Public Disclosure Authorized

Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 11-Apr-2021 | Report No: PIDA27749

Public Disclosure Authorized

BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Project Name	Parent Project ID (if any)
Congo, Democratic Republic of	P169021	National Agriculture Development Program	
Region	**Estimated Appraisal Date**	**Estimated Board Date**	**Practice Area (Lead)**
AFRICA EAST	03-May-2021	29-Jun-2021	Agriculture and Food
Financing Instrument	**Borrower(s)**	**Implementing Agency**	
Investment Project Financing	Democratic Republic of Congo	Ministry of Agriculture	

Proposed Development Objective(s)

To improve agriculture productivity and market access of smallholder farmers in selected project areas

Components

Agriculture Productivity
Smallholder Market Access
Agriculture Public Goods and Services
Contingency Emergency Response

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	520.00
Total Financing	520.00
of which IBRD/IDA	500.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	500.00
IDA Credit	500.00

Non-World Bank Group Financing	
Trust Funds	20.00
Global Facility for Disaster Reduction and Recovery	20.00

Environmental and Social Risk Classification

High

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **With a population of around 86 million people and high poverty rates, the Democratic Republic of Congo (DRC) has the third-largest population of people living in poverty worldwide.**[1] In spite of significant economic potential due to abundant and diverse natural resources, Gross Domestic Product (GDP) per capita in 2018 was 40 percent of its 1960 level. The national poverty headcount rate is 73.3 percent (2020 World Bank estimate), and 55 percent of the DRC's poor reside in rural areas[2] where the poverty headcount is 80.2 percent compared to 56.3 percent in urban areas.[3] With a land surface area of 2.3 million km^2, the DRC is the largest country in Sub-Saharan Africa (SSA), with over 80 million ha of fertile and arable land, and 52 percent of all freshwater resources in SSA. DRC could potentially feed the entire African continent, yet it is currently unable to adequately feed its own population.[4]

2. **Decades of unrest, punctuated by episodes of violent confrontation and civil war, have compromised social cohesion, accentuated deep existing social and economic inequalities, and caused a breakdown in the social contract.** [5] The resulting humanitarian crisis is considered one of the world's biggest and most complex, with the United Nations estimating 19.6 million people in need of assistance at the beginning of 2021. A 2021 update of the Risk and Resilience Assessment (RRA) for the DRC identifies six drivers of fragility around the themes of governance, conflict, and people. The first theme highlights the pervasive impact of corruption in perpetuating nonresponsive patterns of governance and a poorly redistributive economy. The second theme stresses the fragmented local conflict system, regional and international interference and interconnections,

[1] World Bank (2018). Piecing Together the Poverty Puzzle and World Development Indicators.
[2] World Bank (2019). Territorial Development Review, Phase 2.
[3] World Bank (2018). Systematic Country Diagnostic.
[4] Wim Marivoet, John Ulimwengu, and Mohamed Abd Salam El Vilaly (2018) Understanding The Democratic Republic Of The Congo's Agricultural Paradox: Based on the eAtlas Data Platform, Addis Ababa: ReSAKSS
[5] World Bank (2020): DRC Risk and Resilience Assessment. A series of multilateral peace agreements following the first Congo war (1996–1997) and second Congo war (1998–2002) have attempted to bring the conflict to an end and put the country on the path towards democracy, peace and prosperity. However, key drivers of conflict persist.

and how local conflict is used for political and financial gain, including through competition for access to land, minerals, and other natural resources. The third theme examines issues of inclusion and participation, finding that the majority of an increasingly youthful population lacks prospects for social mobility due to a combination of conflict trauma, and exclusion from services, decision making, and economic opportunities—resulting in deep poverty. In 2019, the DRC witnessed its first peaceful transfer of power, though the first two years of Tshisekedi's administration were characterized by a delicate cohabitation between former President Joseph Kabila and allies to President Tshisekedi. This strained political situation impeded the President's ability to move forward on key reform agendas and often resulted in decision-making deadlock. As such, the President launched, in November 2020, a national consultation process to establish a new majority in Parliament. As a result of this process, President Tshisekedi has appointed a new Prime Minister and a new Cabinet is expected to be announced shortly. This will solidify President Tshisekedi's break from the former power-sharing pact with the Kabila-backed alliance, opening the way for the President to put forth his vision and get traction for the implementation of key reforms and deliver on the his administration's priorities. Tshisekedi is also committed to addressing the security situation, and overall, the security situation has improved in most of the country except for several territories in the Eastern provinces, which continue to be affected by violence and conflict.

3. **An increase in weather variability and natural disasters compounds negative impacts of conflict and fragility upon the population.** The DRC is witnessing extreme changes in the rainfall pattern (drought and excess rains) and an extension of the dry season. Flood and drought events directly affect food production and lead to soil erosion and degradation. Smallholder farmers, the urban poor, and women are especially vulnerable.[6] Due to conflict, the COVID-19 pandemic, and natural disasters such as recent floods, the number of food-insecure people doubled from 7.7 million in 2017 to 19.6 million in January May 2021, making access to food a daily struggle for a significant part of the population.[7] This led to the automatic triggering of the IDA Crisis Response Window's Early Response Financing (CRW ERF) for DRC and the World Bank is in the process of accessing additional CRW ERF funds to support actions for preventing the expected further deterioration of food security.

4. **Recent economic growth was affected by the COVID-19 pandemic, which is likely to further increase poverty**. GDP growth in the DRC has been largely insufficient to generate an increase in GDP per capita and to reduce poverty. As such, this undiversified economy—highly dependent on the extractives sector—cannot provide for a population growing at more than three percent per year. From 1960 to 2018, GDP per capita declined by an average of 1.6 percent per year.[8] This is the combined effect of a 3 percent average increase in the population and a mere 1.4 percent average increase in GDP. COVID-19 has further weakened economic activity and decelerated growth by 3.6 percentage points, to an estimated level of 0.8 percent in 2020. Moderate growth prospects are forecast for 2021 and an accelerated recovery, closer to the pre-COVID level, is projected in 2023. The economic slowdown is expected to result in job losses and a decline in wage income, with the largest number of additional poor expected in rural areas due to an expected drop in agriculture production, slowdowns in national and international agriculture and food trade, and the effects of disruptions

[6] World Bank (2018). Systematic Country Diagnostic.
[7] The latest Integrated Food Security Phase Classification (IPC) for DRC (May 2020) reported that about 15.6 million people are facing Crisis and Emergency levels of acute food insecurity–Phases 3 and 4, respectively, which precede the Famine level (Phase 5) in the IPC scale. IPC Phases are described at the following site: http://www.ipcinfo.org/
[8] World Bank (2018). Systematic Country Diagnostic.

in value chains. The projected downturn in economic activity will negatively impact government revenues to finance fiscal policies and social safety nets needed to mitigate the impacts of the pandemic.

Sectoral and Institutional Context

5. **The agriculture sector[9] currently accounts for about 20 percent of GDP, employs some 70–75 percent of the economically active population**[10]. Related agro-industries employ another 10 percent of the population. Jobs in agriculture tend to be informal, with low value added per worker (US$227/yr[11]), and subsistence farming is the dominant agricultural strategy in large parts of the country. The DRC has approximately 13 million farmers in rural areas, with an average landholding of 1.6 ha. Diverse agro-ecological zones enable the production of a variety of staple crops, such as cassava, maize and rice, as well as dairy, livestock, and fish.

6. **Rural households (accounting for 55 percent of DRC's total population) derive more than 80 percent of their income from agriculture, making agriculture productivity growth a necessary condition for the reduction of rural poverty and food insecurity in DRC in the short and medium term.** Agriculture productivity in the DRC has been declining relative to neighboring countries, with productivity of cereals at 50 percent of the SSA average and lower than the regional average of Central African countries. This declining agriculture productivity is mainly due to underinvestment at the farm-level (caused in part by insecurity and displacement) and in agriculture public goods and services, especially for market access. Only 5 percent of food-producing households use improved seeds and only 4 percent use fertilizers (Adoho et al., 2018). Among food insecure households, the situation is worse, with only 0.9 percent using improved seeds and 0.8 percent using fertilizers (ibid.). Access to market is another challenge, with 23 out of 26 provinces with a median travel time of 8 hours to reach a settlement. Poor rural roads, lack of security and expensive diesel generators also increase the price of key inputs such as seeds, fertilizers, pesticides, hybrid varieties and vaccination, leading to low yields. Agri-MSMEs suffer from limited and unreliable agriculture product supply from farmers; weak access to information on market and prices; lack of warehousing and agro-processing facilities resulting in large post-harvest losses; lack of access to finance, especially long-term investment capital; lack of organizational capabilities and skills; and predatory fiscal and para-fiscal environments.

7. **Private sector actors have expressed that rural road and security conditions are insufficient to enable competitive agriculture, in particular horticulture, even in the vicinity of large agglomerations, and that these are the reason for the limited investments in backward agriculture linkages (CPSD, 2020).** There are only a few large-scale industrial players scattered along the Congo River and in North-Kivu. These players are primarily producing cash crops such as palm oil and rubber and, with improved river transportation, are not far from becoming competitive.

8. **The DRC is undergoing a process of decentralization to revitalize provincial services and better serve the rural population**. In 2016, the number of provinces was officially increased from 11 to 26. Some new provinces still lack the structures and fiscal resources to function independently. To enable these provinces to contribute to raising agriculture incomes and reducing rural poverty, public sector investments, including investments at farm-level and in agriculture public goods and services are needed.

[9] Throughout this document, agriculture refers to crop, livestock and fisheries.
[10] World Bank (2017). DRC Agriculture Sector Review.
[11] World Bank WDI (data for 2014)

9. **Gender gaps persist in all the areas of economic, social, cultural, and political development. In the agriculture sector specifically, the largest gender gaps are related to lack of access to new technology, inputs, and assets.** Consequently, the agriculture productivity gap between men and women in the DRC is 26 percent.[12] Traditional gender norms and low levels of education restrict women's access to assets, such as land, reduce women's bargaining power within the household, and exclude women from decision-making processes, both in the community and at home. Division of labor (women often help men to clear land, but are required to do weeding and the rest of the tasks themselves), and the unequal distribution of work between men and women, both in the fields and at home, contributes to women's lack of time and limits their social participation. There is also a strong relationship between gender inequality, food insecurity and malnutrition—41 percent of women of reproductive age have anemia (DHS 2019)[13].

10. **For many years forest loss rates in DRC were relatively low compared to global levels. However, these have been accelerating in recent years.** In 2018, DRC *lost the second-largest area of tropical primary forest of any country on Earth* (after Brazil).[14] From 2002 to 2019, the country lost 14.6 million ha of tree cover, equivalent to a 7.3 percent decrease in tree cover since 2000 and 6 billion tons of CO_2 emissions.[15] These losses are having an enormous adverse impact not only for climate change, but for rainfall patterns, water quality, and food security in DRC and in the Congo Basin.[16] Forest loss in DRC can be mostly attributed to small-scale farming and wood energy. Slash-and-burn agriculture in a context of high population growth and low efficiency levels in farming results in shorter fallow periods and the expansion of agricultural lands into intact forests.[17] As demand rises and forests shrink improving agriculture production systems is critical to meeting such needs more sustainability.

11. **Despite important institutional and governance bottlenecks, the Government has worked to reduce rural poverty by restoring and modernizing agricultural production systems, improving nutrition and food security, and mobilizing public and private sector investments**. The Government allocated 8 percent of the total 2016 budget[18] to the agriculture sector (up from 3 percent), close to the 10 percent target of the Africa Heads of State Maputo Declaration. Several policy documents govern the agriculture sector, including the National Agriculture Investment Plan (NAIP), the Agricultural Law, and the Agro-industrial Recovery Strategy. In practice, ownership of these policies at the provincial level—and even occasionally at the central level—is weak.

12. **In 2010, the World Bank reengaged in the agriculture sector in the DRC through four operations focused on different regions of the country and with different development objectives.** Prior to 2010, no agriculture project had been approved since 1994. Since 2010, three agriculture projects have been implemented, one in

[12] Donald, Aletheia; Campos, Francisco; Vaillant, Julia; Cucagna, Maria Emilia. 2018. Investing in Childcare for Women's Economic Empowerment. Gender Innovation Lab Policy Brief, No. 27.

[13] Maternal iron deficiency and iron deficiency anemia are serious conditions that impact child health and cognitive development.

[14] The World Lost a Belgium-sized Area of Primary Rainforests Last Year. World Resources Institute (2019). Available at https://www.wri.org/blog/2019/04/world-lost-belgium-sized-area-primary-rainforests-last-year

[15] Global Forest Watch. Democratic Republic of the Congo: Forest Atlas. (www.globalforestwatch.org).

[16] Congo Basin Deforestation Threatens Food and Water Supplies Throughout Africa. World Resources Institute (2019). Available at https://www.wri.org/blog/2019/07/congo-basin-deforestation-threatens-food-and-water-supplies-throughout-africa

[17] A New Green Rural Development Deal with DR Congo 2021-2030. Central Africa Forest Initiative (2020).

[18] No recent figures have been obtained on the overall agriculture public expenditures, so the current situation may not be as positive as it was in 2016.

the East (PICAGL), one in the West (PDPC), and one in the Northern Equateur Region (PARRSA). A fourth project (Eastern Stabilization and Peace Project - STEP), focused on Social Protection, also financed agriculture sector interventions across the country. Total financing for all four projects was close to US$450 million. In addition, the Improved Forested Landscape Management Project (US$61 million) has been piloting agroforestry investment in the West (Kinshasa, Kongo Central, Kwango, Mai-Ndombe) to supply Kinshasa with more sustainable agricultural commodities and charcoal. Lessons from this agriculture portfolio of the past decade have been systematized, pointing to important successes and limitations, and these have been taken into account in the design of the proposed Program.

13. **The proposed Program builds on those lessons learned to have impact at scale.** Historically, Bank and donor operations in the agriculture sector have not been aligned in terms of approaches, nor have they been consistent over time. This is primarily due to the lack of a consistent and long-term focus on sustainable development. At its core, the proposed Program – like its predecessors – seeks to strengthen agricultural productivity and market access through improving priority rural roads and transport corridors. However, four factors set this Program apart from previous Bank engagements in the sector: (i) the modality of the service provision that gradually builds the foundation for transitioning DRC's agriculture sector and farmers to commercial agriculture practices and deeper private sector engagement; (ii) inclusion of access to finance through a line of credit (LOC) that will support market creation in rural areas; (iii) use of a territorial approach to enhance synergies by co-locating investments across sectors, notably transport, social protection, and health; and (iv) long-term engagement through a series of projects (SOP) approach over 15 years to maximize impact.

14. **The proposed Program will be done concurrently with support to a long-term strategy to build decentralized agriculture development capacity and create the foundations for increased private sector investments.** The proposed Program will include proven one-shot/temporary smart subsidies (vouchers and cash) for adoption of climate and nutrition smart technologies and practices. It will complement this through financing a credit line facility and technical assistance dedicated to the private sector organizations operating in agriculture value chains. The proposed Program will also invest in rural infrastructure to improve trade competitiveness. The paradigm shift from indirect support to direct smallholder farmer sector support which relies on private sector actors is critical to ensuring sustainability in the investments on agriculture productivity growth. It will also break the dependency of the agriculture sector on externally funded projects to access quality inputs and services and to innovate.

15. **Up to US$2.5 billion of public agricultural productivity investments are needed over 10 to 15 years to raise agriculture incomes and reduce rural poverty in priority provinces.**[19] This estimate is based on the analysis of the impact of public investments in agriculture development across the DRC (Technical File 1[20]). In addition to investments in agricultural productivity, US$1 billion complementary public investments are required in agriculture public goods and services and market access (i.e., transport infrastructure, animal and plant health, agriculture innovation). Based on the experience of previous agriculture development projects in the DRC and other countries, complementary investments would lower food costs for the non-farm population and promote the development of agribusinesses, especially for locations isolated from major markets.

[19] Ten out of 13 million smallholder farmers in DRC live in the 16 provinces prioritized in the agriculture sector strategy described in Technical File 1 (77 percent of the total). The 10 priority provinces in the CPF under preparation are part of these 16 provinces where rural poverty is directly influenced by agriculture incomes.

[20] Technical File 1 can be found here: https://drive.google.com/file/d/1IL5enICWHtRCvzi1FGcRJ0SF8SB_G5YV/view?usp=sharing

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

To improve agriculture productivity and market access of smallholder farmers in selected project areas

Key Results

16. The PDO-level indicators will focus on measuring short-term changes that can be attributed to the first phase of the Program/Series of projects (SOP):
    - Increase in sales of agriculture and food products by targeted smallholder farmers (average percentage increase in sales[21]).
    - Number of smallholder farmers adopting improved agriculture technologies or practices (disaggregated by gender). [CORE SD INDICATOR: smallholder farmers adopting improved agricultural technology]
    - Increase in yield per hectare, selected indicative crops (disaggregated by gender). [CORE SD INDICATOR: Average seasonal yield per standard area of specific crops among targeted smallholder farmers]
    - Percentage reduction in animal mortality rates for specific livestock by targeted smallholder farmers.

D. Project Description

17. **Program implementation will benefit from a high level of readiness, which allows for a quick response to the effects from the COVID-19 pandemic.** Due to advance preparation and the level of commitment from national and provincial governments, it is expected that 20 percent of the smallholder farmer and agri-MSMEs investments will be implemented and about half of the transport infrastructure activities contracted during the first two years the Program. This would result in the disbursement of about US$100 million in the first two years of implementation (see Table 2 in the appraisal summary). More than half of investments will be in rural roads and direct smallholder farmer supports, improving livelihoods and increasing the resilience of rural households and communities to shocks. The four Program components will be implemented simultaneously and are designed with a high level of integration and continuity with other sector interventions**.** Investments have been selected and designed to support smallholder farmers and agri-MSMEs to mitigate and adapt to climate change impacts, making it more resilient, create more long- and short-term jobs and reduce gender gaps. Investments in strengthening agriculture public goods and services will improve basic services to smallholder farmers and agri-MSMEs in the targeted areas. Finally, Component 4 will strengthen the agriculture emergency response by safeguarding the investments undertaken by the smallholder farmers of Component 1, including against contingencies that may arise due to the COVID-19 pandemic.

Component 1—Agriculture Productivity (US$250 million)

18. Component 1 will support the increase of smallholder farmers' agriculture productivity (of crops and animal products) through the adoption of CSA and NSmartAg technologies and practices and access to finance. This productivity boost is expected to sustainably and directly contribute to increasing agriculture incomes, and in

[21] Sales will be measured by product quantity/volume or by monetary value where prices would be kept constant to avoid market forces outside project control.

turn reduce rural poverty and improve the food security of rural households.

Subcomponent 1.1: Direct smallholder farmer support (US$240 million)

19. **This subcomponent will support 1.7 million smallholder farmers through direct supports and technical assistance**. The objective of the subcomponent is to promote the adoption by smallholder farmers, in particular women, of validated CSA and NSmartAg Technology Packages (PTechs). The PTechs include practices, technologies and inputs (seeds, seedlings, animal breeds, advisory and extension services). The intake process will use a farmer registry. The registration process will be open to any farmer as part of the Government initiative to build a National Farmer Registry (RNA) using the latest digital technology, including biometrics and digital IDs. However, eligibility for accessing the direct supports will include (among others): (i) farm size; (ii) socio-environmental considerations (gender; youth); (iii) required training; (iv) location of the plot; (v) land tenure situation. The subcomponent will finance direct smallholder farmer support for 1.7 million farmers in the form of vouchers and/or cash for the adoption of the PTechs. The approximate amount of the smallholder farmer support varies, depending on the PTech and minimum required plot size, between US$50 to US$100 per farmer. The vouchers and cash would be delivered to smallholder farmers through financial intermediaries (Banks, microfinance institutions, and/or mobile phone service providers) using digital technology (mobile phones, ewallets, and/or payment cards).

20. **To ensure sustainability, private agriculture input suppliers (i.e., agro-dealer MSMEs) will provide support directly to smallholder farmers for the adoption of the PTechs**. The vouchers to be distributed under this subcomponent will be used at private agro-dealer MSMEs which will need to register in the agro-dealer registry established by the Program. To be registered, agro-dealer MSMEs have to be legal entities and follow social and environmental trainings and standards. Since agro-dealer MSMEs will have the opportunity to expand their coverage (client-based) as the Program expands throughout the targeted Provinces, direct financial and business development services assistance (BDS) support will be financed under Subcomponent 2.2. This approach will allow for a progressive and sustainable expansion of the size of the private market for agriculture inputs, services, and commercialization of the agriculture production of smallholder farmers in the selected provinces. Furthermore, a Technical Operator (OT) will be hired (one per Province) with funds from this subcomponent to support the smallholder farmers in: (i) registering the 1.7 million farmers in the RNA; (ii) delivering the technical assistance and training for 1.7 million farmers to choose and implement the PTechs; (iii) facilitating the delivery of the vouchers/cash by liaising with the financial intermediary or mobile payment provider; (iv) provide guidance and information to agro-dealer MSMEs for participating in the voucher system; and (v) linking the smallholder farmers with market opportunities (linkage with Subcomponent 2.2). The OT will support the National Program Coordination Unit (NPCU) to ensure that the GRM and the environmental and social risk mitigation and response measures are in place and will be the eyes-on-the-ground to identify risks and problems related to conflict and violence, including GBV.

21. **The delivery instruments of the direct smallholder farmer support (vouchers and/or cash) are one-shot/temporary smart subsidies**, which have proven to work in World Bank-financed projects in the DRC, SSA and South Asia, and have the potential to reach scale in a large country like DRC. The instruments chosen for the delivery of the direct smallholder farmer support (cash vs. vouchers) will vary by the PTech being offered to the smallholder farmers of specific regions (PTechs are adapted to the agroecological and market conditions of the area). Given that the agriculture input market in the DRC is small, support to smallholder farmers will be rolled out gradually in each Province, starting in a pre-identified reduced geographic area during the first year covering approximately 10,000 farmers. During the first year, a rapid evaluation will enable the Program

to be adjusted and brought to scale in years 2 and 3, and is expected to cover the entire smallholder farmer population in the selected provinces. The PTechs include validated Climate Smart Agriculture (CSA) approaches in DRC aimed at soil fertility and moisture improvement, based on improved soil conservation management and agroforestry, green manure, and better agriculture practices to build resilience against climate-related hazards such as drought and flooding. PTechs also include Nutrition Smart Agriculture (NSmartAg) technologies and practices that increase the availability of nutrient rich foods and profitability of the farm, boosting incomes and food security. Some examples of CSA and NSmartAg PTechs that would be available for adoption by smallholder farmers in the targeted provinces during the initial rollout of the direct smallholder farmer support include: (i) biofortified seeds; (ii) drought resistant seeds; (iii) fruit tree cultivation (including grafting techniques); (iv) improved fallow management; and (v) poultry.

Subcomponent 1.2: Smallholder farmers technical assistance and financial access (US$10 million)

22. **This subcomponent will finance technical assistance to local providers of financial and non-financial services to smallholder farmers**. The objective of this subcomponent is to improve smallholder farmers' access to services related to the implementation of the investments of Subcomponent 1.1. Given that the direct smallholder farmer supports for adopting PTechs are a one-off event, the improvement of the technical assistance, land management (particularly for agroforestry practices), and financial services will ensure sustainability of the results of the adoption of these improved on-farm technologies and practices. The subcomponent will finance technical assistance for over 1,000 organizations (NGOs), financial institutions, mobile service providers, and agro-dealer MSMEs servicing the 1.7 million farmers benefiting from the support under Subcomponent 1.1. The technical assistance includes capacity building, communication training, and legal/business administration support to the ecosystem of institutions linked to the targeted smallholder farmers. The technical assistance will include training and communication specifically targeted to: (i) attracting youth and women to agriculture and agribusiness, taking into consideration their specific needs and barriers; and (ii) the use and adoption of digital technologies for servicing smallholder farmers.

Component 2—Smallholder Market Access (US$150 million)

23. **Component 2 will support the reduction in transaction costs for smallholder farmers to access markets and the inclusion of smallholder farmers into farmer groups (cooperatives/associations) and agri-MSMEs.** The interventions supported under this component will also be beneficial to building climate resilience of the communities and supporting the adoption of CSA and NSmartAg technologies and practices.

Subcomponent 2.1: Rural Transport Infrastructure (US$110 million)

24. **The subcomponent will finance the rehabilitation and maintenance of 4,000 km of unpaved feeder roads (*voies de desserte agricoles*), small river ramps, and technical assistance to the National Authority for Feeder Roads (OVDA).** The proposed Program will focus primarily on improving priority rural roads and transport corridors (including river safety measures and river ramps[22]) as the key to unlocking smallholder agriculture production and trade potential in the Program area. The Program will use the spot improvement method[23] when appropriate. Planned civil works will entail constructing or reconstructing culverts, drainage

[22] River ramps refer to small piers to allow the unloading and loading of products between cargo boats and trucks.
[23] Based on the areas of intervention, selective priority improvements to rural roads and bridges will be undertaken to ensure that the interventions at farm and AgriMSME level can find easy access to input and output markets. Building on successful experiences from the agriculture and rural development sector, this would be focused on spot climate-resilient repairs of rural roads and bridges,

structures, and small bridges to: (a) prevent road closures during the rainy season; (b) improve all-weather accessibility; and (c) enhance the resilience of rural transport infrastructure to climate change. The subcomponent will invest in small river ramps to ease the loading and unloading of passengers and cargo transported by motorized or non-motorized canoes.

25. **The roads and small river launch posts will be identified based on the following criteria:** (i) connection of agriculture production areas where smallholder farmer support (Subcomponent 1.1) is being delivered to operational main roads, railroads and/or waterways which are passable (safe and usable all year) and main food markets (relatively dense population); and (ii) business opportunity and synergy with ongoing or future agriculture sector investments in the Program area and other transport and/or connectivity infrastructure interventions. In addition to these criteria, consultations with various stakeholders in each province (including local authorities, private sector organizations such as FEC, representatives of smallholder farmers' organizations and civil society), and the technical, environmental and social considerations (identified in specific studies to be conducted during Program preparation) will inform the selection of transport infrastructure to be rehabilitated. The implementation of this subcomponent will be delegated to one or several external agencies (*maîtrise d'ouvrage déléguée*) with a track record in implementing similar programs in fragile and conflict-affected areas.

Subcomponent 2.2: Support to smallholder farmers' inclusion in value chains (US$40 million)

26. **This subcomponent will finance a credit line facility and technical assistance dedicated to private sector organizations operating in agriculture value chains.** The objective of this subcomponent is to facilitate access to sustainable long-term investment capital and working capital for agro-dealer MSMEs (local MSMEs, NGOs, farmer groups, cooperatives and other organizations) that provide pre- and post-harvest inputs and services and facilitate post-harvest access to markets to the smallholder farmer beneficiaries of Subcomponent 1.1. This support will be implemented in collaboration with the IFC and will help expand the capacity of existing agro-dealer MSMEs that have good performance but will not be able to match the scale of demand for agricultural inputs created throughout the Program's targeted provinces.

27. **The line of credit will be channeled to participating financial institutions, for on-lending to eligible agri-MSMEs, via the SME Refinancing Window of the Central Bank of Congo (BCC) put in place with the assistance of the World Bank through the Financial Infrastructure and Markets Project** (P145554). The credit line will start with US$ 7 million and could be further extended if there is a strong demand. To strengthen the pipeline of creditworthy agri-MSMEs, non-cash grants (electronic vouchers) will be provided to eligible organizations to strengthen their capacity and develop technical and financial proposals (business plans) to respond to the new demand for PTechs and markets of agricultural products created as a result of Subcomponent 1.1. These grants will finance Business Development Services (BDS) with only prequalified providers to strengthen the agri-MSMEs' capacity to offtake the agriculture surplus produced by smallholder farmers and deliver an increased volume of inputs and services, by engaging smallholder farmers in training and information sessions on the appropriate adoption and use of the different materials and practices, serving it as a de-facto promotional tool.

ensuring all-weather connectivity between production and input/output market areas. Prioritization of investments is done based on a Climate Resilience Planning Tool (CRPT). Additionally, climate-resilient infrastructure standards will be integrated into the rural roads rehabilitation and maintenance practices.

28. **This subcomponent will also support public-private sector collaboration for agriculture sector development** and will support the development of BDS markets. Public-private collaboration will be strengthened through improved quality and transparency of information available. This will include new data collection on agribusiness value chains, analytical work, and improvements in the public procurement framework. The Program will also finance activities to build local capacity for BDS and support market creation and growth for BDS in the target locations through training and technical support to private BDS provider at the provincial and local level to enable them to better deliver services to agro-dealer MSMEs as part of project implementation and beyond. Finally, this component will finance pilots of agribusiness and agri-finance development interventions for potential scale up in Phase 2 of the Program.

Component 3—Agriculture Public Goods and Services (US$80 million)

29. **Component 3 will provide national and provincial actors with capacity-building opportunities to perform support functions during Program implementation.** This component encompasses support to: (i) strengthen the capacity of the key ministries (e.g., Agriculture, Fisheries, Livestock, Land Affairs, and Rural Development) at the national and provincial levels to deliver key agriculture public goods and services linked to Components 1 and 2; and (ii) Program management, monitoring and evaluation.

Subcomponent 3.1: Capacity building for delivering agriculture public services (US$30 million)

30. **This subcomponent will finance (i) data collection and studies (impact evaluations, pilots, diagnostics) to scale up the Program in future phases to other provinces; and (ii) capacity building activities of public services to mainstream CSA, NSmartAg, digital technologies, youth and gender policies and interventions in the various agriculture public goods and services at the national and local levels linked to the investments under Components 1 and 2.** The objectives are to:
    (i) establish a farmer registry (enabling investments under Subcomponent 1.1) by financing hardware, software and training of human resources for setting up and operating the registry;
    (ii) strengthen the agricultural research and extension system (enabling the implementation of Component 1) by further developing CSA and NSmartAg PTechs, providing training and developing digital technologies for the public extension agency (SNV) and the private (and NGO) network of agriculture extension extensionists in the selected provinces;
    (iii) strengthen animal and plant health systems (support the investments of Component 1 and 2) financing key equipment, training, digital tools, and vaccination campaigns in the selected provinces;
    (iv) strengthen the Program planning, coordination, monitoring and evaluation capacity at national and subnational levels, with emphasis on the Planning and Analysis Departments (DEPs) of the Ministries of Agriculture, Rural Development, and Livestock and Fisheries, conducting activities such as surveys, socio-environmental risk assessments, diagnostic studies, consultancies, policy and program reviews, and piloting new initiatives to plan for Phase 2 of the Program; and,
    (v) strengthen the capacity of public sector institutions at National level and in North Kivu Province on land use planning, land tenure formalization and landscape management by providing training, developing tools, guides, and strategic documents to scale up approaches for Phase 2 of the Program.

    The capacity building activities of agriculture public services described above will target national level capacity and the Program's intervention areas. The activities will be delivered by services providers

and/or CGIAR Group members depending on their specific competitive advantages and the identified needs.

Subcomponent 3.2: Program Management and Monitoring and Evaluation (US$50 million)

31. **This subcomponent will finance: (i) operating costs of the NPCU; (ii) monitoring and evaluation of Program activities; (iii) communication of Program activities to different audiences; and (iv) hiring of staff, goods, consultant services, workshops, and training**. Under this subcomponent, the proposed Program will ensure proper monitoring of the environmental and social framework. Due to the fragility, instability, and recurrent conflict in the Program zone (Phase 1), Third Party Monitoring (TPM) could be used in some areas. This subcomponent will also finance a baseline study, a fragility and conflict analysis, and an impact assessment of selected Program activities to inform current and future phases.

Component 4—Contingency Emergency Response (Total: US$40 million; IDA: US$20 million and a non-reimbursable recipient-executed grant, of US$20 million, to design and subsidize the premiums for a risk transfer solution)

Subcomponent 4.1: Contingency Emergency Response (US$0)

32. This subcomponent is a "zero-assignation" CERC that will provide funding for immediate response in the event of an eligible crisis or emergency, defined as an event that has caused or is likely to imminently cause a major adverse economic and/or social impact associated with natural or man-made crises or disasters

Subcomponent 4.2: Agriculture Emergency Response (Total: US$40 million; IDA: US$20 million and a non-reimbursable recipient-executed grant, of US$20 million, to design and subsidize the premiums for a risk transfer solution)

33. **This subcomponent is a CERC with a pre-established budget allocation to enhance the financial resilience to safeguard the beneficiaries' contribution during the critical period of the adoption of CSA technologies and practices**. It will finance initial disaster response, as part of a broader risk financing strategy, in the event of an eligible agriculture sector emergency, defined as "an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact for the smallholder farmers under Subcomponent 1.1 associated with natural or man-made crises or disasters." By allocating funds to this subcomponent, the Program is able to leverage disaster risk finance capacity to cover the impact of the main agriculture risks faced by smallholder farmers under subcomponent 1.1, while also retaining flexibility for unforeseen risks and capacity to respond to agriculture sector emergencies across the country. The IDA funds allocated to this component are US$20 million, which leverages 1:1 funds from the Global Risk Financing Facility (GRiF). The IDA and GRiF resources could also be supplemented by funds from other Program components in the case the CERC under subcomponent 4.1 is triggered.

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

34. The environmental risk is rated Substantial. The nature and scale of anticipated adverse environmental risks and impacts of the project activities are related to road maintenance works and operations, including occupational health and safety and management of invasive species, as well as on-farm activities of rural smallholders such as occupational health and safety, use of pesticides, natural hazards, resource efficiency (water) and soil erosion/management of topsoils. The project will prepare an Environmental and Social Management Framework and Pest management Plan before Appraisal.

35. Social risk is rated High. This is due less to potential impacts from the project itself than to general conditions of instability, conflict and fragility in Kasai Central and North Kivu, which could affect project beneficiaries in farming communities. The project intends to work with existing smallholder farmers to improve their agricultural production and access to markets, and encourage greater inclusion of women and youth in the sector under Component 1, although it is unclear how this latter objective will be achieved in a demonstrably low-capacity environment. There are significant conflict and security risks in Kasai Central, due in part to recent influxes of Congolese returnees from Angola, and movements of other internally displaced persons (IDPs) due to intercommunity conflicts and the presence of armed groups. North Kivu (as well as immediately adjacent Ituri Province) also has conflict and security risks from armed groups, as well as an Ebola epidemic which has continued to grow unabated since first identified in the province in mid-2018. The project will prepare a Security assessment and action plan, Gender-based Violence (GBV) risk assessment and action plan, Resettlement Policy Framework, and Indigenous Peoples Planning Framework before Appraisal.

E. Implementation

Institutional and Implementation Arrangements

36. **The Program implementation will be managed under the Ministry of Agriculture in close collaboration with the Ministries of Fisheries and Livestock, Rural Development, and Scientific Research and Technology.** All partners are expected to play a role in Program implementation. Existing structures of the Ministry of Agriculture at central and decentralized levels have experience in implementing World Bank operations, but do not currently have the required capacity to manage the size of the proposed Program. Therefore, Program implementation arrangements ensure the proposed activities will be supported by an additional number of qualified staff and build public sector capacity to sustain efforts over the medium to long term.

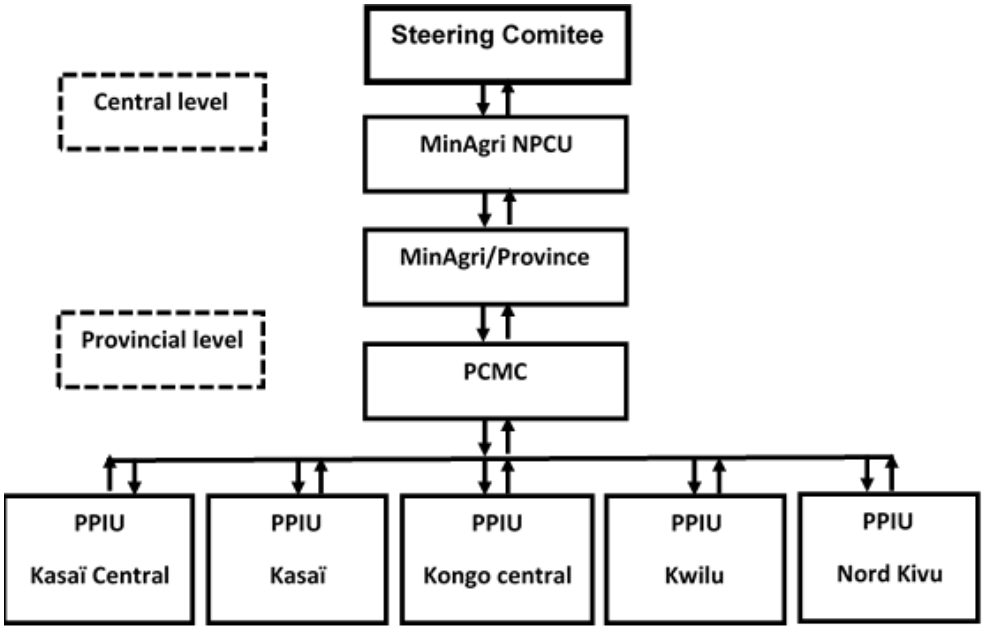
37. **At the national level, the Ministry of Agriculture is undergoing a restructuring, in particular the Department of Studies and Planning (DEP).** Given that the technical departments in the Ministry of Agriculture are poorly equipped and do not have the capacity to manage by themselves the proposed Program, a National Project Coordination Unit (NPCU) will be established to implement the Program and to gradually bring the capacity of the national and provincial level capacity of the various technical departments of the Ministries of Agriculture, Rural Development and Livestock and Fisheries up to capacity to increasingly manage Program activities in future phases. For example, a new proposed organigram of the Ministry of Agriculture is considering a *Cellule de Gestion des Projets et des Marchés Publics* or a Program management and procurement unit to be established,, so the NPCU will work with to strengthen such unit when it is established. At provincial level, new ministries have only been created recently following the decentralization process from

11 to 26 provinces, so institutional strengthening will also be provided by Provincial Implementation Units (PPIUs).

38. **There will be a National Project Coordination Unit (NPCU) and a Project Provincial Implementation Unit (PPIU) in each selected Province. At the provincial level, a very well qualified staff will be recruited and proposed attractive benefits packages. A clear division of labor and responsibilities will be defined, for the sake of fluid and efficient decision-making process between the central and provincial levels.** The PIU that currently implements the Agriculture Rehabilitation and Recovery Support Project (PARRSA - P092724) and the Regional Great Lakes Integrated Agriculture Development Project (PICAGL-P143307) will serve as the NPCU. This PIU is implementing the Program's PPA and is in the process of being transformed into a single Program coordination unit that implements all Bank-financed projects in the agriculture sector.

39. **The Program will be governed by a steering committee, chaired by the Ministry of Agriculture, which will include key stakeholders from the public sector, civil society, and private sector (including farmer and agribusiness representatives)**. At the provincial level, there will be five PPIUs, one for each province (Figure 4). The public services delivered by the Program will be anchored in the technical departments of the provincial Ministry of Agriculture. For example, the agriculture advisory and extension services will be supervised by the *Service National de Vulgarisation* (SNV), the agriculture research by the National Agriculture Research Institute (INERA) from the Ministry of Scientific Research, and the monitoring of rural transport infrastructure investments by the Office of Rural Roads (OVDA) from the Ministry of Rural Development. In addition, a technical inter-ministerial committee will be established at the provincial level for a better coordination between all the line ministries, involved in the project implementation.

Figure 4. Governance Structure for the Program



MinAgri: Ministry of Agriculture
PCMC: Provincial Coordination and Monitoring Committee
PPIU: Project Provincial Implementation Unit

40. **The Program's institutional capacity building will focus on strengthening local capacity at provincial level, to avoid bottlenecks observed in Kinshasa in other operations.** The NPCU will have general coordination functions, while implementation and technical capacity will be based at the PPIU level. However, the implementation approach will defer from previous and ongoing operations in the sector, by increasingly blending project implementation within existing public sector structures, in particular for the delivery of public goods and services. Building public sector capacity will be done in partnership with key international institutions and development partners such as CGIAR, FAO, WFP, among others. For implementation of activities with smallholder farmers and agri-MSMEs, the approach will be to rely mainly on private sector institutions (Financial Institutions, BDS providers) and civil society (NGOs, academic institutions, federations and associations of smallholder farmers and agribusinesses). The Program's modality of delivering direct support to smallholder farmers, and liaising them directly with agri-MSMEs (rather than the indirect farmer support modality of other projects) will: (i) relieve pressure from direct project implementation activities; (ii) leverage private investments into the agriculture sector under the Maximizing Financing for Development (MFD) approach; and (iii) build capacity of public institutions to mover from direct intervention towards a more normative and regulatory role.

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