



**The World Bank**

Central African Republic (CAR) Emergency Food Crisis Response Project (P176754)

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# Project Information Document (PID)

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Appraisal Stage | Date Prepared/Updated: 02-Jun-2021 | Report No: PIDA32023

**BASIC INFORMATION****A. Basic Project Data**

Country Central African Republic	Project ID P176754	Project Name Central African Republic (CAR) Emergency Food Crisis Response Project	Parent Project ID (if any)
Region AFRICA WEST	Estimated Appraisal Date 01-Jun-2021	Estimated Board Date 29-Jun-2021	Practice Area (Lead) Agriculture and Food
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Economy, Planning, and Cooperation	Implementing Agency Ministry of Agriculture and Rural Development	

## Proposed Development Objective(s)

The objectives of the project are to increase food production and to improve resilience of targeted smallholder farmers and food insecure households in affected areas.

## Components

- Support increased food production
- Labor-intensive public works for resilience
- Project Management and Coordination
- Contingent Emergency Response Component

The processing of this project is applying the policy requirements exceptions for situations of urgent need of assistance or capacity constraints that are outlined in OP 10.00, paragraph 12.

Yes

**PROJECT FINANCING DATA (US\$, Millions)****SUMMARY**

Total Project Cost	50.00
Total Financing	50.00
of which IBRD/IDA	50.00
Financing Gap	0.00

**DETAILS**

**World Bank Group Financing**

International Development Association (IDA)	50.00
IDA Grant	50.00

## Environmental and Social Risk Classification

High

## Decision

The review did authorize the team to appraise and negotiate

**B. Introduction and Context**

## Country Context

1. **The Central African Republic (CAR) is one of the most fragile and poorest countries in the world.** CAR is a landlocked, scarcely populated country with a population of approximately 5.2 million. It is one of the most fragile countries in the world.<sup>1</sup> The country is endowed with ample natural resources but has faced continued political instability and cycles of violence ever since its independence in 1960. Recent estimates indicate that CAR's poverty rate increased from 62 percent in 2008 to 71 percent in 2019, i.e., nearly 3.48 million people live below the international poverty line (US\$1.90 per day, 2011 PPP).<sup>2,3</sup> About two-thirds of the population live in rural areas where poverty is estimated to be 69 percent, compared to 50 percent in urban areas. In addition to the effects of long-lasting conflicts, the main causes of poverty include the underperforming agropastoral sector; the lack of roads, infrastructure, and public services in rural areas; vulnerability to climate change, floods, and droughts; as well as scarce economic opportunities, especially for young people.

2. **The economic outlook in CAR has deteriorated sharply as a result of COVID-19 but is projected to recover gradually going forward with a recovery of external demand, hinging on a peaceful democratic transition domestically.** Growth in 2020 stagnated amid COVID-19, mainly driven by the agricultural sector (pre-COVID projection was projected at 4.4 percent growth). The main drivers of the downturn include a sharp fall in CAR's exports (diamond, coffee, cotton, and timber), a decline in commodity prices, and a decrease in foreign direct investment. Furthermore, internally, the Government's measures to contain the spread of COVID-19, including restricting movement within the country, closing schools, banning mass gatherings, and closing the airport, had an added impact on slowing economic activity. As the negative impacts of COVID-19 dissipate, CAR's economy is projected to recover gradually by 3.9 percent per year during 2021-23, which is still significantly below the pre-COVID-19 projections. Ongoing projects, especially in the agricultural sector, are expected to ease the investment climate and facilitate the development of agribusiness in the Bangui area. Improved distribution channels and

<sup>1</sup> In 2020, the Fragile States Index ranked CAR as the 6<sup>th</sup> most fragile country in the world, which is still an improvement compared to 2014 when CAR was the 3<sup>rd</sup> most fragile country in the world.

<sup>2</sup> The 2019 poverty projections are done using international poverty line (US\$1.90 per day, 2011 PPP) whereas the rural/urban estimates are based on the national poverty line which is using data from the last nationally representative household survey conducted in 2008.

<sup>3</sup> The human development is low in CAR, ranking 188<sup>th</sup> out of 189 countries on the 2019 Human Development Index.



increased output in agriculture will also support growth. Higher levels and efficiency of public investment addressing infrastructure constraints should also support the projected growth rates.

**3. Climate change will further exacerbate development challenges in CAR, impacting agricultural production and food security significantly.** The country is exposed to a range of hydro-meteorological hazards, in particular floods and water scarcity/drought, and ranks fifth globally in terms of risks due to its high socio-economic vulnerability and low capacity to cope with such shocks.<sup>4</sup> The majority of the population (75 percent) is expected to be vulnerable to climate change. Floods are the most frequent disasters and responsible for the largest share of economic and human losses in CAR. They primarily affect the southern part of the country and underscore the continued vulnerability of CAR's population to natural hazards, particularly the poor. Droughts are common in the northern part of the country. Climate change is expected to exacerbate the frequency and severity of extreme hydro-meteorological events.

#### Sectoral and Institutional Context

**4. Agriculture plays an important role in CAR's economic development and poverty reduction.** The country has a huge potential for agricultural development including 15 million hectares of arable land and 20 million hectares of agricultural permanent pasture coupled with a favorable climate. Agriculture accounts for 32 percent of GDP<sup>5</sup>. About 67 percent of CAR population lives in rural areas and agriculture remains the primary economic activity employing about 93 percent<sup>6</sup> of the country's workforce comprising mostly smallholder farmers. Staple crops occupy about 90 percent of the total cultivated area in the country and account for 61 percent of the agricultural production. The export commodities account for less than 2 percent of the GDP and 5 to 10 percent of the export revenue of the country. The livestock sub-sector is also critical for the country's economy as it contributes up to 15 percent of the agricultural GDP and 2 percent of the country's GDP.

**5. The overall performance of the agricultural sector is low with farm output remaining below levels achieved in 2008-2012.** The production technologies used by the farmers in CAR are inefficient. As a result, the agriculture sector is faced with low yields and productivity. Various factors combine to reduce agriculture productivity, including low use of improved inputs (seeds, fertilizers, pesticides, etc.), low use of modern technologies, inadequate access to extension services, poor physical infrastructure, limited access to credit, and marketing constraints. For instance, cassava the leading food crop in CAR has been facing production and yield declines and stagnation over the past ten years, causing a significant increase in market prices, while the demand for this product is increasing. This decline in cassava production and yield has been aggravated in 2020 by an outbreak of Cassava Mosaic Disease (CMD). Particularly CMD reduced the output of cassava crops that are grown throughout the year in the southern prefecture of Kemo. According to FAOSTAT (2018), cassava production in CAR reached a production of 715,469 tons of cassava chips over 252,000 hectares. This production is a source of food security, not only because it can be grown on the less productive land, but because it is a source of income for urban and rural people alike. Thus, any threat to cassava production also threatens the ability of the most vulnerable farmers to cope in the face of adverse climatic conditions and increases the risk that disruptions to crop production will escalate into widespread food insecurity.

<sup>4</sup> INFORM Risk Index 2021 (<https://drmkc.jrc.ec.europa.eu/inform-index>)

<sup>5</sup> <http://wdi.worldbank.org/table/4.2>

<sup>6</sup> <https://www.resakss.org/node/11>



**6. CAR's food security is intimately tied to the performance of some key crop production such as cassava, maize, and livestock.** The COVID-19 pandemic vividly spotlights these links. The country is now reeling from the effects of COVID-19-related value chain disruptions on food security. Among others, due to stalled harvest sales: (i) most farmers cannot access necessary input and now face the dire prospect of not engaging in the forthcoming food crop growing season<sup>7</sup>; (ii) those who rely on their harvest sales and wages from agricultural activities to meet some of their food security requirements are already experiencing challenges in accessing food; and (iii) food imports required to fill the demand gaps are expected to be constrained by the limited budget resources as tax revenues are rapidly declining, and public expenditures are rising due to the current election-related violence. In addition, most households in CAR (include rural farming households) are net food buyers and the increase in food prices over the last two years has forced them to adopt negative coping mechanisms such as distress sale of household agricultural assets, especially livestock such as sheep and goats. Farmers have also lost stock of livestock due to opportunistic diseases that are aggravated by poor vaccination campaigns. The economic crisis has also affected urban populations, including in the greater Bangui area, who are more dependent on markets and wages for their livelihoods and, unlike their rural peers, typically lack traditional coping mechanisms e.g. hunting and gathering. The prevailing political situation combined with institutional instability exacerbates these food security challenges.

**7. The magnitude of the crisis reflects the convergence of multiple factors, with more recent drivers including COVID-19, high food prices, and excessive rainfall and floods, exacerbating the vulnerabilities related to food insecurity.** The country is already facing chronic issues such as a slow increase or even stagnation of agricultural and livestock production for several years, and challenges such as limited access to agricultural inputs, advisory services, and plant and animal diseases which are negatively impacting the volume of staple crop production and productivity of the sector. As a result, 71 percent of the population (pre-COVID estimate) is living below the poverty line without a buffer in case of any unplanned expense or emergency. In addition, more recent acute factors have exacerbated the food insecurity vulnerabilities, namely: (i) COVID-19 impacts affecting agricultural supply chains, food trade, and consumer prices for key crops; and (ii) extreme weather events (excessive rainfall and floods).

**8. Government strategies acknowledge that food security is at the heart of the CAR development agenda and investing in food security is tantamount in keeping the peace and stability that the country needs.** The GoCAR has developed several policies and strategies which prioritize agriculture sector development. The National Policy on Food Security and Nutrition adopted in December 2017 identified as priority intervention the need to increase food availability in a sustainable way and meet the food demand of the CAR population. In addition, the National Agricultural Policy Document (2020-2030) prepared in 2019 recommitted to the key principles of the Malabo Declaration<sup>8</sup> with a focus on: (i) transforming the productivity of smallholder farming and contributing to food and nutrition security; (ii) promoting the development of a commercial, competitive agriculture that contributes to economic growth.

**9. Within its limited resource and capacity constraints, the Government has been increasingly intentional in supporting the development of its agriculture sector and addressing its food insecurity**

<sup>7</sup> Whereas most farmers rely on seeds saved from previous harvests or sourced from neighbors for the next season's planting, extreme food scarcity has forced most of them to deplete such seed sources as they struggle to meet the immediate food requirements of starving families.

<sup>8</sup> Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods (Malabo, June 26-27, 2014).



**challenges.** The Government, with support from the WBG has launched in 2019 the CAR-Agriculture Recovery and Agribusiness Development Support Project (ARADSP – P165855). The Project objective is to increase the agriculture productivity of small-scale farmers, strengthen the capacity of micro, small, and medium agribusiness enterprises in the project areas. In the specific case of the ongoing COVID-19 pandemic, the Government has made available with the WBG financial support, two additional financings: (i) US\$75 million for the LONDO Project (P152512) to provide temporary employment to vulnerable people and to facilitate access to basic services throughout the entire territory of CAR, and (ii) US\$16 million for COVID-19 Response under the Service Delivery and Support to Communities Affected by Displacement Project (P174547) to increase access to basic services, infrastructure, and safety nets for communities affected by crises, including forced displacement and COVID-19. The proposed project contributes to these efforts and will focus on (i) provision of agricultural input (seed, fertilizer, small equipment, and labor) necessary to engage in food production in the short term; (ii) improving household nutrition, and (ii) provision of a community safety net tied to a public works program.

### C. Proposed Development Objective(s)

#### Development Objective(s) (From PAD)

10. **The Project Development Objective (PDO).** The objectives of the project are to increase food production and to improve resilience of targeted smallholder farmers and food insecure households in affected areas.

#### Key Results

11. The proposed PDO indicators are: (i) Farmers reached with agricultural assets or services<sup>9</sup>, of whom women (number) (CRI); (ii) Volume of food crops produced (metric ton); and (iii) Beneficiaries of labor-intensive public works (number), of whom women and internally displaced people (percentage).

### D. Project Description

#### Component 1: Support increased food production (US\$27.5 million)

12. **This component will support an accelerated supply response focused on restoring and preserving the productive capacity of farming households** to enable continued and expanded production of key staple foods and livestock that is resilient to climate change. Such support is expected to increase food availability and therefore break the cycle of dependence on food support over the coming seasons.

13. **It will have three subcomponents:** (i) Support food production and household nutrition (US\$16.3 million); (ii) Support food basket distribution and linkages to market opportunities (US\$7.6 million); and (iii) Strengthening hydro-meteorological information for early warning (US\$ 3.6 million).

#### Component 2: Labor-intensive public works for resilience (US\$17 million)

<sup>9</sup> Defined as production inputs (fertilizer, seed, farming tools advisory services etc.) and measured as households



14. **This component will finance livelihood support programs through labor-intensive public works (LIPW) in six prefectures and in Bangui.** The LIPW will provide short-term relief to food-insecure households through cash-for-work activities, while at the same time fostering adaptation to climate change and enhance resilience to flooding. The LIPW will follow the government's standardized Labor-Intensive Public Works Manual and be coordinated with other LIPW initiatives in CAR to ensure complementarities.

15. **It will have two subcomponents:** (i) Rehabilitation and maintenance of small-scale agricultural infrastructures (US\$2.2 million); and (ii) Rehabilitation and maintenance of drainage infrastructure in Bangui (US\$14.8 million).

#### **Component 3: Project Management and Coordination (US\$5.5 million)**

16. **This component will support efficient implementation of project activities and tracking of results.** This component would finance: (i) the project day-to-day administrative, technical and fiduciary management; (ii) the coordination of project activities across the whole scope of project execution, including management costs of specialized service providers; (iii) the establishment and implementation of a robust Monitoring and Evaluation (M&E) framework; and (iv) the implementation of environmental and social safeguard measures, citizen engagement, and a Grievance Redress Mechanism (GRM).

#### **Component 4: Contingent Emergency Response Component (US\$0 million)**

17. The Contingent Emergency Response Component (CERC) will enable the provision of immediate response to an Eligible Crisis or Emergency, as needed. It will ensure the rapid reallocation of project funds in the event of a natural crisis during implementation of the project to address eligible emergency needs under the conditions established in the CERC operational manual. This component will have no initial funding allocation but will draw resources from other expenditure categories at the time of its activation.

#### Legal Operational Policies

##### Triggered?

Projects on International Waterways OP 7.50	Yes
Projects in Disputed Areas OP 7.60	No

#### Summary of Assessment of Environmental and Social Risks and Impacts

18. **Environmental risks.** The Project will include a set of activities to increase the resilience of vulnerable households to future food security crises, as well as the overall country's resilience and preparedness for such crises. These activities present potential risks and impacts on the environment that are not expected to be irreversible.

19. Under Component 1, activities relating to increasing food crop production through improved access to agri-inputs and provision of requisite advisory services are likely to lead to (i) agricultural land degradation and declining soil fertility due to inappropriate land use for certain types of agricultural uses, poor quality or use of technologies (types of equipment), poor farming practices (continuous cultivation



without amendment, bush fires, export of biomass, lack of organic amendment, cultivation in the direction of the slope, etc.); (ii) deforestation or the destruction of trees during the opening or cultivation of plots; (iii) pollution of surface and underground water through the use of phytosanitary products; (iv) work accidents and water-borne illnesses. Under subcomponent 1.2 relating to improving household nutrition, activities could lead to greenhouse gas emissions from market gardening activities vegetable production, depending on whether the project chooses to provide a sheep or a goat in the household; furthermore, in the context of feed distribution, the risk of contamination of the feed could arise.

20. Under Component 2, the labor-intensive public works could among other things lead to: (i) occupational health and safety risks for workers, including in particular beneficiaries from cash-for-work programs, as well as safety risks related to the works for surrounding communities, (ii) encroachment on crops in the vicinity of work sites, (iii) alteration of air quality by the emission of exhaust gases from construction site vehicles, (iv) noise pollution, construction site waste, etc.

21. **Social risks.** While the overall social benefits are expected to be positive, the anticipated social risks and impacts include: (i) complex risks in forced displacement situations where people become vulnerable, often with minimal assets and limited access to basic services and employment (due to extensive flooding, COVID-19 restrictions affecting agricultural supply chains and food trade, driving up food prices, slow increase or even stagnation of agricultural and livestock production for several years, insufficient food consumption for 1.3 million people); (ii) risks of sexual exploitation and abuse (SEA) and sexual harassment (SH) specific to the project; (iii) limited capacity and experience of the client for effective stakeholder engagement; (iv) risks for exclusion of marginalized and vulnerable social groups in both rural and urban areas, and others agricultural practitioners minorities groups, unemployed youth, internally-displaced people, Indigenous Peoples, etc.; (v) risk of exclusion of vulnerable groups in the recruitment for labor-intensive public works, especially in the cash-for-work and construction activities; (vi) security risks for project workers and beneficiaries given the high presence of non-state armed groups across the territory; (vii) physical and/or economic displacement that may result from rehabilitation works under Component 2; (viii) Indigenous Peoples who are present in the target prefectures may be subject to particular disadvantage or exclusions; (ix) minor labor influx; (x) risks related to spread of Covid-19 and uncertainties of new waves; (xi) the client's low capacity to manage project-related E&S risks and impacts in a manner consistent with the Environmental and Social Standards; and (xii) limited familiarity of the PCU with the overall Environmental and Social Framework.

## E. Implementation

### Institutional and Implementation Arrangements

22. **The project will be implemented through the Ministry of Agricultural and Rural Development (MADR) in partnership with other relevant sectoral Ministries (MUVH, MTPER, MTAC, MATDDL) through an already existing Project Coordination Unit (PCU).** This PCU currently oversees implementation of the Bank-financed ARADSP (with objectives that are similar to those of Component 1 under the EFCR project) and is overall qualified to coordinate implementation of the new project. The PCU will have overall administrative, fiduciary, and safeguards responsibility for project implementation. It is staffed with a FM Specialist, a Procurement Specialist, an M&E Specialist, an Environment and Social Safeguards Specialist, and other support staff. Additional specialists will be recruited within one month from the Effectiveness Date, to strengthen the PCU staffing.



23. Because of persistent implementation capacity gaps both at the central and state ministries, the implementing agency (MADR) will enter into service agreements with FAO, WFP, and AGETIP to receive technical support for the implementation of specific activities. Components 1.1, 1.3, and 2.1 will be implemented with the support of FAO. Component 1.2 will be implemented with the support of WFP. Component 2.2 will be implemented with the support of AGETIP. Where judged feasible and appropriate, local Non-Governmental Organizations (NGOs) may be mobilized to take on an implementation role. The PCU will monitor and supervise the performance of the specialized service providers and report to the Bank.

24. **Project Steering Committee (PSC).** A PSC, chaired by the MADR (or his/her representative), will be established to provide general oversight of the project. The PSC will include representatives from Ministry of Public Works and Road Maintenance (MTPER), MUVH, Ministry of Transport and Civil Aviation (MTAC, General Directorate of Meteorology), Ministry of Territorial Administration, Decentralization and Local Development (MATDDL, General Directorate of Civil Protection), Ministry of Finance, Ministry of Plan, Social Affairs, agriculture sector stakeholders, the Municipality of Bangui, and other entities deemed relevant. The PSC will be responsible for providing overall implementation and policy guidance. The PSC will meet four times a year and can invite FAO, WFP, and AGETIP to assist as technical advisors and non-voting members. The PCU will provide secretariat services to the PSC.

25. **Project Technical Committee.** A Technical Committee will be set up with designated focal persons and technical experts from ministries and agencies with responsibilities related to the implementation of project activities as well as other relevant actors, including MADR, MUVH, MTPER, MTAC (General Directorate of Meteorology), MATDDL (General Directorate of Civil Protection), Municipality of Bangui, AGETIP, FAO, WFP, and the Ministry in charge of the Environment. The Technical Committee will be chaired by the PCU. It will ensure overall day-to-day supervision and technical guidance of activities and will meet regularly to review implementation progress and identify solutions to project implementation challenges. The committee will be responsible for technical oversight and contribute to the development of the annual work plans and budgets.

## CONTACT POINT

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**APPROVAL**

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