

**INTEGRATED SAFEGUARDS DATA SHEET
APPRAISAL STAGE**

Report No.: ISDSA2942

Date ISDS Prepared/Updated: 03-May-2013

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I. BASIC INFORMATION

1. Basic Project Data

Country:	Congo, Democratic Republic of	Project ID:	P124720
Project Name:	Dem Rep Congo - Western Growth Poles (P124720)		
Task Team Leader:	Amadou Dem		
Estimated Appraisal Date:	29-Apr-2013	Estimated Board Date:	11-Jun-2013
Managing Unit:	AFTFW	Lending Instrument:	Specific Investment Loan
Sector(s):	General agriculture, fishing and forestry sector (30%), General industry and trade sector (30%), General transportation sector (20%), Telecommunications (10%), General finance sector (10%)		
Theme(s):	Infrastructure services for private sector development (60%), Micro, Small and Medium Enterprise support (40%)		
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?			No
Financing (In USD Million)			
Total Project Cost:	110.00	Total Bank Financing:	110.00
Total Cofinancing:		Financing Gap:	0.00
Financing Source			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			110.00
Total			110.00
Environmental Category:	A - Full Assessment		
Is this a Repeater project?	No		

2. Project Development Objective(s)

The proposed Project Development Objective (PDO) is to increase productivity and employment in selected value chains in target zones.

3. Project Description

PROJECT DESCRIPTION AND RATIONALE

The proposed Growth Poles Project will support the Government's Action plan to increase productivity and employment in selected value chains in target zones. It will support the development of competitive value chains and access to markets, leveraging private anchor investors and supporting outgrower schemes. The project will focus on the promotion of agriculture products and agro-processing. It will help drive job creation by removing physical, regulatory and organizational bottlenecks in the value chains to stimulate private investments and boost agriculture production and agro-processing to supply existing markets. It will be based on an integrated approach and start with complementary interventions which can be deployed rapidly within the growth poles (and their surrounding areas with which they naturally interact). It will provide a critical mass of concrete and complementary hard and soft interventions to better develop and connect the targeted areas in the Bas Congo to Kinshasa as the main domestic market – the idea is to unleash a positive dynamic of private investments and reforms which will spread through demonstration and learning effects as part of the overall Government's growth poles program. The project will also support the development of a Special Economic Zone in Maluku, located in the Kinshasa province, as a platform to energize private sector development. As mentioned earlier, development of SEZs is part of the priorities stated in the Government's 2012-2016 Action Plan, which operationalized the PRSP2.

The proposed growth poles project is based on a broader Government Program of Growth Poles, as mentioned above, that is being developed as a strategy of initially concentrating development efforts and public resources in locations most suited for industries of the highest growth and job creation potential in order to kick start a sustainable growth process nationally. The program is based on an assessment of the growth potential of the main industries and sectors of the DRC's national economy and the factors that are holding back growth and job creation in each sector and industry and on how these vary by location and region across the country. The program identifies eight growth corridors/poles in the country, including the Bas Congo-Kinshasa corridor, with an SEZ in Maluku. This corridor exhibits some of greatest potential in the country in agriculture production (including maize, cassava, rice, palm oil, fruit and vegetables, coffee and cocoa), and for related agro processing and manufacturing in and around Kinshasa, which is the main market for the produce of the growth poles.

Building on the recommendations of the Diagnostic Trade Integrated Study (DTIS, 2010), the CEM, the Master Plan prepared under the Project Preparation Advance and field missions, the project will initially focus on three crops (cassava, rice, and palm oil) in six poles of the Bas Congo (Boma, Lukula, Tshela, Kimpese, Mbanza-Ngungu and Inkisi). Using UNIDO selection criteria, the master plan selected these three crops, out of thirteen products, based on their impact on poverty reduction, economic growth, and pragmatic aspects including demand, cost of production and number of operators. The poles were selected based on three criteria (DDD): (i) Distance between the poles, the production areas and markets; (ii) Density of population, economic activity and infrastructures; and (iii) Diversity of economic activity. Based on lessons and results, the project could be scaled up at a later stage to integrate the pole of Kikwit, which is a major agriculture center. In each pole, the main players which could play a lead role in the development of the value chains as strategic partners have been identified. The master plan also identified all the main constraints along the value chains of the targeted products.

SELECTED POLES

Bas-Congo (Boma, Lukula, Tshela, Kimpese, Mbanza-Ngungu, and Inkisi). The province of Bas Congo has a population of about 3 million and is the only province of the country with direct access to the sea. Mining, construction material, the Inga hydro-electric complex and transport are all major contributors to the province's economy. The poles targeted within the province have the largest market potential of all regions and growth corridors in the country in that they have more market access (domestic as well as foreign) and more supplier access (again domestic and foreign). They owe their greater domestic market access to their large population, and a corresponding concentration of business establishments, which make it the largest economy of all regions. An additional factor is their greater connectivity to other regions through the Kinshasa-Kisangani River transport corridor. This is also a source of greater potential domestic supplier access (from which also increases its supplier access from Equateur province and Eastern Congo).

The province of Kinshasa and the site of Maluku. With an estimated population of about 8-10 million, Kinshasa is the second largest city in Sub-Saharan Africa after Lagos. It is located in the south bank of the Congo River, just across the city of Brazzaville, the capital of the republic of Congo, which has an estimated population of 2 million. Services account for more than two-third of the Kinshasa's GDP, but manufacturing and crop farming, livestock and fisheries are also quite important within the city and in the surrounding areas. As the national capital it has relatively heavy concentration of graduates of high schools and of tertiary education. It also has a relatively developed transport sector including an international airport, a domestic airport, several private transport companies, a public city train, three lines of public railways, a major river port connecting the capital to a dozen of ports upstream, and a railway to the country's only sea port in Matadi. It is however difficult for existing large enterprises to expand and for new large enterprises to establish due to lack of secured and serviced industrial land. For this reason, the Government is considering a Special Economic Zone in Maluku. The site of Maluku, located in the province of Kinshasa, 70 km from the center of Kinshasa, has important advantages for the implementation of this pilot SEZ, including: (i) located within the industrial area as per the 1973 Kinshasa Master plan (currently being updated) and surrounded by active industries such as Bralima (major brewing company, owned by Heineken International), the Siforco (forest and timber processing company) and MIDEMA (major agri-business company); (ii) strategic location on a multimodal transportation node providing access to a river network of 13,450 km (up to the Equateur province and Eastern provinces) with connections by road, to Bas-Congo, Matadi and Kikwit. Maluku is also being considered for the proposed alignment of the road-rail bridge between Kinshasa and Brazzaville; and (iii) the direct power connection with the Inga hydroelectric dams by the high voltage line, allowing the SEZ to receive autonomous, reliable and sufficient power. Finally, the flat topology of the site is suitable for construction.

Source of market access and supplier access. The poles' superior foreign market access and supplier access stems from the fact that the port at Matadi and the Kinshasa international airport are both located in the province the main international trade gateways of the country. An added source of the poles' foreign market and supplier access is also its greater proximity to relatively affluent neighbors, namely, Angola, the Republic of Congo and Gabon. The poles' significant presence of established manufacturing industries should also be a source of growth. These include two major cement companies; 20+ construction companies; 1 sugar company; 5 palm oil refineries; 4 livestock/meat companies; 2 beverage/brewery companies; packaging companies; 2 boat construction companies; 1 steel company. The poles targeted by the project offer some of the best growth potential to the following industries in the country: (i) Food crops (maize, cassava, rice); (ii) traditional export crops (coffee, cocoa, palm oil); (iii) Livestock and meat processing; and (iv) Labor intensive manufacturing (food and beverages, packaging, wood work etc.).

Spillovers. An element of the poles' potential spillovers to other growth poles and regions is that its growth will likely reduce the cost of living in the region and in other parts of the DRC in as far as it would lower the cost of food and manufactured necessities. This in turn would boost the exports of other regions by making DRC wages more competitive internationally assuming that money wages would not rise (at least as fast) as the cost of living come down.

PROJECT COMPONENTS

Component 1: Agriculture Value Chains Development in Bas-Congo (US\$48 million)

The aim of this component is to enhance the agricultural supply capabilities of farmers' organizations and provide basic rural infrastructure in order to strengthen the targeted value chains and better supply markets, including Kinshasa.

This will be achieved through: (i) a better input provision and market access for farm households, including women farmers; (ii) the delivery of packages of interventions including the construction of logistic multi-services and production platforms and linking them together; (iii) building and consolidating strategic partnerships along select value chains, leveraging the presence of anchor investors, producers' organizations, and active NGOs working on those value chains; and (iv) rehabilitate/maintain priority rural roads and ensure the provision of energy and water to operate the platforms.

This component will be implemented through two sub-components in two main growth centers, as identified by the Master Plan: the Boma-Lukula-Tshela poles, and the poles around Mbanza Ngungu:

- Sub-component 1.1: Enhancing Agriculture Supply Capabilities (US\$30 million)
- Sub-component 1.2: Support to Rural Infrastructures (US\$18 million)

Component 2: Special Economic Zone of Maluku (US\$27 million)

The main objectives of the Maluku SEZ are to facilitate access to industrial land, to critical infrastructure, and to provide a transparent environment for doing business, all of which have been identified as binding constraints in the 2006 Investment Climate Assessment. Products to be transformed at Maluku are expected to be brought by road from Bas-Congo province, and from Bandundu and Equateur provinces by waterways or roads. The Agricultural Support project in Equateur and in the Pool Malebo region (where Maluku is located), could be tied to the SEZ.

- Sub-component 2.1: Facilitation of a PPP (US\$1.5 million)
- Sub-component 2.2: Strengthening the Capacity of AZES (US\$3.5 million)
- Sub-component 2.3: Physical Infrastructure (US\$22 million)

Component 3: Proactive Business Development (US\$16 million)

This component will improve the business environment to promote investments and support productive activities in the targeted value chains and poles. This will be done through proactive investment promotion, targeted and ad-hoc demand driven regulatory reforms, and trade facilitation aimed at supporting the development of the select value chains.

- Sub-component 3.1: Project Development Fund for Investment Promotion (US\$10 million)

- Sub-component 3.2: Targeted Regulatory reforms (US\$2million)
- Sub-component 3.3. Trade Facilitation at the Port of Matadi in the Bas Congo (US\$4 million)

Component 4: Coordination, Monitoring and Impact Assessment Project (US\$8 million)

This component will strengthen the ability of Government to implement the project in a coordinated and integrated manner based on existing structures, which will be strengthened through technical assistance (TA).

IMPLEMENTATION ARRANGEMENTS

A multi-sectoral 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 ministries. The Fragile States Unit (Facilité en Faveur des EtatsFragiles, FEF), which operates within the Ministry of Finance, will ensure overall project coordination, financial management, procurement and M&E. It will also be in charge of communication in collaboration with civil society organizations, whose capacity will be strengthened to contribute to good governance. FEF was established with support from the AfDB and has experience with Bank procedures. The FEF team will be strengthened with additional staff. The Ministry of Agriculture and the Ministry of Industry will also be strengthened as needed to implement component 1 and 2 respectively. The need for TA and dedicated experts for these ministries has been identified and reflected in the procurement plan. The project will establish an M&E and Impact Evaluation system that will collect data in a timely manner in order to enable the adoption of corrective measures.

4. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

Six poles of the Bas Congo (Boma, Lukula, Tshela, Kimpese, Mbanza-Ngungu and Inkisi).

5. Environmental and Social Safeguards Specialists

Paul Jonathan Martin (AFTSN)

Antoine V. Lema (AFTCS)

6. Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/ BP 4.01	Yes	<p>This project is likely to have potential environmental risks and impacts in its area of influence. It involves the financing of basic physical infrastructure in the target area (establishment of an industrial zone in Maluku, new markets in the Kinshasa periphery, depot points and wholesale markets, and improvement of feeder roads and energy supply).</p> <p>The project also involves assistance to promote the establishment of industries such as fruit/vegetable/fish processing units, packaging, manufacturing and improvement of commercial agriculture.</p> <p>The Project is rated Category A because it will</p>

		invest in new physical infrastructure with significant environmental impacts. An ESIA has been prepared for the Maluku industrial zone. An ESMF and ESMP have also been prepared for the remaining project activities that have environmental and social impacts. All these environmental safeguard instruments have been consulted upon, reviewed, approved and disclosed in the targeted areas in DRC and through the Infoshop.
Natural Habitats OP/BP 4.04	Yes	The project will be implemented in new areas where forests still exist. This kind of environment concentrates various insects and others types of animals, whose natural habitat could potentially be affected by the project. Therefore, environmental safeguards instruments such as ESIA and ESMF have been prepared to provide guidance.
Forests OP/BP 4.36	Yes	This project could possibly impact the health and quality of forests or the rights and welfare of people and their level of dependence upon the interaction with forests, and it may lead to changes in the management, protection or utilization of natural forests or plantations. A forest management plan will be prepared as and when necessary during project implementation.
Pest Management OP 4.09	Yes	The project will support the agriculture and agribusiness sectors, which will likely involve pest management. A Pest Management Plan has been prepared, reviewed, approved and disclosed in the targeted areas and through the Infoshop.
Physical Cultural Resources OP/ BP 4.11	Yes	DRC is considered as a country with a rich cultural heritage. Although we information is incomplete, it is necessary to be prudent during the implementation of the project activities. The Physical Cultural Resources aspects have been taken into account in the ESMF and ESIA.
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	Yes	Project investments will induce land acquisition resulting in the potential loss of farm land and structures, consequently, loss of sources of livelihood and shelter. A RAP has been prepared for the Maluku

		industrial zone. In addition, an RPF for the remaining activities anticipated in the project also has been prepared. These different documents have been reviewed, approved and disclosed in the targeted areas and through the Infoshop.
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	Yes	The project will make use of water resources, hence this safeguard was triggered. However, it is not expected that project activities will affect the quality or quantity of water flows on the Congo River, which is shared by other countries (Republic of Congo, Angola, Central African Republic, Zambia, Tanzania, Burundi, and Rwanda). Therefore, the team believes that the riparian notification is not required based on the technical assessment available so far especially given that the river being used originates from the country and is downstream.
Projects in Disputed Areas OP/BP 7.60	No	

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

<p>1. Describe any safeguard issues and impacts associated with the Restructured project. Identify and describe any potential large scale, significant and/or irreversible impacts:</p> <p>Main possible risks resulting from the implementation of this project include (i) loss of vegetation and degradation of natural habitats in the event of deforestation due to agricultural installations; and (ii) pollution and degradation of the tablecloth and dependent rivers, due to use of pesticides and manures, but also to physical investments (installation of platforms; production tracks, river ports, etc.). On the social front, land conflicts could rise due to land acquisition, but also conflicts between stockbreeders and farmers due to cattle loss. However, these risks can be avoided or strongly reduced by taking suitable measurements.</p>
<p>2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:</p> <p>An indirect impact on the environment could be cattle displacement due to the development of new perimeters irrigated. Searching for new pastures, cattle and their owners could possibly enter protected areas. The planned development of new irrigation zones will have to take account cattle's needs, in particular in the Plate of Batéké.</p>
<p>3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.</p>
<p>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.</p> <p>The borrower (DRC) carried out all the documents made compulsory by the release of the World</p>

<p>Bank operational policies (ESMF, RPF, PMP, ESIA and RAP). These documents have been consulted upon, reviewed, and published in the areas targeted by the project and the World Bank's Infoshop.</p> <p>DRC has since 2006 an official structure called GECC (Groupe d'Etudes Environnementales du Congo) in charge of the management of environmental and social issues as well as environmental follow-up for all projects carried out in DRC. All the various documents mentioned above were validated by GECC.</p> <p>It is envisaged to recruit an expert in environmental and social safeguard measures in the project management unit (UNC/PDPC). The expert Will engage in close monitoring of the day-to-day safeguard activities and implement risk mitigation measures.</p>
<p>5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.</p>
<p>The preparation of the safeguard documents (i.e., ESMF, ESIA for Maluku, RPF, RAP for Maluku, and PMP) followed a broad-based and in-depth consultation approach that included interviews with relevant stakeholder groups in the public and private sectors as well as civil society. These included (but were not be limited to) producers' organizations, particularly those within or in the vicinity of the project intervention area, key ministries and government agencies, in particular the ministries of Agriculture, Environment, Health, Energy, and Transport as well as the Chamber of Commerce, the Plant Protection Agency, and pesticide wholesalers and retailers. At the local level, public consultations were held with: Bent, Kimpesé and Kasangulu (Low-Congo); in Maluku; Plate of Batéké and Kinkolé (Kinshasa).</p>

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	20-Aug-2012
Date of submission to InfoShop	20-Aug-2012
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	
"In country" Disclosure	
Congo, Democratic Republic of	20-Aug-2012
<i>Comments:</i>	
Resettlement Action Plan/Framework/Policy Process	
Date of receipt by the Bank	27-Aug-2012
Date of submission to InfoShop	27-Aug-2012
"In country" Disclosure	
Congo, Democratic Republic of	27-Aug-2012
<i>Comments:</i>	
Pest Management Plan	
Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	17-Aug-2012
Date of submission to InfoShop	17-Aug-2012
"In country" Disclosure	
Congo, Democratic Republic of	17-Aug-2012
<i>Comments:</i>	

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:

C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 - Environment Assessment			
Does the project require a stand-alone EA (including EMP) report?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
If yes, then did the Regional Environment Unit or Sector Manager (SM) review and approve the EA report?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
OP/BP 4.04 - Natural Habitats			
Would the project result in any significant conversion or degradation of critical natural habitats?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
OP 4.09 - Pest Management			
Does the EA adequately address the pest management issues?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
Is a separate PMP required?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
If yes, has the PMP been reviewed and approved by a safeguards specialist or SM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
OP/BP 4.11 - Physical Cultural Resources			
Does the EA include adequate measures related to cultural property?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
OP/BP 4.12 - Involuntary Resettlement			
Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
OP/BP 4.36 - Forests			
Has the sector-wide analysis of policy and institutional issues and constraints been carried out?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
Does the project design include satisfactory measures to overcome these constraints?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]

Does the project finance commercial harvesting, and if so, does it include provisions for certification system?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>]
OP 7.50 - Projects on International Waterways	
Have the other riparians been notified of the project?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>]
If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Has the RVP approved such an exception?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
The World Bank Policy on Disclosure of Information	
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
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 [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
All Safeguard Policies	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have costs related to safeguard policy measures been included in the project cost?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]

III. APPROVALS

Task Team Leader:	Amadou Dem	
Approved By		
Regional Safeguards Advisor:	Name: Alexandra C. Bezeredi (RSA)	Date: 03-May-2013
Sector Manager:	Name: Paul Noumba Um (SM)	Date: 06-May-2013