operations in Kikwit and Bandundu City (Kwilu Province) to support the activities of small-scale cassava producers.

2.2.3 Youth skills development and innovation.: The project will set up a competitive mechanism for innovation and promotion of youth entrepreneurship in rural areas. It will finance an innovation fund to support entrepreneurs, young people and producer organisations (POs) with innovative ideas and initiatives for improving the quality of life and income in rural areas. These innovations could concern: (i) the development of new products or new markets; (ii) equipment tests and processes; (iii) the use of alternative energy; (iv) new environment-friendly technologies; (v) expertise in food quality and safety; (vi) the use of new information and communication technologies in the marketing and promotion of products, including fortified cassava flour; and (vi) the certification and labelling of processed products. Annual competitions will be held at the national level to identify ideas and initiatives with potential for large-scale impact. The innovation selection process will include the following steps: Phase A, preselection of the best ideas in agricultural value chains based on project profiles submitted by potential candidates; Phase B intended to (a) identify potential applications of the technology, (b) learn to recognise the market(s) targeted, (c) guide research and development (R&D) taking into account market needs, and (d) conduct a technical and commercial proof of concept, to validate the business model and design the business plan. By means of a stringent selection process, candidates with the greatest potential to succeed will be selected; and Phase C dealing with the funding and close support/coaching/mentoring of candidates whose innovations were selected. Individual technical assistance will be mobilised for the development of operational procedures based on similar successful experiments (Tony Elumelu Entrepreneurship Program, AgriPitch, the Competitive Fund for Agricultural Innovation of Côte d'Ivoire, etc.). Financial institutions, telecommunications sector operators and private concerns will be encouraged to co-invest in this fund, including through acquisition of stakes in the identified micro-, small- and medium-sized agricultural and rural enterprises (MPMEARs).

2.2.4 Promotion of community agroforestry: Various agroforestry models have already been tested in many African countries with positive results and trials have also been conducted successfully in the DRC. The agroforestry system model that will be promoted by the project is based on the association between food production (cassava and maize, plus legumes/beans and soya beans), fruit trees and charcoal production with *Acacia auriculiformis* as flagship species for soil fertilisation. The model chosen is based on the success of the Mampu Agroforestry Project funded by the European Commission, which covers an area of 8,000 hectares. Agroforestry will aim to: (i) increase cassava production and yield from 9 tonnes per hectare to 15 tonnes per hectare, for a total area of at least 10,000 ha, while slashing production costs by about 30%; (ii) increase maize production and yield from 1.5 t/ha to 3 t/ha, for a total area of at least 5,000 ha, while slashing production costs by about 25%; and (iii) increase farmers' income by at least 20%.

2.2.5 Sustainability of investments. The opening up of production areas will mainly concern targeted rehabilitation consisting of treatment of critical points (quagmires, low-lying areas, water crossing points, steep-slope areas, etc.) to allow the year-round use of a given road section. The structures will be made of durable materials and sized in such a way as to allow the proper flow of water. The project will support the establishment and operationalisation of multifunctional service platforms (PMS) for the promotion of women's economic empowerment. Each platform will include a Gender Multifunctional Centre (CMG) for rural job training, awareness raising, managerial and leadership capacity building for women. Each infrastructure promoted and implemented by the project will be accompanied by a service package (maintenance system, technical training in the use and management of the infrastructure, etc.).

Table 2.2: Project Alternatives Explored and Reasons for Rejection

Alternative	Brief Description	Reasons for Rejection
Complete resurfacing of the roads	Resurface all the road sections with borrow material	Not appropriate due to the heavy rains and limited resources available for the maintenance of dirt roads
Rural financing	Establishment of a financing mechanism	Taken into account under PEJAB
Sector-based approach	Intervention following a top-down approach	Incompatible with local planning Low incentives for the private sector, low ownership
National programme	National coverage	Limited resources considering the size of the country

2.3. Project Type

This operation is formulated as a stand-alone investment project funded with ADF window resources.

2.4. Project Cost and Financing Arrangements

2.4.1. The total project cost, including physical and financial contingencies, is estimated at USD 68.22 million, or UA 49.49 million. The project will be financed mainly by an ADF Loan of UA 40.00 million and an ADF Grant of UA 2.1 million. The Congolese Government will contribute USD 9.40 or UA 6.84 million, corresponding to import taxes and duties on goods and equipment that may be procured under the project. The summary of the project cost is presented in Tables 2.3 - 2.6. The beneficiaries and ETDs will contribute USD 0.75 million, or UA 0.56 million in-kind.

Table 2.3: Estimated Cost by Component

COMPONENT	(USD '000)			(USD '000)			% F.E.	% Base Cost
	L.C.	F.E.	Total	L.C.	F.E.	Total		
A. Build local governance institutional capacity	10 573,00	7 241,00	17 026,00	7 654,00	4 676,00	12 329,00	38	27
B. Promote productive and social investments	21 338,00	16 217,00	37 555,00	15 489,00	11 772,00	27 261,00	43	60
C. Coordination, management and monitoring/evaluation	7 019,00	1 510,00	8 529,00	5 090,00	1 096,00	6 186,00	18	14
Base Cost	38 930,00	24 968,00	63 110,00	28 233,00	17 544,00	45 776,00	38	100
Physical contingencies	1 396,00	1 195,00	2 591,00	1 013,00	867,00	1 880,00	46,00	4
Financial contingencies	1 590,00	933,00	2 523,00	1 154,00	678,00	1 831,00	37,00	4
TOTAL PROJECT COST	41 916,00	27 096,00	68 224,00	30 400,00	19 089,00	49 487,00	39	108

Table 2.4: Sources of Financing

Sources of Financing	(USD '000)			(USD '000)			% Total
	L.C.	F.E.	Total	L.C.	F.E.	Total	
ADF LOAN	29 986,00	25 155,00	55 141,00	21 766,00	18 259,00	40 025,00	81
ADF GRANT(Loan cancellation)	2153,000	787,00	2940,00	1538,00	562,00	2100,00	4
Government	9 396,00	787,00	9 396,00	6 820,00	-	6 820,00	14
Beneficiaries, ETDs	381,00	367,00	747,00	276,00	268,00	544,00	1
Total	41 916,00	27 096,00	68 224,00	30 400,00	19 089,00	49 489,00	100

Table 2.5: Project Cost by Expenditure Category

Expenditure Category	(USD '000)			(USD '000)			% F.E.
	L.C.	F.E.	Total	L.C.	F.E.	Total	
Works	5 844,00	10 251,00	16 386,00	4 386,00	7 501,00	11 887,00	63
Goods	2 308,00	4 201,00	6 507,00	1 649,00	3 073,00	4 722,00	65
Services	19 629,00	8 781,00	29 288,00	14 680,00	6 559,00	21 239,00	31
Miscellaneous							
Innovation Fund	1 000,00	-	1 000,00	726	-	726	-
Study Fund	3 500,00	-	3 500,00	2 540,00	-	2 540,00	
OPERATION	5 643,00	566,00	6 430,00	4 252,00	411,00	4 663,00	9
Base Cost	38 930,00	24 968,00	63 110,00	28 233,00	17 544,00	45 776,00	39
Physical contingencies	1 396,00	1 195,00	2 591,00	1 013,00	867	1 880,00	46
Financial contingencies	1 590,00	933	2 523,00	1 154,00	678	1 831,00	37
TOTAL PROJECT COST	41 916,00	27 096,00	68 224,00	30 400,00	19 089,00	49 487,00	39

Table 2.6: Expenditure Schedule by Component

Components	(UA '000)						
	2020	2021	2022	2023	2024	2025	TOTAL
A. Build local governance and institutional capacity	1832	4 291,00	2 341,00	2 002,00	880	985	12 331,00
B. Promote productive and social investments	60	10 306,00	6 812,00	4 655,00	3 004,00	2 423,00	27 260,00
C. Coordination, management and monitoring/evaluation	1254	1 302,00	1 019,00	997	874	739	9 896,00
TOTAL	3146	15899	10 172,00	7 654,00	4 758,00	4 147,00	49 487,00

2.5. Project Area and Beneficiaries

2.5.1 PROADER will carry out its operations in seven provinces, namely Kongo Central, Kwango, Kwilu, Maindombe, Kasai, Kasai Occidental and Kasai Oriental. This area has enormous potential for agro-pastoral and fisheries production. It is the main supplier of staple foodstuffs to the country's major cities (Kinshasa, Lubumbashi, Mbuji-Mayi, Kananga, Kikwit and Matadi). Moreover, about 70% of the population of this area is rural, having agriculture and related activities as their main source of livelihood. With a total population estimated at 19,558,305⁴, the project area accounts for nearly 25% of the DRC's total population and covers about 22% of the national territory. The project area is part of the Government's priority development areas, the more so since the corridor targeted by the project, including the central region, is one of the areas most severely affected by the humanitarian crisis in the DRC.

2.5.2 This area is crossed by the railway and National Road No. 1 (RN 1), which are the part of the regional network connecting Kinshasa to Johannesburg in South Africa. Until now, this vast territory did not enjoy the benefits of cross-border trade because of its isolation. The operations currently being carried out by the Bank on RN1 in coordination with other technical and financial partners (TFPs), in particular the European Union, for the extension of this road up to Mbuji-Mayi, and the World Bank, for the rehabilitation of the Ilebo-Lubumbashi railway, will help to open up this major corridor. The project's intervention area is a continuation of the Bank's previous operations in the agricultural and rural development sector in the Central Region and Kongo Central.

2.5.3. **Beneficiaries.** The Project will target mainly small family farms, producer organisations (POs) and their unions, cooperatives and micro-, small- and medium-sized agricultural and rural enterprises (MPMEARs) upstream and downstream of the production chain. Of all these actors, special attention will be given to women, young people and MPMEARs owned by young people and women. The other PROADER beneficiaries are the EDTs, central and devolved State public entities, and specialised private agricultural enterprises operating in the targeted production basins that not only provide support services, including agricultural extension services and inputs, but also add value through the processing of agricultural products. PROADER will directly affect 380,000 households in the 30 targeted agricultural, forestry and pastoral basins, representing nearly 10% of households in seven targeted provinces, or about 2 million people, of whom 50% women and 40% young people. Indirectly, the project will affect some 500,000 households or about 2.6 million people. PROADER will primarily target young people and women, by increasing employment opportunities and income from production and processing activities, supporting the development of agricultural entrepreneurship in activities related to production (ploughing service, transport, road maintenance, processing, marketing, etc.) and providing appropriate advisory support.

2.6. Participatory Approach for the Project Identification, Design and Implementation

2.6.1 The project was designed using a participatory approach based on consultations with the various stakeholders throughout the formulation process. In this context, the Secretariat General for Rural Development set up a multidisciplinary team of national experts who worked closely with Bank experts during the project preparation and appraisal phases. The consultations included the Ministries of Rural Development, Agriculture, Decentralisation, Planning, Gender, Child and Family, Small- and Medium-sized Enterprises and Technical and Vocational Training, the private sector, represented by the Federation of Congolese Enterprises (FEC), non-governmental organisations, producer umbrella organisations, producers and processors of agricultural products, individually or in association, political and administrative authorities as well as devolved technical

⁴ The total population of the DRC was estimated in 2018 at about 80 million. E-QUIBB-RDC1-2016 Survey, Page 1. National Institute of Statistics (INS), Ministry of Planning..

services in the project area, private agricultural operators, ETDs, project managers, specialised private agricultural enterprises, microcredit institutions, and several NGO-led initiatives in the agricultural and rural development sector.

2.6.2 These consultations, among other things, helped to identify and more clearly define: (i) production basins and priority sectors; (ii) market dynamics and trade flows; (iii) business and value-adding opportunities in value chains; (iv) previous project operations; (v) the business regulatory environment; constraints to the involvement and effective/proper private sector participation; (vi) innovations and technologies for the improvement of production and processing; (vii) the involvement and aspirations of women and young people in value chains and; (viii) experiences and constraints regarding access to funding, especially on a medium- and long-term basis, for agricultural and rural development ventures, agribusiness and MPMEARs. Stakeholder consultations will continue during project implementation to ensure effective implementation and the sustainability of interventions.

2.7. *Consideration of Bank Group Experience and Lessons Learned in the Project Design*

2.7.1. The portfolio performance as of 31 December 2018 is generally satisfactory, with a rating of 3 on a scale of 1 to 4. The average portfolio age increased from 3.8 years in 2017 to 4.4 years as of 31 December 2018. The national portfolio does not include any project-at-risk (PAR). Regarding the agricultural and rural sector in the DRC, the operations carried out over the past five years relate to: (i) the financing of the Rural Infrastructure Development Support Project (PADIR), scheduled to close on 31 December 2019. PADIR's physical implementation rate is nearly 98%, with a disbursement rate of 92%. The project has made significant gains in the rehabilitation of rural roads (1,300 km) as well as the building of several other rural infrastructure facilities leading to the revival of the rural sector that was completely moribund; (ii) new projects including the Youth Entrepreneurship in Agriculture and Agri-Business Project, targeting young graduates and the Agricultural Value Chain Project in six provinces, which focuses on the dissemination of agricultural technologies developed by TAAT programme compacts. Recurrent problems have been highlighted by lessons learned from previous projects and the portfolio performance, including: (a) difficulty in ensuring the timely fulfilment of conditions precedent to loan effectiveness and first disbursement, (b) delays in the procurement process, with a negative impact on overall disbursement, and (iii) weak empowerment of beneficiaries of rural development projects.

2.7.2. These weaknesses are addressed in the revised Portfolio Improvement Plan (PAP) 2018/2019. Hence, the project design takes these lessons into account through: (i) support for local participatory development in terms of building the capacity of local actors in project planning and management; and (ii) encouragement of sustainable partnerships between public and private actors and producers to improve access to agricultural and rural services. Furthermore, the Bank will strengthen its presence on the ground to facilitate the close monitoring process. In addition, the project will draw lessons from the report of the internal audit conducted by the Bank in 2017 on projects financed in Central Africa, especially as concerns delays in the submission of audit reports and the low level of implementation of the environmental and social management plans.

2.7.3 The project has taken into consideration the lessons learned from IDEV's assessment of the Bank's support for the development of agricultural value chains (AVC)⁵, which recommends the following basic principles, among others: (i) analyse the entire value chain; (ii) develop a strategy to ensure inclusion; (iii) maintain the ability to adapt to market developments; (iv) think in terms of profitability with value-added; and (v) establish plans for creating a sustainable impact. Accordingly, the project design capitalised on the guidelines of the sub-regional forum on the

⁵ Independent Development Evaluation (IDEV). African Development Bank Support for the Development of Agricultural Value Chains: Lessons for the "Feed Africa" Strategy. Summary Report, March 2018

revitalisation of the rural economy in Central Africa, jointly organised by the Bank and the International Labour Office (ILO) in February 2019 in Brazzaville. These are: (a) increase investment and attractiveness of rural areas, (b) promote an integrated training and skills development system to address the challenges of innovative agriculture, (c) diversify the rural economy through the development of rural occupations and opportunities in rural areas, and (d) develop skills and approaches that take into account the crisis and resilience context.

2.8. Key Performance Indicators

2.8.1. PROADER's impact indicators are: (a) improvement of farm household income from less than USD 2,000/year in 2018 to USD 3,500/year in 2025; and (b) reduction of chronic malnutrition rate among children under 5 in rural areas from 43% in 2019 to 38% in 2025. The project is expected to produce the following outcomes: (i) increase of the percentage of the population in targeted basins with access to all-season roads from 25 to 60%; (ii) improvement of the rate of access to mechanisation from 0.8 to 10%; (iii) increase of the percentage of the budget allocated by ETDs for the maintenance of access roads to production basins from 0 to 10%; (iv) improvement of the rate of rural women's access to technological innovations in agriculture from 0 to 30%; (v) improvement of the productivity of the following main crops: maize - from 0.8 to 2 t/ha; cassava - from 8 to 20 t/ha; palm nuts - from 2.5 to 20 t/ha/year; (vi) 40% increase in additional marketed volume; (vii) reduction of post-harvest losses from 30% to 20% for cassava and from 25% to 10% for maize; (viii) improvement from 8.4% to 20% the percentage of children between 6 and 23 months with a minimum acceptable diet; (ix) improvement of the rural women empowerment index from 1 to 3 (scale of 1 = low and 5 = high). The project's detailed baseline situation, including the environmental and social baseline situation, will also be prepared by capitalising on the results of the household surveys to be conducted at the completion of PADIR in collaboration with the National Institute of Statistics (INS). To assess the progress achieved, surveys will be carried out at mid-term and at project completion in the same areas (project and buffer areas where the baseline surveys were conducted).

III – PROJECT FEASIBILITY

3.1. Economic and Financial Performance

3.1.1. Financial performance was assessed for four (4) typical model farms and enterprises that produce cassava, maize and palm nuts, and carry out cassava processing operations, reflecting the range of activities that the project plans to support. Financial analysis shows that these investments will lead to a substantial increase in the net profits of farms and enterprises, which means that the PROADER-supported activities will be profitable. As indicated by Table 3.1 below, these results show that the project support will improve the financial performance of farms, cooperatives, micro, small- and medium-sized agricultural and rural enterprises (MPMEARs) engaged in the production, processing and marketing of these food products.

3.1.2. **Financial analysis:** Based on the above assumptions, the financial analysis generated a net present value of USD 86.4 million and a financial internal return rate (FIRR) of 18%, meaning that the project is financially feasible.

3.1.3. **Economic analysis:** The economic analysis was carried out using the same approach as for the financial analysis, which consisted in analysing the benefits generated by the farms and enterprises concerned, based on the reference prices of the tradable goods and the total project cost. The results of the economic analysis show that the benefits of the project are positive. The project's economic return rate (ERR) is 19% and the net present value (NPV) is estimated at USD 95.5 million. However, these benefits should be higher if account is taken of the unquantifiable gains derived from nutritional and financial education, access to clean water, sanitation, women's economic empowerment and improved accessibility of production areas. Nutritional education and

access to clean water will help to improve the health condition of households, which would result in improved labour productivity of household assets and a reduction in household medical expenses, among other benefits. Access to road infrastructure will not only increase the volume of marketed production but would also facilitate access to health and education services for beneficiaries. The improvement in the curriculum of technical and vocational training centres will enable the latter to offer young people quality training tailored to the needs of the job market. Sensitivity analysis confirms the strength of the project's positive economic effects and impacts.

Table 3.1: Key Economic and Financial Figures

FRR (baseline scenario): 18%; NPV: USD 86.4 million
ERR (baseline scenario): 19%; NPV: USD 95.5 million

3.2. Environmental and Social Impacts

Environment

3.2.1 The project is proposed for classification in **Category 2** of the Bank's Integrated Safeguards System (ISS) and the Bank's Climate Safeguard System, equivalent to Category B at the national level, although at this stage of preparation most of the sites and activities are yet to be determined. The activities under project component 2 are likely to have adverse impacts on the environment, namely: (i) the production of pollution and waste during infrastructure construction works; (ii) the production of pollution and waste during the processing of value chain products; (iii) the risks of land and water pollution by agrochemicals, endangering the health of users; (iv) the risk of plant and wildlife degradation during the operation of quarries and borrow pits for construction works; (v) the risk of accidents at construction sites and on the sites of processing units, and (vi) the risk of spread of communicable diseases on the sites.

3.2.2 However, the expected negative impacts will be limited in scope and time. The "capacity building" component will contribute significantly to strengthen local governance and the ongoing decentralisation process, and to reduce conflicts over the use of natural resources (IWRM approach/support for the promotion of the green economy and the blue economy). The IWRM-associated blue economy promotes the conservation of aquatic ecosystems, as well as the use and sustainable management of their resources. Given their nature, the planned activities are certainly not likely to generate any negative impacts or major risks, or lead to any significant asset losses or displacement. However, the building of certain production and processing support infrastructure facilities, depending on their size and the situation of the host environment, is likely to affect the environment, and possibly cause negative impacts on the biophysical and human ecosystems if preventive or mitigation measures are not considered at this project design stage and during implementation.

3.2.3 Given that the siting and environmental and social characteristics of all investments are not known, an Environmental and Social Management Framework (ESMF) has been prepared in accordance with the requirements of the Bank's Integrated Safeguards System. The ESMF indicates the mitigation and management procedures and measures that will need to be implemented by the project once the sites and sub-projects are known. These measures are described in the Environmental and Social Management Framework Plan (ESMFP) and comprise, among others, sub-project analysis and screening procedures, consultation, communication and conflict management procedures; environmental and social management plans (ESMPs) and environmental and social clauses that should be included in competitive bidding documents and sub-project implementation contracts, forest and wetland management guidelines, and pesticide and pest management guidelines. The project activities will have many positive impacts on both the local communities and the environment. Thus, the participatory approach involving local communities in the rehabilitation of access facilitation infrastructure, the dissemination of more

sustainable and climate-smart agricultural practices, including community agroforestry, and the reduction of post-harvest losses, will enhance the resilience of the livelihoods of rural households, restore soil fertility and increase tree cover, thereby significantly reducing greenhouse gas emissions.

3.2.4 Functions relating to environmental safeguard measures will include: (i) the screening of sub-projects and identification of their category based on the environmental and social selection sheets; (ii) the recruitment of firms/consultants for the ESMP preparation after validation of the process by the Directorate General of the Environment; (iii) the inclusion of environmental clauses in the process of recruiting works implementation contractors; (iv) monitoring and evaluation of the implementation of sub-projects; and (v) audit coordination. The entire environmental and social function needs to be strengthened within the institutions involved in project implementation. Furthermore, measures should be adopted to support institutional and technical measures, training and awareness-raising in order to build the capacity of structures and human resources that will be set up. Such measures will aim to: (a) operationalise the PROADER Project environmental management strategy, (b) foster the emergence of local expertise and professionals in environmental and social management, (c) raise the level of professional consciousness and accountability among employees in production enterprises, and (d) protect the urban and rural environment and the health and safety of beneficiary communities.

3.2.5. Consultations were held in the context of the ESMF at various phases of the project preparation and participants' observations were incorporated into the Environmental and Social Management Framework (ESMF). The ESMF was validated by the Bank's Safeguards Department and published on 2 October 2019⁶.

Climate Change

3.2.6 The impacts of climate change can be seen in the DRC through the persistence of high temperatures, heavy rains, land degradation (particularly gully erosion), the prolonged dry season, increased sequences of dry spells during the rainy season, and floods, among others. Given that agriculture remains rain-fed, these phenomena exacerbate the vulnerability of the rural population. More frequent and longer seasonal droughts lead to disruptions in agricultural calendars. In terms of agricultural production, these climatic disturbances should have a direct impact on food security, which is already precarious for a large majority of the Congolese population. The project will contribute to the resilience of communities and ecosystems by improving the living conditions and food and nutrition security of rural communities. This is in line with the country's nationally determined contribution (NDC) in respect of climate change, which targets a 17% reduction in greenhouse gas emissions over the period 2021 to 2030. The project is classified under Category 2 of the Bank's Climate Safeguards System. Activities financed under PROADER will strengthen the resilience of ecosystems and communities to climate change by improving production systems, limiting the practice of extensive farming, restoring ecosystems through the application of good agricultural practices, institution building on climate change and green growth, and capacity building on climate change. The project plugs into the Bank's Climate Change Action Plan and contributes to domestic climate financing through the activities under Component 2.

Gender

3.2.7. The project is classified under Gender Category 2⁷ of the Bank's Gender Marker System (GMS), since it will help to narrow the gender gap in terms of access to factors of production,

⁶ <https://www.afdb.org/en/documents/rdc-projet-dappui-au-developpement-integre-de-leconomie-rurale-proader-resume-cges>

⁷ A project is classified in Gender Category 2, when gender equality (GE) and/or economic empowerment (EE) is one of the project outputs, but not the main one. PROADER is in this situation.

knowledge, innovation and income improvement. Women, who make up about 50% of Congo's population and 70% of the agricultural workforce, account for 80% of food crop production, 22% of commercial agriculture, and nearly 90% of agricultural processing, are more severely affected by poverty. Therefore, the project's targeting strategy takes this into account and will ensure that at least 50% of women benefit from project activities. The project will mobilise nearly USD 5 million to finance (i) the construction and equipment of gender-specific multi-service platforms for rural women. These platforms will act as multipurpose incubators for technical and entrepreneurial capacity building, learning, advocacy and female leadership; (ii) the organisation of foras and exchange trips; and (iii) the promotion of essential activities in the areas of nutrition, hygiene and sanitation. Hence, the project will help to enhance the economic empowerment of women in the project area through a series of integrated actions, including building their capacity in that area of activity, establishing sustainable agricultural production systems, providing access to inputs in production basins and markets, easing their work and setting up a framework tailored to the conditions of women farmers. As much as possible monitoring indicators will be gender disaggregated to take gender aspects into account.

3.2.8. In addition to the gender and age disaggregation of indicators, gender-specific indicators are included in the results-based logical framework for measuring women's empowerment index in agriculture. This index measures the increase in women's capacity to make strategic life choices in their households and communities, focusing on five areas of agricultural empowerment: (i) production (women's role in decision-making in the household context regarding agricultural production); (ii) resources (women's access to productive capital, access to and decision-making on credit); (iii) control over the use of income; (iv) leadership and individual influence of women in the community; and (v) time allocation for women. This index will be used as a diagnostic tool and as a monitoring indicator to measure the project's impact on women's empowerment.

Social

3.2.9. The project will strengthen food and nutrition security, especially for children under five, and promote the creation of local employment opportunities. It will help to reduce poverty and the vulnerability of communities, while decreasing unemployment and the exodus of young people particularly through the development of 300 micro-, small- and medium-sized agricultural and rural enterprises in agricultural and rural occupations (product processing, manufacture of equipment and material, maintenance of agricultural equipment and machinery, supply of production factors, including inputs, etc.). PROADER will contribute to the enhancement of local governance through institution and capacity building for ETDs, as well as to the economic empowerment of women who, with their rising literacy rates, should be able to improve their participation in household decision-making concerning production, in addition to increasing their power over the distribution of household income. The project will improve access to socio-economic services through the construction of about 100 social infrastructure facilities that will be identified in a participatory manner. As far as young people are concerned, they will be offered specific benefits through (i) the establishment and support of youth-oriented micro-, small- and medium-sized agricultural enterprises and the setting up of a competitive fund for innovation and promotion of youth entrepreneurship and agricultural start-ups; and (ii) the improvement of the skills and employability of young people.

Forced Resettlement

3.2.10. PROADER activities will not entail land acquisition or the forced resettlement of people and/or restriction of their access to resources or livelihoods. In terms of transformative infrastructure, the project will adopt an intervention approach that emphasises the participation and empowerment of sector and local community actors at all stages of implementation (from the planning of activities to the completion of works). Requests for support should come from ETDs or producer unions/cooperatives. The sites for infrastructure, such as markets and other buildings,

will be owned by ETDs or communes that will be responsible for their management and maintenance. The rehabilitation of agricultural feeder roads will be on an ad hoc basis and will focus on critical points (quagmires, low-lying areas, watercourse crossing points, steep-slope areas, etc.) with maximum reliance on local participation. The project will establish local and provincial complaint management committees that will also initiate and supervise the payment of any compensation that may be payable for the degradation of an asset or restricted access to a resource because of project activities. Financial allocation for these compensations will be provided for in the ESMP, particularly for infrastructure construction or rehabilitation sub-projects.

IV. IMPLEMENTATION

4.1. Implementation Arrangements

4.1.1 The project will be under the supervisory authority of the Ministry of Rural Development (MDR). PROADER will be managed by the existing Steering Committee (COPIL) responsible for agricultural and rural sector projects and programmes. COPIL will be expanded to include Secretaries-General of the Ministries in charge of Decentralisation, Planning and Land Affairs. COPIL shall meet at least twice a year and shall be mandated to: (i) review and approve the annual work plans and budgets (AWPBs) prepared by the project; (ii) review half-yearly, annual and mid-term review and project completion reports; (iii) ensure that the activities of sector-based programmes/projects are in line with project objectives; (iv) review progress towards achieving project objectives; (v) facilitate the coordination of project activities carried out by the various entities involved in the implementation; and (vi) analyse the risks and obstacles related to the project implementation and formulate the necessary guidelines for achieving the expected outcomes.

4.1.2 **The Project Management Unit (PMU).** On the operational front, PROADER will be anchored to the Directorate of Rural Economy, whose capacity will be strengthened by the project. This Directorate will be strengthened by the establishment of a Project Management Unit that will comprise a national coordination unit and three branches covering the three targeted economic hubs. To that effect, the Ministry of Rural Development will nominate the following staff: (i) Director of Rural Economic, Project Coordinator; (ii) Administrative and Financial Director (DAF) of the Ministry of Rural Development; (iii) Accountant; (iv) Monitoring and Evaluation Expert; (v) National Expert in Procurement; (vi) Administrative and Financial Assistant; (vii) Bookkeeper; and (viii) two drivers. The qualifications and experience of the nominated staff should be prior acceptable by the Bank. The management tools (financial management software, database, etc.) that were developed in the context of the PADIR project and are already in use, as well as the monitoring and evaluation, financial management and accounting team will be capitalised on. The PMU will: (i) ensure inter-sector coordination; (ii) monitor the implementation of the recommendations of COPIL deliberations, the recommendations of audit, portfolio review and mid-term review reports; and (iii) oversee the fiduciary management of the project and undertake all other matters deemed of its competence.

4.1.3 The PMU team will be strengthened by a project manager with sound knowledge of agricultural development and private sector issues, working under the authority of the Director of Rural Economy; an accountant and an assistant accountant working under the supervision of the Administrative and Financial Directorate (DAF) of the Ministry of Rural Development, a procurement expert who will be under the supervision of the Procurement Unit of the Ministry of Rural Development, a monitoring and evaluation expert (RPSE) and an IT specialist/database manager, a communication expert (RCOM), a skills development and entrepreneurship expert, who will also cover the woman's empowerment component, a rural engineer, an environmental and climate change expert, and the necessary support staff (cashier, secretary, drivers, guards, etc.). The PMU will work directly with the Technical Directorates of the Ministries involved in

the project implementation. Each technical directorate will designate a focal point for the operational monitoring of the technical implementation of the component falling within its jurisdiction.

4.1.4 Departmental branch offices. Three project branch offices will be established to cover the targeted provinces. They will be located in Matadi, Kikwit and Mbuji Mayi. Provincial Rural Development Inspectors will be the project focal points in each province. The provincial branches will be responsible for: (i) coordinating the project at the provincial level and establishing links with local authorities; (ii) developing the annual work plan and budget (AWPB), ensuring the monitoring and evaluation of AWPB-related activities at the provincial level and drafting progress reports; (iii) providing technical support for the implementation of the project's technical components; (iv) monitoring and ensuring close supervision of the implementation of project activities and service providers; (v) participating in the tripartite (Government/private sector/producers) evaluation of agreements and service providers' performance contracts; (vi) mobilising actors involved in the implementation of operations; and (vii) developing synergies and partnerships across their area of intervention. Each branch office will be headed by a Branch Manager and will comprise an expert specialised in one of the three sectors (animal, plant and fisheries), a capacity strengthening and gender expert, a decentralisation and local governance expert, an accounting assistant, a monitoring officer, a procurement assistant with expertise in civil or rural engineering, and support staff.

4.1.5 The Project Manager and technical staff will be recruited based on an open invitation to bid, and following the Bank's opinion concerning the recruitment report. The Secretary-General for Rural Development will set up an inter-ministerial recruitment commission for the assessment of applications. PMU staff will sign annual contracts, renewable if their performance is deemed satisfactory, following the annual evaluation. The evaluation of staff performance will be based on the following criteria: (i) disbursement rate; (ii) quality of the implementation of the components; (iii) compliance with good governance and transparency requirements; and (iv) the AWPB implementation rate. The Project Manager will be evaluated by the Director of Rural Economy, while the rest of the staff will be evaluated by the Project Manager.

4.1.6 Technical assistance and start-up support: The experience and lessons learned from project implementation in the DRC highlight three major constraints: (i) delays in project start-up; (ii) weakness of implementation teams and operators; and (iii) bureaucracy surrounding the procurement process. To accelerate the implementation of PROADER, technical assistance from the Department of Rural Economy of the International Labour Office (ILO) in Turin will be mobilised. The ILO's technical assistance will focus on the preparation of planning and management tools for the rural economy of EDTs targeted in the context of DRC's decentralisation. Therefore, pre-start-up activities should now be initiated. These activities include: (i) launching the technical staff recruitment competitive process; (ii) updating the administrative, financial and accounting procedures manual and the project implementation, monitoring and evaluation manual; (iii) preparing competitive bidding documents for the procurement of equipment and materials; (iv) raising awareness among stakeholders and preparing the AWPB and the Procurement Plan for the first 18 months of project implementation; (v) preparing partnership contracts with private specialised agricultural enterprises and agreements with various technical departments and services involved. The implementation of these activities can be supported by technical assistance. Expenditures relating to these activities will be coordinated by the Secretary-General for Rural Development and covered by PADIR resources. Moreover, the Bank, acting through the PADIR and PRISE projects, had recruited technical assistance services for procurement and financial management, one of whose missions was to build the capacity of national counterparts. Hence, the MDR has competent services and qualified financial management and procurement officers. In accordance with the Paris Declaration, these

structures will support the project in their areas of expertise, to ensure ownership of the project by these public entities.

Arrangements for the Procurement of Goods, Works and Services

4.1.7 Procurement of all goods and services through international bid invitations, as well as the use of consultants financed from Bank resources will be conducted in accordance with the Bank's Procurement Policy for Bank Group-Funded Operations, dated October 2015, using appropriate standard Bank bidding documents and in accordance with the project financing agreement clauses. In accordance with the Bank policy and in the light of several evaluations conducted, it was convened that: (a) works for agriculture, rural, social infrastructure and for the rehabilitation of administrative building as well as diverse goods, vehicles, and material for project management unit, provincial offices and local government offices, will be procured using national procurement system as stipulated in law 10/010 of April 2010 for public procurement; (b) all other works and goods different from the above will be procured in accordance with Bank's procurement policy. Procurement of goods and works through national bid invitations will be carried out in accordance with national procurement legislation, using the country's standard bidding documents and the provisions set out in the financing agreement. A procurement plan for the first 18 months was prepared by the Government during the appraisal mission and will be regularly updated throughout the project implementation period. The procurement arrangements are detailed in the technical annex.

4.1.8 **Evaluation of Risks and Capacities in Procurement (ERCA).** In order to take into account project specificities, the bank evaluated: (i) the risks at national, sectoral and project levels; and (ii) the capacity of the implementing entity. The results of these evaluations concluded that the risk level is substantial for the procurement under the project. Nevertheless, appropriate risks mitigation measures have been proposed in the technical appendix to ensure a satisfactory project execution.

4.1.9. **Particular Modalities related to the Utilisation of National System.** The use of national procurement system requires the setup of particular measures to allow the bank to continue ensuring its fiduciary responsibility even in this case. These measures are described in paragraphs B.5.7 of technical appendix B5 and consist of the following aspects: (i) eligibility; (ii) audit of public procurement; (iii) complains management; (iv) publication of bid results; (v) control of reasonable price; and (vi) reports.

Financial Management and Disbursement Arrangements

4.1.10 The Bank's decision on whether to use the national public finance management (PFM) system or otherwise was reviewed based on: (i) the assessment of the country's PFM performance; (ii) the Bank's guidelines, practices and risk tolerance; and (iii) other factors such as perception of the governance and corruption levels. This review indicates that the level of risk, as assessed under CSP 2013-2020, does not allow the Bank to adopt an approach based exclusively on national public financial management procedures and systems. However, the reforms initiated by the Government have provided the Secretariat General for Rural Development (SGDR) with an operational administrative and financial directorate, as per Decree No. 15/043, which decentralised public expenditure authorisation centres through the establishment of the Administrative and Financial Directorate (DAF). The assessment of the capacity of the Ministry of Rural Development was carried out in accordance with the Bank's policy, based on lessons from implementing the PADIR and PRISE projects. The fiduciary risk of PROADER's financial management is deemed substantial. The financial management arrangements proposed to support the Project Management Unit (PMU) meet the Bank's minimum requirements, as defined by the policy on "financial management of projects financed by the African Development Bank", issued in February 2014. The arrangements will help to improve the financial management of the project

through the risk mitigation measures agreed in the financial management action plan detailed in annex. These measures will maintain the fiduciary risk at a moderate level and provide, with reasonable assurance, reliable financial information consistent with the Bank's minimum requirements.

4.1.11 The financial management system will rely on the DAF, which will be strengthened with the management tools acquired from previous projects, especially from the PADIR project currently drawing to a close. At the time of the mission, only the PRISE project regularly submitted audit reports deemed acceptable by the Bank. The DAF will be strengthened by bringing on board financial staff (accountant, assistant accountant, treasurer) dedicated entirely to PROADER. This directorate will oversee financial and accounting operations related to the financial and accounting management of the project and will co-sign payment requests and documents. This approach allows the Ministry of Rural Development, through the conduct of PROADER activities, to mobilise the counterpart resources to be used for local economic development, as well as ensure the effective management of external resources. The project will contribute to the training of DAF executives in the area of planning/programming and budgeting, financial management of development operations, monitoring of audits and financial supervision.

4.1.12 Annual audits of project loan resources will be performed by the Court of Auditors, which will include PROADER's audit missions in its annual work programme. The Court of Auditors may be assisted by an external auditor whose recruitment will devolve on the PMU, in accordance with the terms of reference in force at the Bank. Audited financial statements will be forwarded (see table for frequency) to the Bank latest six months after the close of the fiscal year concerned. The capacity of the Court of Auditors will be strengthened to enable it to include audit missions of Bank-funded projects in its annual programmes while undertaking to forward reports of financial years to the Bank on schedule. A portion of the loan resources will be allocated to expenses related to missions that would be carried out for PROADER and other Bank-financed projects. The terms of reference of audit missions should be those in force at the Bank, which may be used subject to obtaining the Bank's prior opinion.

4.1.13 The planned disbursements from the loan resources will be made in accordance with the Bank's Disbursement Handbook upon effectiveness of the Loan Agreement and fulfilment of conditions precedent to first disbursement. Generally, three methods are used for the disbursement of funds at the Bank: (i) the direct payment method; (ii) the working capital or special account method; and (iii) the reimbursement method. A disbursement letter specifying project-specific disbursement arrangements will be negotiated between the Bank and the Borrower. Two special accounts will be opened in Kinshasa, of which one is to receive the loan resources intended for the financing of working capital needs and a second one to receive the loan resources intended for the financing of community activities. In addition, the Ministry of Finance will authorize the project to open sub-account for each PROADER provincial branch.

4.2. Monitoring

4.2.1. The PMU will assume primary responsibility for the internal monitoring of activity implementation and the ensuing impacts. It will prepare quarterly and annual progress reports focused on the analysis of the technical (outputs, outcomes and impact) and financial outcomes relative to the AWPB forecasts and the progress towards achieving the final result. Information will be tapped from monitoring and evaluation tools (manual, database of household surveys conducted in the context of PADIR with the support of the National Institute of Statistics). Monitoring and evaluation (M&E) will include internal monitoring (implementation monitoring), external monitoring (outcomes and impact monitoring, and participatory evaluation and planning) and should enable the identification of problems, risks and measures taken to mitigate them, and the evaluation of the performance of project actors. The implementation manuals and the PADIR monitoring and evaluation system (including the manual, the database and the geographic

information system) will be updated and/or developed to take the specific features of PROADER into account.

4.2.2. Half-yearly external monitoring missions under the leadership of the MDR Secretariat General, comprising three to four COPIL members and to whom may be added other experts as necessary, will be fielded prior to the holding of COPIL meetings. At the provincial level, under the coordination of Provincial Rural Development Inspectorates, quarterly monitoring missions will be carried out with the participation of other relevant provincial technical services. These missions are intended to review the progress of the project, evaluate its performance and the quality of its management and achievements and, if necessary, propose adjustments in consultation with the Bank. All monitoring mission reports should be attached to the project progress report. A focal point of the Ministry of Environment in Kinshasa will be involved in the coordination of environmental and social safeguard activities. In addition to the close monitoring that will be carried out by the Bank's Country Office in the DRC (COCD), the Bank will also keep an eye on the project through half-yearly supervision missions leading to the preparation of aide-memoires, reports on implementation progress and results (IPR), using the Bank's template. These aide-memoires and IPR reports will be used to rate the overall project performance and conduct the project's annual external technical and financial audits.

4.3. Governance

4.3.1. According to the 2017 Mo Ibrahim Index of African Governance (IIAG), the DRC ranked 47th out of 54 countries, with a score of 32.1 out of 100. Scoring 20 on a scale ranging from 0 (very corrupt) to 100 (very clean), the DRC ranked 161st out of 180 countries in Transparency International's 2018 global Corruption Perception Index, representing a loss of 2 spots compared with the 2015 ranking. In addition, according to the Bank's Country Policy and Institutional Assessment (CPIA), the country's overall governance rating stagnated at 3.2 between 2013 and 2015, before declining to 3.1 in 2016 and 3.07 in 2018. The public finance management reform process initiated since 2008 has led to: (i) the adoption of a Public Finance Reform Strategic Plan and a Public Finance Organic Law (LOFIP) introducing the results-based budget system; and (ii) the setting up of a Steering Committee for Public Finance Reform (COREF).

4.3.2. The risks of poor governance related to this project mainly concern the procurement and implementation process. This risk will be mitigated by: (i) the presence of a senior procurement expert in the Project Management Unit (PMU) and three procurement assistants at the provincial branch offices; (ii) the holding of information, training and technical assistance sessions with the PMU, decentralised territorial entities and procurement committees, to allow better ownership of the Bank's procurement procedures; (iii) the existence of an administrative, financial and accounting procedures manual and a community procurement manual; (iv) ex-ante or ex-post control of the different stages of the procurement process; and (v) supervision and financial audits of the project. Furthermore, the DRC Country Office (COCD) will provide continuous support in procurement, contract and financial management. In addition, the participatory approach to local development with the involvement of ETDs, the private sector, non-governmental organisations and beneficiaries in the steering and implementation of activities will promote citizen control, thereby guaranteeing good governance.

4.4. Sustainability

4.4.1. The probability of sustaining and even scaling up the project's gains in the long term is high. The sensitivity tests of the economic and financial analysis show that the project remains profitable despite the fall in profits, the escalation of input prices and the drop in commodity prices. The sustainability of investments and expected benefits is based on the existence of an institutional framework for rural infrastructure piloting and management, as well as participatory and entrepreneurial capacity-building approaches. Regarding rural infrastructure, especially rural

roads, there is a maintenance mechanism that depends on financing from the road maintenance fund and on local road maintenance committees (CLERs) for manual repair works, while monitoring is ensured by the Directorate of Agricultural Road Roads and the empowerment of decentralised territorial entities. Thus, PROADER will support this institutional arrangement by providing CLERs with road maintenance equipment and by assisting them in establishing small- and medium-sized labour-intensive enterprises. These road maintenance arrangements remain valid for all infrastructure built under this project. In collaboration with the ETDs, the project will support the establishment of a sustainable management and maintenance mechanism for each infrastructure provided, based on the promotion of micro-, small- and medium-sized maintenance enterprises. This principle will strengthen local governance and the sustainability of project achievements, thus enabling ETDs to play their roles in land-use planning and the inclusive management of the structures. ETDs will be strengthened to improve resource mobilisation. In this regard, all sub-projects carried out under the project will be selected through a participatory process, involving ETDs, economic actors and producer organisations of the relevant production basins at the local level. In addition, the development of public-private-producer partnerships with the participation of specialised private agricultural enterprises located and operating in the targeted production basins, the structuring and professionalisation of organisations and players in value chains based on an expressed request will help ensure the ownership and use of the infrastructure.

4.5. Risk Management

4.5.1. The main risks that the project could face are: (i) vulnerability to climate change; (ii) low sustainability of the infrastructure set up; (iii) reluctance on the part of public entities regarding the empowerment of ETDs; (iv) bad governance; and (v) poor knowledge of gender issues by actors and their impact on the performance of household activities. To mitigate these risks, the following measures will be taken: (a) dissemination of smart farming technologies (community agroforestry, short-cycle and attack-resistant seeds, etc.); (b) establishment of a local infrastructure maintenance mechanism with the empowerment of ETDs, private agricultural enterprises, small- and medium-sized enterprises, cooperatives and producer associations; (c) dissemination of legislation on decentralisation and capacity building for public entities; (d) strengthening of citizen control with the empowerment of beneficiaries and economic actors in the planning, implementation and project output management process, and raising of stakeholder awareness of the available remedies; and (e) gender mainstreaming in local planning strategies and raising of household awareness on the benefits of gender mainstreaming. Residual management risks will be minimised through competitive recruitment of staff and partners and preparation of annual performance contracts, renewable based on good performance, as well as capacity building of project management teams at the different levels.

4.6. Knowledge Building

4.6.1. As part of knowledge management effort, an electronic library will be set up for the storage of all relevant documents on the agricultural sector, best practices, local knowledge and innovations. The library will be accessible to stakeholders and the public. This activity will be developed as part of the institutional support for the Studies and Planning Directorate (DEP) of the Ministry of Agriculture. The communication tools and resources will be shared with other projects in the agricultural sector, including the Youth Entrepreneurship in Agriculture and Agri-Business Project (PEJAB) and the Agricultural Value Chains Development Support Project in Six DRC Provinces (PADCA-6P). Mechanisms will be developed for communication between the players involved upstream and downstream of the targeted value chains. The knowledge generated by the project will help to inform policy dialogue on topics that may affect the improvement of the local economic environment, support and improve the design of new projects.

V. LEGAL FRAMEWORK

5.1 Legal Instrument

The project will be financed in part through an ADF loan granted to the Democratic Republic of Congo.

5.2 Conditions Associated with the Fund's Intervention

Conditions precedent to effectiveness. The effectiveness of the Loan Agreement shall be subject to the Borrower's fulfilment of the conditions set forth in Section 12.01 of the General Conditions Applicable to Loan and Guarantee Agreements of the Fund (Sovereign entities), to the Fund's satisfaction.

Conditions precedent to first disbursement of the loan. In addition to the effectiveness of the Loan Agreement, the first disbursement of loan resources shall be subject to the Borrower's fulfilment of the following conditions, to the Fund's satisfaction:

(i) forward to the Bank evidence of establishing the Project Management Unit (PMU) within the Directorate of Rural Economy of the Ministry of Rural Development; and (ii) provide evidence of appointing key PMU personnel⁸, whose qualifications and experience will have been deemed acceptable by the Bank.

Other conditions: The Borrower shall also satisfy the following other conditions:

(i) recruit additional staff on a competitive basis latest six (6) months after the first disbursement of the loan. The qualifications and experience of key personnel must have first been deemed acceptable by the Bank; update the administrative, financial and accounting management procedures manual and the computerised accounting system, enabling proper monitoring and financial information, latest three (3) months after the first disbursement; and (ii) initiate the process for the competitive recruitment of an external audit firm in accordance with the Bank's terms of reference (TORs), latest six (6) months after the first disbursement of the loan.

Undertaking. The Borrower undertakes, to the Bank's satisfaction, to: (i) implement the project and ensure its implementation by its contractors, in accordance with the recommendations, requirements and procedures contained in the project's Environmental and Social Management Framework (ESMF); (ii) conduct environmental and social impact assessments (ESIA), develop specific ESMPs for sub-projects and ensure their approval in accordance with national legislation and Bank requirements; (iii) provide half-yearly reports on the ESMP implementation, including, where appropriate, failures and corrective measures initiated or to be initiated.

5.3 Compliance with Bank Policies

The project complies with applicable Bank policies. No waiver is requested.

VI. RECOMMENDATION

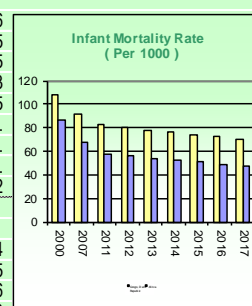
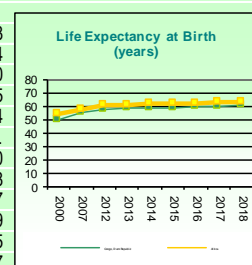
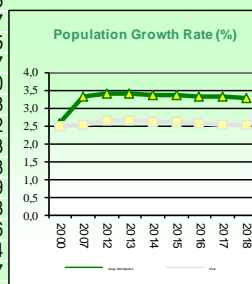
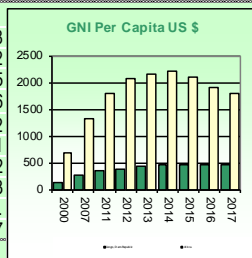
Management hereby recommends the Board of Directors to approve the proposal to grant a Loan of **UA 39.997.947** and a Grant of **UA 2.100.000** from Loan cancellations to the Government of the Democratic Republic of Congo to finance the Rural Economy Integrated Development Support Project.

⁸ The key staff comprises: (i) the Director of Rural Economy, Project Coordinator; (ii) the Administrative and Financial Director (DAF) of the Ministry of Rural Development; (iii) the Accountant; (iv) the Monitoring and Evaluation Expert; (v) the Counterpart Procurement Officer; (vi) the Administrative and Financial Assistant; (vii) the Cashier; and (viii) two drivers.

Appendix I: DRC Comparative Socioeconomic Indicators

Congo, Dem. Republic COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Congo, Dem. Republic	Africa	Develo- ping Countries	Develo- ped Countries
Basic Indicators					
Area ('000 Km²)	2018	2 345	30 067	92 017	40 008
Total Population (millions)	2018	84,0	1 286,2	6 432,7	1 197,2
Urban Population (% of Total)	2018	44,5	42,5	50,4	81,5
Population Density (per Km²)	2018	37,4	43,8	71,9	31,6
GNI per Capita (US \$)	2017	460	1 767	4 456	40 142
Labor Force Participation *- Total (%)	2018	71,4	65,9	62,1	60,1
Labor Force Participation **- Female (%)	2018	70,6	55,5	47,6	52,2
Sex Ratio (per 100 female)	2018	99,6	99,8	102,3	99,3
Human Develop. Index (Rank among 189 countries)	2017	176
Popul. Living Below \$ 1.90 a Day (% of Population)	2007-2017	77,1	...	11,9	0,7
Demographic Indicators					
Population Growth Rate - Total (%)	2018	3,3	2,5	1,2	0,5
Population Growth Rate - Urban (%)	2018	4,6	3,6	2,3	0,7
Population < 15 years (%)	2018	46,2	40,6	27,5	16,5
Population 15-24 years (%)	2018	19,0	19,2	16,3	11,7
Population ≥ 65 years (%)	2018	3,0	3,5	7,2	18,0
Dependency Ratio (%)	2018	94,0	79,2	53,2	52,8
Female Population 15-49 years (% of total population)	2018	22,2	24,1	25,4	22,2
Life Expectancy at Birth - Total (years)	2018	60,4	63,1	67,1	81,3
Life Expectancy at Birth - Female (years)	2018	62,0	64,9	69,2	83,8
Crude Birth Rate (per 1,000)	2018	41,2	33,4	26,4	10,9
Crude Death Rate (per 1,000)	2018	9,4	8,3	7,7	8,8
Infant Mortality Rate (per 1,000)	2017	70,0	47,7	32,0	4,6
Child Mortality Rate (per 1,000)	2017	91,1	68,6	42,8	5,4
Total Fertility Rate (per woman)	2018	5,9	4,4	3,5	1,7
Maternal Mortality Rate (per 100,000)	2015	693,0	444,1	237,0	10,0
Women Using Contraception (%)	2018	24,0	38,3	61,8	...
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2010-2016	...	33,6	117,8	300,8
Nurses and midwives (per 100,000 people)	2010-2016	...	123,3	232,6	868,4
Births attended by Trained Health Personnel (%)	2010-2017	80,1	61,7	78,3	99,0
Access to Safe Water (% of Population)	2015	52,4	71,6	89,4	99,5
Access to Sanitation (% of Population)	2015	28,7	39,4	61,5	99,4
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2017	0,7	3,4	1,1	...
Incidence of Tuberculosis (per 100,000)	2016	323,0	221,7	163,0	12,0
Child Immunization Against Tuberculosis (%)	2017	80,0	82,1	84,9	95,8
Child Immunization Against Measles (%)	2017	80,0	74,4	84,0	93,7
Underweight Children (% of children under 5 years)	2010-2016	23,4	17,5	15,0	0,9
Prevalence of stunting	2010-2016	42,6	34,0	24,6	2,5
Prevalence of undernourishment (% of pop.)	2016	...	18,5	12,4	2,7
Public Expenditure on Health (as % of GDP)	2014	1,6	2,6	3,0	7,7
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2010-2017	108,0	99,5	102,8	102,6
Primary School - Female	2010-2017	107,6	97,4	102,0	102,5
Secondary School - Total	2010-2017	46,2	51,9	59,5	108,5
Secondary School - Female	2010-2017	36,0	49,5	57,9	108,3
Primary School Female Teaching Staff (% of Total)	2010-2017	29,2	48,7	53,0	81,5
Adult literacy Rate - Total (%)	2010-2017	77,0	65,5	73,1	...
Adult literacy Rate - Male (%)	2010-2017	88,5	77,0	79,1	...
Adult literacy Rate - Female (%)	2010-2017	66,5	62,6	67,2	...
Percentage of GDP Spent on Education	2010-2015	2,3	4,9	4,1	5,2
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2016	3,1	8,0	11,3	10,4
Agricultural Land (as % of land area)	2016	11,6	38,2	37,8	36,5
Forest (As % of Land Area)	2016	67,2	22,0	32,6	27,6
Per Capita CO2 Emissions (metric tons)	2014	0,1	1,1	3,5	11,0



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

last update : February 2019

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+)

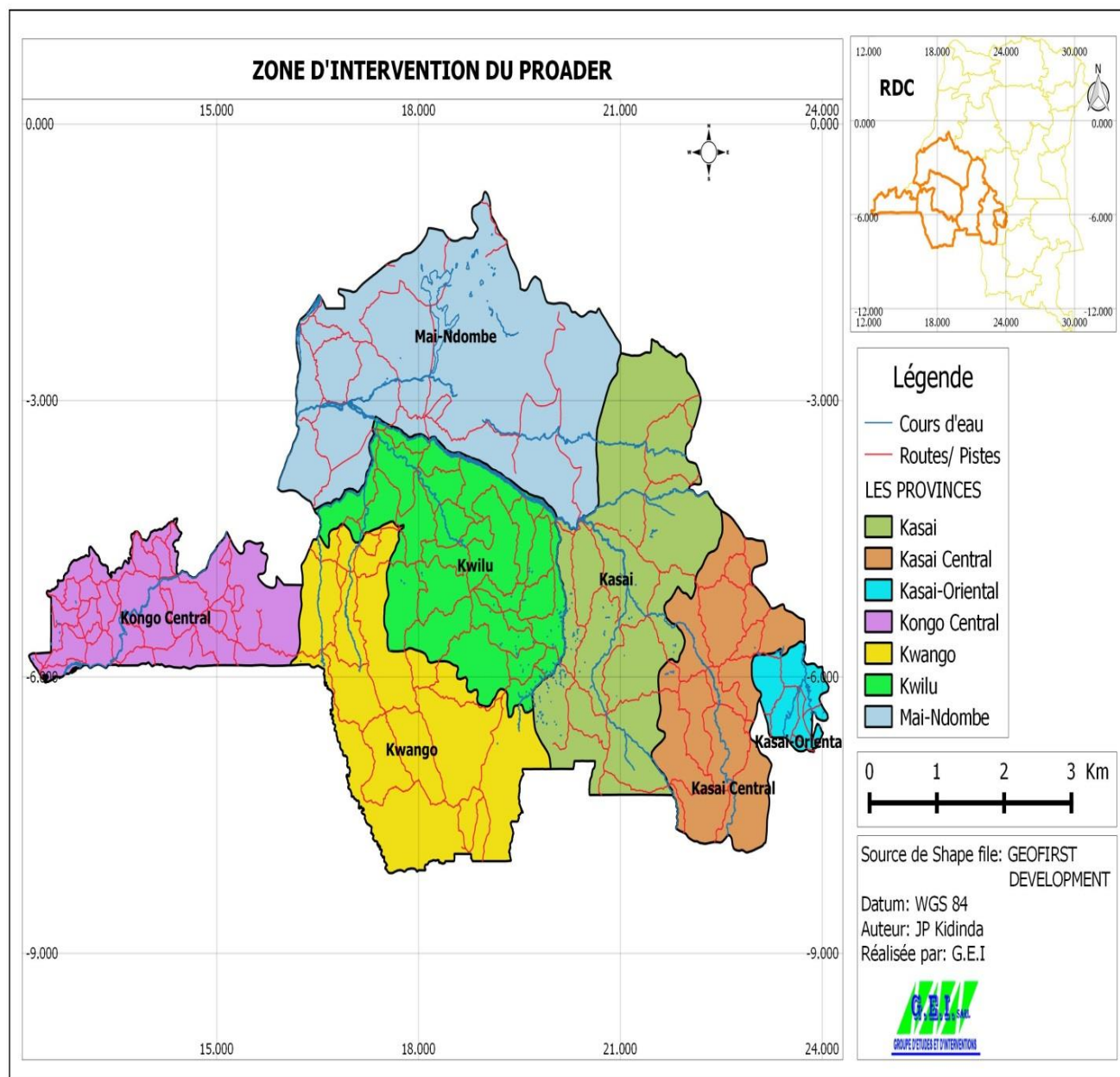
Appendix II: Table of AfDB Portfolio in the Democratic Republic of Congo as of 31 December 2018

#	Name	Sector Name	SD-Sector Dept	Project Long Name	Status of Project	Project Number	Net loan	Disbursement Ratio	Approval date	Planned final Disb. date
1	Dem Rep Congo	Agriculture	AHAI	PROJET D'APPUI AU DÉVELOPPEMENT DE CHAÎNE DE VALEUR AGRICOLE	APVD	P-CD-A00-007	20 000 000,00	0,00	28/05/2019	31/12/2024
2	Dem Rep Congo	Agriculture	AHAI	ETUDE DE FAISABILITÉ DES PARCS INDUSTRIELS	OnGo	P-CD-AA0-009	1 524 582,00	33,01	21/09/2016	27/12/2020
3	Dem Rep Congo	Agriculture	AHAI	PROJET INTEGRE REDD+ DANS LES BASSINS DE MBUJI-MAYI/KANANGA	OnGo	P-CD-AAD-003	15 623 978,08	31,00	11/09/2013	30/06/2021
4	Dem Rep Congo	Agriculture	AHFR	PROJET D'APPUI AU DEVELOPPEMENT DES INFRASTRUCTURES RURALES	OnGo	P-CD-AB0-001	49 460 000,00	90,44	10/11/2011	31/12/2019
5	Dem Rep Congo	Agriculture	AHFR	PROJET ENTREPRENARIAT JEUNES DAS L'AGRICULTURE ET L'AGRO-BUS	OnGo	P-CD-AB0-006	40 000 000,00	5,00	09/12/2016	31/12/2022
SECTEUR AGRICULTURE							126 608 560,08			
6	Dem Rep Congo	Ind/Mini/Quar	PISD	NYUMBA YA AKIBA CEMENT PLANT	OnGo	P-CD-B00-001	21 800 899,64	100,00	12/02/2014	27/11/2017
SECTEUR MINIER/PRIVE							21 800 899,64			
7	Dem Rep Congo	Transport	PICU	PROJET PRIORITAIRE DE SECURITE AERIEENNE PHASE 2 (PPSA 2)	APVD	P-CD-DA0-003	75 000 000,00	0,00	18/10/2018	31/12/2022
	Dem Rep Congo	Transport	PICU	PROJET PRIORITAIRE DE SECURITE AERIEENNE PHASE 2 (PPSA 2)	APVD	P-CD-DA0-003	5 000 000,00	0,00	18/10/2018	31/12/2022
8	Dem Rep Congo	Transport	PICU	PROJET DE REHABILITATION DE LA ROUTE BATSHAMBA-TSHIKAPA – L	OnGo	P-CD-DB0-002	53 550 000,00	97,42	13/06/2012	31/12/2019
9	Dem Rep Congo	Transport	PICU	PROJET D'AMENAGEMENT DE LA ROUTE BATSHAMBA-TSHIKAPA - SECTIO	OnGo	P-CD-DB0-008	660 000,00	59,12	10/12/2013	31/12/2020
	Dem Rep Congo	Transport	PICU	PROJET D'AMENAGEMENT DE LA ROUTE BATSHAMBA-TSHIKAPA - SECTIO	OnGo	P-CD-DB0-008	13 260 000,00	23,77	10/12/2013	31/12/2019
10	Dem Rep Congo	Transport	PICU	PROJET D'AMENAGEMENT DE LA RN1 (TSHIKAPA-MBUJI MAYI) ET DE	OnGo	P-CD-DB0-009	74 000 000,00	31,10	17/12/2014	31/12/2020
11	Dem Rep Congo	Transport	PICU	LOT 3 - PROJET D'AMENAGEMENT DE LA ROUTE BATSHAMBA-TSHIKAPA	OnGo	P-CD-DB0-010	55 560 000,00	50,89	22/10/2014	31/12/2020
12	Dem Rep Congo	Transport	PICU	RÉHABILITATION DE LA RN1 - KINSHASA-KIWIT	APVD	P-CD-DB0-012	50 570 000,00	0,00	26/06/2019	31/12/2021
SECTEUR TRANSPORT							327 600 000,00			
13	Dem Rep Congo	Water Sup/Sanit	AHWS	PROJET D'AEPA ET DE RENFORCEMENT DES INFRASTRUCTURES SOCIO-E	OnGo	P-CD-E00-002	1 475 000,00	96,14	27/11/2013	30/06/2021
	Dem Rep Congo	Water Sup/Sanit	AHWS	PROJET D'AEPA ET DE RENFORCEMENT DES INFRASTRUCTURES SOCIO-E	OnGo	P-CD-E00-002	43 525 000,00	29,04	27/11/2013	30/06/2021
	Dem Rep Congo	Water Sup/Sanit	AHWS	PROJET D'AEPA ET DE RENFORCEMENT DES INFRASTRUCTURES SOCIO-E	OnGo	P-CD-E00-002	4 802 492,45	24,74	27/11/2013	30/06/2021
	Dem Rep Congo	Water Sup/Sanit	AHWS	PROJET D'AEPA ET DE RENFORCEMENT DES INFRASTRUCTURES SOCIO-E	OnGo	P-CD-E00-002	55 000 000,00	37,56	27/11/2013	30/06/2021
14	Dem Rep Congo	Water Sup/Sanit	AHWS	ELABORATION SD-GIEU KINSHASA ET ETUDE DE FAISABILITE AEP DE	OnGo	P-CD-EAZ-002	1 513 390,48	49,54	26/06/2015	30/06/2020
SECTEUR EAU & ASSAIN.							106 315 882,93			
15	Dem Rep Congo	Power	PESD	PROJET DE REHABILITATION ET DE RENFORCEMENT DES CENTRALES HY	OnGo	P-CD-FA0-001	35 700 000,00	97,21	18/12/2007	31/12/2019
16	Dem Rep Congo	Power	PESD	PROJET ELECTRIFICATION PERIURBAINE ET RURALE	OnGo	P-CD-FA0-003	9 690 000,00	84,62	15/12/2010	31/12/2021
	Dem Rep Congo	Power	PESD	PROJET ELECTRIFICATION PERIURBAINE ET RURALE	OnGo	P-CD-FA0-003	60 000 000,00	69,11	15/12/2010	31/12/2021
17	Dem Rep Congo	Power	PESD	APPUI PR CREATION DE L'AGENCE POUR LE DEV. ET LA PROMOTION D	OnGo	P-CD-FA0-005	1 995 000,00	26,47	17/04/2013	31/12/2022
18	Dem Rep Congo	Power	PESD	PROJET ASSISTANCE TECHNIQUE CIBLE AU DEVELOPPEMENT D'INGA3 (OnGo	P-CD-FA0-009	1 500 000,00	96,50	13/05/2013	30/12/2019
19	Dem Rep Congo	Power	PESD	PROJET D'APPUI A LA GOUVERNANCE ET A L'AMELIORATION DU SECTE	OnGo	P-CD-FA0-011	66 220 000,00	0,00	07/12/2016	30/06/2022
	Dem Rep Congo	Power	PESD	PROJET D'APPUI A LA GOUVERNANCE ET A L'AMELIORATION DU SECTE	OnGo	P-CD-FA0-011	4 880 000,00	5,87	07/12/2016	30/06/2020
	Dem Rep Congo	Power	PESD	PROJET D'APPUI A LA GOUVERNANCE ET A L'AMELIORATION DU SECTE	OnGo	P-CD-FA0-011	25 000 000,00	0,44	07/12/2016	30/06/2020
20	Dem Rep Congo	Power	PESD	NELSAP INTERCONNECTION PROJECT - DRC	OnGo	P-Z1-FA0-035	27 620 000,00	53,97	27/11/2008	31/12/2021
SECTEUR ENERGIE							232 605 000,00			
21	Dem Rep Congo	Finance	PIFD	RAWBANK	OnGo	P-CD-HAB-005	10 900 449,83	50,00	07/03/2018	14/12/2020
SECTEUR FINANCIER/PRIVE							10 900 449,83			
22	Dem Rep Congo	Multi-Sector	AHHD	PROJET D'APPUI AU RECENSEMENT GENERAL DE LA POPULATION ET AU	OnGo	P-CD-KF0-007	15 000 000,00	16,27	26/11/2014	30/06/2021
23	Dem Rep Congo	Social	AHHD	PROJET D'APPUI AU BIEN-ÊTRE ALTERNATIF DES ENFANTS ET JEUNES	OnGo	P-CD-I00-010	5 000 000,00	0,00	17/04/2019	31/12/2023
	Dem Rep Congo	Social	AHHD	PROJET D'APPUI AU BIEN-ÊTRE ALTERNATIF DES ENFANTS ET JEUNES	OnGo	P-CD-I00-010	32 140 000,00	0,00	17/04/2019	31/12/2023
	Dem Rep Congo	Social	AHHD	PROJET D'APPUI AU BIEN-ÊTRE ALTERNATIF DES ENFANTS ET JEUNES	OnGo	P-CD-I00-010	22 860 000,00	2,77	17/04/2019	31/12/2023
24	Dem Rep Congo	Social		PRG INTEGRE DEVELOPPEMENT COMMUNAUTAIRE POUR L'EMPLOI ET L'I	OnGo	P-CD-I00-012	1 000 000,00	0,00	12/07/2019	31/12/2020
SECTEUR SOCIAL							76 000 000,00			
25	Dem Rep Congo	Multi-Sector	ECGF	PROJET D'APPUI AU DEVELOPPEMENT DU SECTEUR PRIVE ET A LA CRE	OnGo	P-CD-KB0-001	38 000 000,00	71,11	03/06/2015	30/06/2020
26	Dem Rep Congo	Multi-Sector	ECGF	PROJ APPUI À LA MOBILISATION DES RESSOURCES INTERNES/MODERNI	OnGo	P-CD-KF0-009	15 000 000,00	11,38	10/01/2018	31/12/2021
27	Dem Rep Congo	Multi-Sector	ECGF	PROJET D'APPUI À LA CONSOLIDATION DU TISSU ECONOMIQUE (PACTE	APVD	P-CD-KF0-010	2 424 000,00	0,00	30/03/2017	31/12/2020
	Dem Rep Congo	Multi-Sector	ECGF	PROJET D'APPUI À LA CONSOLIDATION DU TISSU ECONOMIQUE (PACTE	APVD	P-CD-KF0-010	1 766 000,00	13,87	30/03/2017	31/12/2020
SECTEUR GOUVERNANCE							57 190 000,00			
Total portefeuille national							959 020 792,48			

2. Regional Portfolio

#	Name	Sector Name	SD-Sector Dept	Project Long Name	Status of Project	Project Number	Net loan	Disbursement Ratio	Approval date	Planned final Disb. date
28	Multinational	Agriculture	AHAI	DRC- LAKES EDWARD AND ALBERT INTERGRATED FISHERIES & WATER R	OnGo	P-Z1-AAF-006	6 000 000,00	55,45	20/05/2015	30/06/2021
	SECTEUR AGRICULTURE						6 000 000,00			
29	Multinational	Power	PESD	PROJET D'APPUI AU DÉVELOPPEMENT D'INGA ET DE L'ACCES A L'ÉLE	OnGo	P-Z1-FA0-045	39 409 000,00	13,63	20/11/2013	31/12/2019
	Multinational	Power	PESD	PROJET D'APPUI AU DÉVELOPPEMENT D'INGA ET DE L'ACCES A L'ÉLE	OnGo	P-Z1-FA0-045	5 000 000,00	42,17	20/11/2013	31/12/2022
30	Multinational	Power	PESD	INTERCONNEXION DES RESEAUX ELECTRIQUES RCA-RDC A PARTIR DU S	OnGo	P-Z1-FA0-047	5 550 000,00	32,67	19/09/2012	31/12/2021
31	Multinational	Power	PESD	SUPPORT FOR INGA - 3 DEVELOPMENT	OnGo	P-Z1-FA0-054	1 453 393,31	79,97	23/08/2013	31/12/2019
32	Multinational	Power	PESD	RUZIZI III - DRC	OnGo	P-Z1-FA0-078	60 000 000,00	0,45	16/12/2015	31/12/2022
33	Multinational	Power	PESD	NELSAP INTERCONNECTION PROJECT - DRC - SUPPLEMENTARY GRANT	OnGo	P-Z1-FA0-104	8 040 000,00	27,32	05/07/2016	31/12/2021
	SECTEUR ENERGIE						119 452 393,31			
34	Multinational	Social	AHHD	PROJET D'APPUI A LA REINSERTION SOCIO-ECONOMIQUE DES JEUNES	OnGo	P-Z1-IZ0-027	900 000,00	97,51	25/05/2016	31/12/2020
	SECTEUR SOCIAL						900 000,00			
	Total portefeuille régional						126 352 393,31			
	Total portefeuille Global						1 085 373 185,79			

Appendix III: Map of the Project Area



Appendix IV- Key Drivers of Fragility and Sources of Resilience of the DRC

The corridor targeted by PROADIER, including the central region, is one of the areas most severely affected by the humanitarian crisis in the Democratic Republic of Congo. In April 2017, five provinces in this central region were deeply affected by the high levels of insecurity, stemming from interethnic tensions and clashes between armed groups. In 2017, the humanitarian crisis in the DRC worsened and spread, affecting people in this area previously considered stable, and undermining the resilience of people who were victimised by the previous crisis. The DRC recently became the African country most severely affected by population movements, with 1.7 million new IDPs in 2017, bringing the total number of IDPs to 4.3 million, 52% of them women (as of 30 November 2018).

In the Kasai Provinces, there are areas, albeit isolated, where the risks of resurgence of inter-community tensions are still present. More than 102,000 conflict-affected persons are in need of non-food items, shelter and tools, and 400,000 children are at risk of dying from severe acute malnutrition. According to official sources, between 1 October 2018 and 31 January 2019, 402,300 Congolese nationals returned from Angola. National data validated by the Directorate General of Migration (DGM) show that 300,365 voluntary returnees and 101,935 deportees were received in five provinces of the DRC: Kasai, Kasai Central, Kwango, Kongo Central and Lualaba. During this period, 28,563 people crossed the border at a rate averaging about 635 per day. In addition, deportees account for 84% of returnees, with 50% of them transiting through Kwango Province. Given the sensitivity of the context, there is a need to carry out community activities in order to promote social cohesion through: (i) the active and participatory involvement of local communities in implementation activities; (ii) harmonisation of intervention procedures and targeting criteria; (iii) front-end analysis of the risks and issues related to the “do no harm” principle.

Key Drivers of Fragility	Main Sources Resilience
Political, Institutional and Security Factors <p>*Pockets of insecurity in the eastern and central parts of the country with the proliferation of armed groups; *Relative political stability that may be undermined despite the holding of the elections; *Various dysfunctionalities characterised by: (i) weak capacity; (ii) public services run by staff that are ageing but not replaced; (iii) incomplete decentralisation; and (iv) lack of independence of the judiciary and high levels of corruption; (v) high levels of human rights violations.</p>	<p><i>Huge potential for renewable natural resources, especially forest and water resources</i></p> <p>The country abounds in rich and varied natural resources <i>whose rational exploitation offers a real opportunity for sustainable development and green growth promotion</i>. It has a forest cover of about 1.5 million km², water resources of 19,967/m³/year/inhabitant, an estimated hydropower potential of 100,000 MGW and a wide range of mineral resources (over 1,100 minerals and precious metals listed).</p>
Economic Factors <p>* Undiversified economy, exposed to external shocks; * Unattractive business environment and undeveloped financial system; * Low tax revenue mobilisation capacity; *Lack of economic infrastructure (energy, transport, agriculture, ICT).</p>	<p><i>Vast industrialisation potential of the agricultural and energy sector</i></p> <p><i>The development of the country's agricultural potential could accelerate the transformation of agriculture.</i> Agricultural land is estimated at about 80 million hectares, of which barely 10% is farmed annually. The climatic and ecological conditions are very conducive to the farming of various crops, including export crops.</p>

<p>Social Factors</p> <ul style="list-style-type: none"> * Low human development levels, high poverty, inequality and unemployment levels, especially among young people and women; *Lack of social infrastructure (health, education, water); *Persistence of gender inequalities and gender-based violence; *Large population displacements as a result of the armed conflict and possible instigation of ethnic and community tensions. 	<p><i>Privileged Geographical Position</i></p> <p>The DRC has 9 neighbouring countries and is at the meeting point of five regional economic communities. <i>This position is a major asset for the country's development and offers it enormous potential for trade with several countries if multisector interconnections are organised.</i></p>
<p>Environmental Factors (Climate Change and Related Risks)</p> <ul style="list-style-type: none"> *High deforestation levels in the Congo Basin, frequent floods and low resilience of communities to climate change; *Significant mercury emissions from artisanal mining activities, representing a major risk to human health. 	<p>Environmental Factors</p> <p>Given that the project area is part of the Congo Basin, it can contribute to climate change mitigation through the restoration of forest landscapes, reduction of emissions from deforestation and forest degradation, and climate finance. It can also create opportunities for green growth through sustainable development of targeted sectors (energy, agriculture, etc.).</p>

Diagram illustrating a public-private –producer partnership (4Ps)

