

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: PIDA65135

Project Name	AFCC2/RI-Regional Great Lakes Integrated Agriculture Development Project (P143307)
Region	AFRICA
Country	Africa
Sector(s)	General agriculture, fishing and forestry sector (100%)
Theme(s)	Land administration and management (50%), Nutrition and food security (50%)
Lending Instrument	Investment Project Financing
Project ID	P143307
Borrower(s)	Ministry Of Finances
Implementing Agency	Minstry of Agriculture and rural Development
Environmental Category	A-Full Assessment
Date PID Prepared/Updated	21-Apr-2016
Date PID Approved/Disclosed	15-Apr-2016, 03-May-2016
Estimated Date of Appraisal Completion	21-Mar-2016
Estimated Date of Board Approval	21-Jun-2016
Appraisal Review Decision (from Decision Note)	

I. Project Context

Country Context

1. Following a visit to the Great Lakes region by the President of the World Bank Group and the United Nations Secretary-General in May 2013, the World Bank announced its support for an integrated program to consolidate peace, revitalize regional economic development, create jobs and opportunities for young people, and improve livelihoods throughout the Great Lakes region. The integrated program would include the Democratic Republic of Congo (DRC), Burundi, Rwanda, and possibly Tanzania. The entry point for this effort is the proposed Regional Great Lakes Integrated Agriculture Development Project (RGLIADP).

2. The proposed project will address opportunities and constraints to developing agriculture across the region, which shares many agro-ecological features and extends across a major central corridor of Africa, from Kinshasa in the West to Dar es Salaam in the East. At the same time, many of the proposed project activities will support the goals of the regional Peace, Security, and Cooperation Framework (PSCF) adopted by the countries of the Great Lakes region, in addition to other regional priorities—sustainable development and management of shared watersheds and

natural resources, regional dialogue conducted through organizations such as the Commission Economique des Pays des Grands Lacs (CEPGL), and research and development programs for key agricultural commodities with clear regional benefits.

3. The original concept was to include DRC and Burundi in the first phase of the project, with the potential for other countries in the Great Lakes region to participate in subsequent phases. Given the fragile situation in Burundi, the project will begin by financing activities in DRC only; as the situation in Burundi stabilizes, support for Burundi under the RGLIADP will be processed as a second series of projects (SOP).

Sectoral and institutional Context

4. Agriculture plays a major role throughout the Great Lakes region and in the economy of DRC, which has 80 million hectares of arable land, a diverse climate suited to agricultural diversity, and extensive areas for pastoralism. Aside from possessing abundant water for agriculture, DRC's numerous lakes and rivers provide rich opportunities for fishing and aquaculture. Agriculture is the most important sector in terms of GDP share and employment, accounting for 42.5 percent of GDP and employing 70 percent of the active population (62 percent of its men and 84 percent of its women). The sector comprises mostly small-scale family farms relying on low-intensity production of crops, livestock, and fish. The production of staple foods remains stagnant and has fallen behind population growth, but some agricultural subsectors—notably coffee, oil palm, and flour production—are more dynamic. Both small-scale and large commercial farmers grow rice, sugarcane, cassava, and maize.

5. The fundamental constraint on agriculture is low productivity, which has many causes. Many modern inputs and technologies are unavailable or hard to obtain, including improved seed (especially of hybrids), fertilizer and other agrochemicals, and vaccines and other animal health supplies. The emergence of a more productive, dynamic agricultural sector is also limited by the lack of protection for regional watersheds (threatening the sustainability of soil and other natural resources), weak access to markets, and the absence of information on markets and prices. Poor productive infrastructure and equipment (water, electricity, roads) and limited agro-processing facilities add up to high production, processing, and transaction costs, and as well as high post-harvest losses for crops, animal products, and fish. Attempts to remove these constraints on agricultural performance should strengthen agriculture's contributions to food security, employment, household nutrition, and poverty reduction.

6. Beyond these immediate constraints, agricultural development depends on the resolution of many overarching problems. For example, limited economic governance forestalls the emergence of a strong private sector and significantly adds to production costs. Inadequate public funding for agriculture has undermined supervision, agricultural extension, and research for years. Although it is worth noting that agriculture, allocation increased from 3 to 8 percent of national budget in 2016. Poorly organized financial services prevent most individuals from obtaining capital to finance their agricultural activities. As noted, the multiple, overlapping, and non-transparent land administration systems (customary and statutory) lead to conflict over access to land and increase the risks of expropriation. The deterioration of rural living conditions, exacerbated by years of conflict, makes it extremely difficult for producers and agricultural value chain actors to organize their efforts and it is driving the high, selective exodus of young people from rural areas to cities and mining operations in search of better prospects.

7. In Eastern DRC, South Kivu and Tanganyika have considerable agricultural potential and large areas suited to pastoralism. The major commodities produced in the area include the main commercial crops (rice, sugarcane, cassava, and maize, grown by smallholders and large-scale farmers in the Ruzizi River Plain). Livestock are produced in the mid-lowland extension of the Ruzizi River Plain (a seasonal grazing area for cattle) by local herders and pastoralist groups that come down from the plateau. Extensive rainfed crop production (maize and cassava in particular, as well as rice) takes place in the lowland central-basin of western Tanganyika, and artisanal fishing is practiced in Lake Tanganyika. The numerous abandoned fishponds in the Ruzizi River Plain indicate that aquaculture used to be important. This part of the country is also endowed with forests that can produce timber and non-timber products.

8. At the same time, much of the area's agricultural potential has been suppressed by the constraints mentioned earlier, and agriculture for the most part is limited to small-scale, low-risk, subsistence activities. Overfishing is the primary reason that the harvest of fisheries resources from Lake Tanganyika has declined by approximately 30 percent over the past two decades to approximately 120,000 tons per annum. The Autorité du Lac Tanganyika (ALT), which governs the lake and its basin on behalf of the five riparian countries, concluded in 2011 that the number of fishers and canoes doubled during that same period. Approximately 50,000 fishers originate from DRC.

9. A subsector scan to identify value chains ready for commercial investment found potential for effective demand and commercial opportunities in the rice, cassava, and livestock/dairy value chains; cassava was the most important food staple and cash crop in South Kivu. Buyers and aggregators are present in all of these value chains, and with increased support, they could meet the demand from current and prospective buyers.

10. With respect to nutrition, local diets are limited in variety and quality, consisting largely of roots (cassava), tubers (sweet potatoes), and some cereals. These staples are sometimes accompanied by limited amounts of vegetables and pulses, and very infrequently by animal products. Households rely mainly on what they can produce for themselves. Distribution of food within the household can be an issue; men and boys receive most of the animal protein when it is available. Aside from these limited diets, other causes of malnutrition include inadequate health services, poor access to sanitation and drinking water, and a general vulnerability of women-headed households, which are reportedly common in rural areas.

11. Environmental degradation is a significant problem throughout the proposed project area. The loss of forests threatens globally important biodiversity as well as the sustainability of local agricultural investments. Deforestation provokes landslides and erosion-related sedimentation on steep slopes; poor management of forest resources also reduces the availability of charcoal, the most important fuel in rural areas.

12. The RGLIADP is designed to foster the integration of neighboring countries such as Burundi, Rwanda, and Tanzania by developing links with regional institutions to pave the way for participating in a larger regional program over time. The project is fully aligned with the Second Pillar of the proposed "World Bank Group regional initiative for peace, stability, and economic development," which focuses on economic cooperation and regional integration to revive the Great Lakes region. The second pillar supports countries in the region to address key common economic challenges, including the challenge of raising agricultural productivity to alleviate poverty. More

productive agricultural systems and increased revenue from agriculture in eastern Congo will contribute to peace and stability in the wider Great Lakes region. The proposed project will strengthen the capacity of key regional institutions (such as CEPGL) to foster regional harmonization, and at the same time it will invest in a regional agenda of applied agricultural research and technology generation for commodities that are important across the Great Lakes region. The project will train scientists and rehabilitate two research stations in the border area to serve the region. The scientists will be connected with global and regional research partners such as the CGIAR centers and ASARECA. Given the similarities in agro-climatic and socio-economic conditions across the region, technologies developed through the proposed project could be readily adopted in neighboring countries. Close attention will be paid to capturing the transboundary benefits of this research by monitoring the technologies that the project introduces, tests, and improves in eastern Congo.

13. Earlier projects that successfully supported recovery and development in Burundi and South Kivu were based on principles of dialogue and Community-Driven Development (CDD). Good examples include the early recovery projects under ISSSS in DRC, where communities themselves prioritized projects for agriculture based on inter-ethnic dialogue. They also include projects by ZOA, which established local village committees to prioritize and accompany agricultural projects to ensure that the benefits were distributed equitably. Those efforts have provided important cross-country learning that is reflected in the design of the proposed RGLIADP.

14. This project is expected to reduce regional tensions by limiting the competition and other pressures surrounding scarce resources, particularly land. If agricultural systems in the project area can become more productive and profitable, some of the pressure on land and vulnerability to shocks should be reduced. If communities perceive that key resources and commodities are becoming less scarce, they may feel less threatened by the presence of “interlopers” on their land. The project should boost overall trade in agricultural goods between DRC and other Great Lakes countries and increase the purchasing power of the population involved in different segments of the targeted value chains on different sides of the border. Finally, by creating economic opportunities for pastoral communities through the livestock value chain, the project could conceivably lessen the need to move herds into neighboring countries to graze, ameliorating tensions and promoting stability in the region.

15. Taking into account the political economy of South Kivu and Burundi with respect to land, agriculture, and possibilities for peacebuilding, the project will undertake several specific conflict-mitigating activities. As noted, the project’s investments in agricultural value chains in DRC will be guided by a conflict filter and supported by dialogue platforms in the Ruzizi Plain, Fizi Territory, and Tanganyika. In this way, the proposed project intends to actively direct interventions to vulnerable groups and ensure equitable distribution of the benefits from the value chains on which the project will focus its efforts. The project will introduce a transparent mechanism to secure land use rights in the targeted areas, including the titling of land where possible, through either customary or formal means. Finally, the project's indicators will be aligned with those of the ISSSS stabilization strategy to provide evidence of the project’s aggregate impact on peacebuilding in the region at large.

16. The proposed project complements other initiatives supported by the World Bank in the Great Lakes region. For instance, the proposed project will collaborate with the Great Lakes Trade Facilitation Project (P151083) to ease restrictions on the trade in agricultural commodities at the

Kavimvira and Bukavu border crossings between DRC and Burundi. The Eastern Recovery (STEP) Project (P152821) focuses on improving access to livelihoods and socio-economic infrastructure for vulnerable communities in the eastern provinces of DRC. As this project is already active in South Kivu, the regional project will identify collaboration mechanisms in overlapping areas of intervention. Activities under several Trade and Competitiveness lending and investment climate programs will also be leveraged to support the proposed project's activities. They include: (i) the East Africa Investment Climate Program (585047) to develop harmonized seed certification standards and enhance cross-border trade in seed of five staple crops, including maize, and (ii) the DRC Investment Climate Program (600085) to address economy-wide and potentially subnational investment climate issues affecting business regulation. International Finance Corporation (IFC) Investments will assist the proposed project to identify potential private sector buyers of the agricultural commodities produced in value chains supported through the project. The proposed project will also leverage the DRC Finance and Infrastructure Markets Project (P145554), which is establishing a modern national payment system, building capacity for micro-finance institutions (MFIs) across the country (including South Kivu and Tanganyika), and developing a line of credit that will provide medium- and long-term financing for small and medium enterprises (SMEs). The proposed project will also build on current interventions by the Department for International Development (DFID), especially in investment climate reform and the establishment of a collateral registry in DRC. Implementation of the collateral registry could increase access to finance for hundreds of smallholders and small fishers under the proposed RGLIADP.

II. Proposed Development Objectives

The project development objective (PDO) is to increase agricultural productivity and commercialization in targeted areas in DRC, improve agricultural regional integration, and provide immediate and effective response in the event of an eligible crisis or emergency.

III. Project Description

Component Name

Component 1: Agriculture Value Chain Development (Total financing: US\$ 70.7 million, of which IDA: US\$ 68 million; PHRD Grant: US\$ 2.7 million)

Comments (optional)

Component 1 seeks to increase the productivity and production of selected value chains in targeted areas of South Kivu and Tanganyika Provinces. The proposed project will scale up successful value chain initiatives that have demonstrated results on the ground. Specifically, VECO (an NGO) has experience in developing a value chain for table and brewery rice in the Ruzizi Valley and Kalemie area, in partnership with the private sector; VSF has developed services for the livestock sector; and the International Institute of Tropical Agriculture (IITA) has worked on genetic improvement of cassava and improved cassava processing in value chains in eastern DRC.

Component Name

Component 2: Support for the Development of the Private Agro-industrial sector (IDA: US\$50 million)

Comments (optional)

Component 2 seeks to improve the business environment and access to financial services and support the development of competitive and inclusive agro-industrial parks based on market demand and economic, social, and financial viability

Component Name

Component 3: Regional integration (IDA US\$15 million)

Comments (optional)

Component 3 will foster more effective regional integration by: (i) creating an enabling environment for regional cooperation and joint natural resource management and (ii) promoting a regional agenda for agricultural research for development (R4D).

Component Name

Component 4: Support Services and Project Management (IDA: US\$17 million)

Comments (optional)**IV. Financing (in USD Million)**

Total Project Cost:	152.70	Total Bank Financing:	150.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			150.00
Japan Policy and Human Resources Development Fund			2.70
Total			152.70

V. Implementation

17. The institutional and implementation arrangements were developed in light of lessons learned (from regional operations, implementing current projects in DRC, World Bank's experience in financing productive partnerships to develop agricultural value chains, etc...), the weak capacity of the public sector, and the coordination deficiencies that must be addressed at the regional level for the project to achieve its development impact. The implementation arrangements also take into account the need for a regional facilitation mechanism, national project oversight, and arrangements at the provincial and local level.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04	x	
Forests OP/BP 4.36	x	
Pest Management OP 4.09	x	
Physical Cultural Resources OP/BP 4.11	x	
Indigenous Peoples OP/BP 4.10	x	
Involuntary Resettlement OP/BP 4.12	x	
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50	x	
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)

VII. Contact point

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