



# Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 11-May-2018 | Report No: PIDISDSA22144



**BASIC INFORMATION**

**A. Basic Project Data**

Country Congo, Democratic Republic of	Project ID P160806	Project Name DEMOCRATIC REPUBLIC OF CONGO- SME DEVELOPMENT AND GROWTH PROJECT	Parent Project ID (if any)
Region AFRICA	Estimated Appraisal Date 08-May-2018	Estimated Board Date 28-Jun-2018	Practice Area (Lead) Finance, Competitiveness and Innovation
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance	Implementing Agency Ministry of SME	

Proposed Development Objective(s)

The project development objective is to support the growth of Micro, Small and Medium-sized Enterprises (MSMEs) and increase employment and entrepreneurship opportunities for youth and women in select areas.

Components

- Component 1: Support entrepreneurship opportunities for youth and women
- Component 2. SME Development
- Component 3: Capacity building and Project Management

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

**SUMMARY**

<b>Total Project Cost</b>	100.00
<b>Total Financing</b>	100.00
<b>of which IBRD/IDA</b>	100.00
<b>Financing Gap</b>	0.00

**DETAILS**

**World Bank Group Financing**



International Development Association (IDA)	100.00
IDA Credit	100.00

Environmental Assessment Category

B-Partial Assessment

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

## B. Introduction and Context

### Country Context

With a population estimated around 77 million, the DRC is the fourth largest country in Africa. The population of the DRC is expected to reach 85 million by 2020. It is the 11th largest country in the world. The hydro potential of DRC alone is estimated to be sufficient to provide three times as much power as Africa currently consumes. It also has one of the highest concentrations of mineral wealth of any country in the world, with more than 1,000 substances, including 20 strategic ores. The DRC's flora and fauna are among the richest on the continent, and the Congolese forest, comprised of 45 percent (145 million hectares) of Africa's total forest area, holds the largest reserves of tropical timber in the world.

### Sectoral and Institutional Context

The current business climate in the DRC is lacking in almost all dimensions, even from the limited perspective of attracting the investment needed to attain poverty reduction and growth targets. The business climate remains unfriendly to the private sector, public institutions are dysfunctional, and businesses face an enormous infrastructure deficit as mentioned above. According to the 2013 DRC Enterprise Survey, 56 percent of business managers believe that expensive and unreliable power supply is a major obstacle to business growth. About half as many businesses complained about the lack of access to serviced land and about expensive and unreliable transport, while one in five were constrained by expensive and unreliable telecommunication services. Problems raised by small business owners included the difficulty of gaining access to an effective court of law, power shortages, poor tax administration, fiscal harassment, lack of Business Development Services (BDS) and challenges in gaining access to finance. Large businesses mentioned, among others, excessive business regulation, poor licensing and permit administration, poor transport facilities, skills shortages, and corruption.

## C. Proposed Development Objective(s)

Development Objective(s) (From PAD)



The project development objective is to support the growth of Micro, Small and Medium-sized Enterprises (MSMEs) and increase employment and entrepreneurship opportunities for youth and women in select geographical areas in the Democratic Republic of Congo.

#### Key Results

The project's high-level goals are to contribute to economic growth and prosperity, increase resilience and stimulate job creation. The project's PDO anticipated performance indicators are: (i) Percentage Increase in average revenue of beneficiary MSMEs; (ii) Net full-time equivalent jobs created among beneficiary MSMEs; (iii) Number of new firms established by targeted beneficiaries (out of which female-owned and young entrepreneurs).

#### **D. Project Description**

This project takes as its starting point the structure of the private sector in the DRC, which is dominated by micro and small, mostly informal, enterprises. The project seeks to provide a mix of interventions that support growth opportunities for high potential enterprises, build a pipeline of new generation of MSMEs and entrepreneurs, as well as support resilience and coping mechanisms for a broader base of formal and informal enterprises that contribute to employment and stability especially among disadvantaged populations including women and youth.

Component 1: Support entrepreneurship opportunities for youth and women

Sub-Component 1.1 Support for women entrepreneurs

This sub-component will provide direct support for women entrepreneurs, through in-kind grants and longer term technical assistance, who are engaged in productive activities. It will support women who are self-employed, subsistence entrepreneurs, and those running home-based or family-owned businesses, through technical assistance and financing of business plans.

Sub-Component 1.2 Start-up grant and TA for young entrepreneurs

The objective is to build the entrepreneurial capacity of youth and a pipeline of new ventures to expand the pool of local MSMEs in DRC. This sub-component will finance training and cash grants to young entrepreneurs (aged 18-35) with business ideas in productive sectors (outside of trade) that do not require substantial capital investments. Startups and existing MSMEs (less than 2 years in operations, formal or informal) will be eligible to apply. To receive funding, the enterprises will need to become registered, which will provide an incentive for formalization.

Sub-Component 1.3 Improvement of business environment

This subcomponent will support the enabling business environment for all the MSMEs with a special focus on women-led SMEs and dissemination around laws that support female entrepreneurship and women's economic empowerment.

Component 2: SME Development

Sub-Component 2.1. Enhancing the growth and performance of SMEs



This sub-component will provide matching grants to established SMEs with a good track record that face constraints to growth which could not be addressed in the current context because of market and institutional gaps. Under this sub-component, the project will finance partial grants (40-60 percent of the cost) allocated through the BPC process for services (including both consulting and non-consulting services), staff salaries and goods (such as equipment, spare parts) within the scope of the business development plans and outreach, communications, consulting services, and associated costs related to the delivery of these business development grants. The subcomponent will target SMEs that operate in light manufacturing and service sectors excluding trade. The number of targeted beneficiaries is up to 500 SMEs, depending on an uptake, with a maximum allocation of US\$200,000 per SME (average allocation USD 75,000 per SME) for two years of supervised implementation and BDS.

#### Sub-Component 2.2. Development of ancillary SME Hubs

The objective of this sub-component will be to support growth and supply chains SMEs through collaborative arrangements with large companies using the ancillary SME Hub model. For this project, the ancillary SME Hubs are defined as a tract of land located near existing large companies around which a cluster of SMEs can be developed to achieve economies of scale through shared public utilities, ICT, facilities, equipment and access to soft infrastructure. This subcomponent will finance the technical assistance, studies, marketing and communications activities, and BDS including supplier development programs for four-five SME Hubs with an average capacity of 40 SMEs. The hubs will be privately managed by large companies or firms selected through a call for proposals. The SME Hubs will focus on agribusiness (mainly food processing and packaging), mining, light manufacturing and services. The SME hubs will be associated with the BDS and supplier development programs, and will feed off the pipeline of MSMEs created in other project components. The hubs will be operational in year 3-4 of the project implementation, and by that time they will be able to host the MSMEs resulting from the activities of women entrepreneurs, young entrepreneurs and MSMEs supported through the project (subcomponents 1.1, 1.2, 2.1).

#### Component 3: Capacity building and Project Management

The project will provide national and provincial actors (including public, private and civil society) with capacity building opportunities to reinforce their skills and capabilities to perform support functions during program implementation. A Steering Committee will be established to provide strategic guidance to the project and ensure achievement of intended objectives. It will also ensure coordination of the involved departments, and capacity development activities under two subcomponents.

##### Subcomponent 3.1: Capacity strengthening of public and private institutions supporting entrepreneurs and MSMEs

Results-based capacity building will be provided on a need-basis to national and provincial technical services to strengthen their capacities to play a direct role in the implementation of the project in a coordinated fashion (relevant departments in Ministry of SME, Ministry of Industry, technical services of provincial offices, investment promotion agencies etc.). The project will provide TA and equipment to the designated technical services to enable them to better carry out their functions.

##### Subcomponent 3.2: Project implementation

This sub-component will finance activities related to project management, coordination, communication, and monitoring and evaluation. The Project will be managed on a day-to-day basis through a Project Implementation Unit (PIU) based in Kinshasa, with execution provincial units in targeted cities. The BPC under sub-component 1.2 and 2.1



will be implemented and managed by a team of an international firm or NGO with proven experience. Implementation agency will report to the PIU build capacity of local partners to progressively take over the administration of the BPC and provision of associated BDS and supplier development program (by year 4 of implementation at the latest). The international experts may also engage in activities to develop the local market of BDS and supplier development program providers where deemed necessary to respond to SME needs.

## **E. Implementation**

### Institutional and Implementation Arrangements

A Steering Committee will be set up and chaired by the Ministry of SMEs. This steering committee will be comprised of high-level representatives from across ministries, public institutions, civil society and the private sector, both at national and provincial levels, and will have the strategic role of providing guidance and advice to the Project Implementation Unit (PIU).

The PIU be the main coordinating agency for the project at the national level. It will be anchored in the Ministry of SMEs and will be responsible for the day-to-day management of the project. The PIU will serve as the main coordination point between the institutions involved in the project. The PIU staff is being recruited competitively using the PPA and will be composed of the following: (i) a project coordinator; (ii) a financial management specialist; (iii) a monitoring and evaluation specialist; (iv) a procurement specialist; (v) an accountant; (vi) an internal auditor; and (vii) administrative support staff. During project appraisal, the proposed implementation arrangements will be confirmed.

The technical implementation of project activities under Component 1, 2 and 3.1 will be done by private firms and/or experienced NGOs that will be hired through a competitive process.

Provincial Execution Entities (PEE). Once the national-level PIU is established and operational, and private implementing partners hired and on board, if needed, the project would consider the possibility of establishing a Provincial Execution Unit in each targeted city (Matadi, Goma, Kinshasa and Lubumbashi). These entities will be under the supervision of the provincial Ministry of SMEs. These units will be responsible for the supervision of program activities in their province.

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## **F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)**

The project will mainly intervene in urban centers such as Matadi, Kinshasa, Goma and Lubumbashi. It will primarily provide technical assistance, direct subventions (cash/kind) to micro enterprises and matching grants to Small and Medium enterprises to increase their productivity. In addition, the project will support the development of privately run SME hubs through TA.



**G. Environmental and Social Safeguards Specialists on the Team**

Lucienne M. M'Baipor, Social Safeguards Specialist  
Grace Muhimpundu, Social Safeguards Specialist  
Joelle Nkombela Mukungu, Environmental Safeguards Specialist

**SAFEGUARD POLICIES THAT MIGHT APPLY**

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The project will finance business plans of MSMEs and provide TA to large firms who will finance physical works. These activities may have negative social and environmental effects. An Environmental and Social Management Framework (ESMF) has been prepared during project preparation, consulted upon and disclosed in-country. The EMSF serves as a guide for developing the ESIA and ESMPs for specific activities as needed. In particular, the ESIA will include a diagnostic of the project areas, potential environmental adverse impacts, including potential issues related to labor influx, and mitigation measures to manage properly expected adverse impacts. The ESIA will highlight specific provisions that need to be included in construction/installation contracts to ensure that contractors' ESMPs address relevant mitigation measures.
Performance Standards for Private Sector Activities OP/BP 4.03	No	
Natural Habitats OP/BP 4.04	No	The project is not expected to interfere or have a direct impact on natural habitats.
Forests OP/BP 4.36	No	The project is not expected to have direct impact of forests as most interventions will be in urban and non-forest areas.
Pest Management OP 4.09	Yes	The project will provide matching-grants/funding and TA for SMEs in light manufacturing and agribusiness. These activities may require the use of pesticides, fertilizers, vaccines, or other chemicals, which can create negative effects on the environment. This policy supports the integrated



		pest control approaches, and identifies pesticides that can be financed under the project and develop an appropriate plan of pests to manage the risks. To comply with this policy a Plan of Management of Pests and Pesticides (PMPP) has been prepared and disclosed as a stand-alone instrument.
Physical Cultural Resources OP/BP 4.11	Yes	This policy was triggered in anticipation of the potential impacts on Physical Cultural Resources. The Physical Cultural Resources Policy aims to protect cultural resources, to avoid any significant conversion (loss) or degradation of these resources. To comply with the policy, the project prepared as part of the ESMF a section on the management of “chance finds”.
Indigenous Peoples OP/BP 4.10	No	Indigenous Peoples are found on a large part of the DRC’s territory, but mainly in rural areas. As this project will be implemented in urban areas (Lubumbashi, Matadi, Goma and Kinshasa) and the activities will be implemented only in these four cities, the OP. 4.10 should not be triggered.
Involuntary Resettlement OP/BP 4.12	Yes	To mitigate potential social impacts, such as land acquisition, loss of livelihoods and economic activities because of physical work that will be financed by large firms or works around the development of SME hubs, the project prepared a Resettlement Policy Framework (RPF). It was consulted upon and disclosed in country and in the World Bank external web site. The RPF outlines the overarching framework through which potential resettlement issues will be addressed. The RPF provides the principles and procedures for resettlement and compensation for project affected populations (PAPs), establishes standards for identifying, assessing, and mitigating negative impacts, and introduces a livelihoods restoration measures for vulnerable PAPs. It will also guide the preparation and implementation of site-specific Resettlement Action Plans (RAPs) for each individual investment that triggers Involuntary Resettlement (OP 4.12).
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	





## KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

### A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

Overall, the project is expected to have positive social impacts, especially through economic development and empowerment of women and youth in urban/peri urban centers in selected cities. Given the fragile environment and potential impact of private sector interventions, the proposed project is classified as a Category B project.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

The project will finance business plans of Micro, Small and Medium Size Enterprises (MSMEs) and provide Technical Assistance to large firms who will finance physical works. These activities may have negative social and environmental effects.

Support will be given in the form of technical assistance to MSMEs (training, capacity building, networking) and direct financing through matching grants and subventions in cash/kind. For the development of SME hubs, the project will only provide TA, with the objective that the strategic large firms will finance infrastructure building.

To ensure that proper mitigation measures are set forth, the borrower has prepared a Resettlement Policy Framework (RPF) to guide the preparation of site-specific Resettlement Action Plans (RAPs) once such details are known. The RPF has been consulted upon, reviewed and disclosed in country and in the Bank External Website.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

The proposed Project rating is Category B, owing to the nature of its foreseen environmental and social impacts, which are localized and easily manageable. More specifically, the Project triggered OP/BP 4.01 Environment Assessment, largely because the proposed activities under Components 2 are likely to lead to some environmental and social impacts that will require due safeguards attention.

OP/BP 4.09 on Pest Management is triggered because the project will provide matching-grants/funding and TA for SMEs in light manufacturing and agribusiness. These activities may require the use of pesticides, fertilizers, vaccines, or other chemicals, which can create negative effects on the environment. This policy supports the integrated pest control approaches, and identifies pesticides that can be financed under the project and develop an appropriate plan of pests to manage the risks. To comply with this policy a Pests and Pesticides Management Plan of Management of Pests and Pesticides (PPMPP) was prepared, consulted upon and disclosed as a stand-alone instrument.

OP/BP 4.12-Involuntary Resettlement is triggered to mitigate potential social impacts, such as land acquisition, loss of livelihoods and economic activities. A RPF was prepared, consulted upon and disclosed in country and in the World Bank external.



5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

To ensure compliance with the safeguard policies, the borrower prepared and consulted upon an ESMF, IPMP, and RPF. They have been approved by the Bank and disclosed in-country and in the Bank External Web Site . The ESMF, IPMP, and RPF provide essential guidance to be followed by the borrower before and during project implementation to ensure adequate monitoring and reporting of the safeguards requirements. The ESMF also includes both an environmental and social screening form and a set of Environmental and Social Clauses for project implementers.

Nonetheless, a dedicated environmental and social safeguards specialist is being hired to provide needful safeguards support during the project life cycle. All the safeguards instruments are considered in the development of the PIM, which will guide project implementation, as well as serve as a due-diligence tool with which the borrower has to comply.

**B. Disclosure Requirements**

**Environmental Assessment/Audit/Management Plan/Other**

Date of receipt by the Bank	Date of submission for disclosure	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
21-Feb-2018	29-Mar-2018	

**"In country" Disclosure**

Congo, Democratic Republic of  
28-Mar-2018

Comments

**Resettlement Action Plan/Framework/Policy Process**

Date of receipt by the Bank	Date of submission for disclosure
21-Feb-2018	29-Mar-2018

**"In country" Disclosure**

Congo, Democratic Republic of  
28-Mar-2018

Comments



**Pest Management Plan**

Was the document disclosed prior to appraisal?	Date of receipt by the Bank	Date of submission for disclosure
Yes	21-Feb-2018	29-Mar-2018

**"In country" Disclosure**

Congo, Democratic Republic of  
28-Mar-2018

Comments

**If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.**

If in-country disclosure of any of the above documents is not expected, please explain why:

All safeguards documents were prepared and approved by the World Bank on March 18, 2018. They were disclosed in-country and in the World Bank website on March 29, 2018.

**C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)**

**OP/BP/GP 4.01 - Environment Assessment**

Does the project require a stand-alone EA (including EMP) report?

Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?

Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?

Yes

**OP 4.09 - Pest Management**

Does the EA adequately address the pest management issues?

Yes

Is a separate PMP required?

Yes

If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?

Yes



**OP/BP 4.11 - Physical Cultural Resources**

Does the EA include adequate measures related to cultural property?

Yes

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?

Yes

**OP/BP 4.12 - Involuntary Resettlement**

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

**The World Bank Policy on Disclosure of Information**

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

Yes

**All Safeguard Policies**

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

**CONTACT POINT**

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**APPROVAL**

Task Team Leader(s):	Alain Tienmoltien Traore Milaine Rossanaly Natalia Agapitova
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**Approved By**

Safeguards Advisor:		
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Practice Manager/Manager:	Rashmi Shankar	15-Apr-2018
Country Director:	Jean-Christophe Carret	15-May-2018

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