INTEGRATED SAFEGUARDS DATA SHEET
CONCEPT STAGE

Report No.: ISDSC552

Date ISDS Prepared/Updated: 12-Jun-2012

I. BASIC INFORMATION

A. Basic Project Data

Country:	Congo, Democratic Republic of	**Project ID:**	P124720
Project Name:	Dem Rep Congo - Growth Poles (P124720)		
Task Team Leader:	Amadou Dem		
Estimated Appraisal Date:	17-Sep-2012	**Estimated Board Date:**	18-Dec-2012
Managing Unit:	AFTFW	**Lending Instrument:**	Specific Investment Loan
Sector:	General agriculture, fishing and forestry sector (30%), General industry and trade sector (30%), General transportation sector (20%) , Telecommunications (10%), General finance sector (10%)		
Theme:	Infrastructure services for private sector development (60%), Micro, Small and Medium Enterprise support (40%)		

Financing (In USD Million)

Financing Source	Amount
BORROWER/RECIPIENT	0.00
International Development Association (IDA)	150.00
Total	150.00

Environmental Category:	A - Full Assessment
Is this a Repeater project?	No

B. Project Objectives

The proposed Project Development Objective (PDO) is to promote the development of an agriculture based growth corridor along the Matadi-Kinshasa-Kikwit corridor through increasing private investments in commercial agriculture, processing agriculture products, and strengthening select value chains (including cassava, maize, rice, bean, fruits, meat, fishery).

C. Project Description

Based on lessons of experience, the proposed growth pole approach would require a cross-cutting strategy in order to exploit synergies across several projects, catalyze resources, build capacity of individuals and institutions, and address coordination failures needed to support growth and job creation through the private sector. Coordination failures and the lack of direct and comprehensive support to targeted sectors are indeed two major issues, which have discouraged the private sector to seize and develop business opportunities in the past. In line with the "Competitiveness and Employment" pillar of the 2011-2016 World Bank Africa's Strategy, a growth pole approach could contribute to addressing these issues, with a focus on the agriculture sector . This is also in line with the FPD Competitive Industries Global Practice's main objective of job creation through better public-private dialogue, cooperation and strategic investments in public goods to support industries.

As indicated in the Africa Strategy, growth poles projects have been or are being developed in several countries (Madagascar, Cameroon, Gambia, Mozambique) to help them deploy "a critical mass of reforms, infrastructure investments, and skills building for the industries and locations of highest potential". The proposed Growth Pole Project will be developed based on the same integrated approach. In addition to the recommendations from the Africa Strategy, the project will also build on lessons from the 2011 World Development Report on "Conflict, Security, and Development". The report highlights that in post conflict countries with weak institutions, such as DRC, quick tangible results, early projects to create jobs through the private sector, a longer-term perspective, and integrated and coordinated interventions, are critical. Lessons from the 2009 World Development report, "Reshaping Economic Geography", highlighting that spatial integration (along a corridor for instance) could be facilitated with institutions that unite, infrastructure that connects, and interventions that target, such as incentives for firms to locate in certain areas.

Eight growth poles/corridors have been identified with the Government based on several key criteria: i) minimum infrastructure platform (roads, railway, river transport, electricity); ii) Significant economic potential (potential can come from underexploited natural resources (agricultural, mining), industrial advantage (clusters), SMEs base, human capital iii) Geographic Position (proximity to markets or on trade routes or corridors, sources of demand), potential forward or backward linkages; transport terminals; iii) Political advantage (human needs, regional integration, inclusion, post conflict rebuilding, decline or stagnation zones; areas of high poverty, malnutrition; iv) Ownership (engagement of key players in achieving development goals and implementing reforms); existence of an economic plan and spatial strategy; strong civil society; v) existence of lead/anchor investors and potential efficiency gains (existence of a vertically disintegrated industry with a anchor/lead investor; existence of a missing link in a value chain that can be exploited); vi) existence of relevant projects or programmes supported by Government or development partners.

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The identified growth poles and corridors are:

i) Matadi-Kinshasa-Kikwit corridor (industry, agriculture and markets) including an SEZ in Maluku (industry, agroindustry, construction materials) ;

ii) Kinshasa-Equateur/Mbandaka corridor (agriculture);

iii) Lubumbashi-Likasi-Kolwezi corridor (mining and agriculture);

iv) Lubumbashi-Kindu-Kisangani corridor (mining, fisheries, wood and agriculture);

v) Kinshasa-Kisangani river corridor (transport, fisheries, wood and agriculture);

vi) Kisangani-Bukavu-Goma-Beni corridor (agriculture including tourism in the Virunga mountains);

vii) Bukavu-Kalemi corridor (agriculture, fisheries including tourism along lake Tanganyika);

viii) Kasais/Corridor Bukavu-Kasongo-Mbuji Mayi (mining,agriculture, fisheries).

Poles and corridors are ranked based on a simple scoring methodology as presented in Annex 3. The scores are proposed based on existing knowledge and information available on the poles/corridors.

The main sources of information are the Country Economic Memorandum (World Bank, 2011); the Prioritizing Infrastructure Investments–Spatial Approach study (World Bank, 2009); as well as the mapping of agriculture potential (Map 1), mapping of electric power generation and transmission system (map 2), and mapping of transportation network (Map 3).

The Matadi-Kinshasa-Kikwit corridor was selected as the corridor, which meets most of the criteria. It will therefore be the focus of the project. It has the most favorable minimum conditions (transport, power, population, growth sectors) on which the growth pole approach could be implemented. Indeed, a very good paved road network links Matadi to Kinshasa (330 kms), and Kinshasa to Kikwit (450 kms). It provides access to the international port of Matadi, the international airport, to the river and the republic of Congo's capital city, Brazzaville. Electricity is available from Inga dams although access remains unreliable. It has potential in several sectors including agriculture (cassava, maize, bean, rice, fruits & vegetables); forestry; fisheries; construction materials; livestock. It has a large market (about 10 million in Kinshasa).

Lubumbashi is the second identified growth pole (as part of the Lubumbashi-Likasi-Kolwezi corridor) with the minimum conditions. However, with a population of 1.3 million, its potential to quickly create jobs is lower than in Kinshasa. The paved road network connecting the city to other potential growth centers in the provinces is also not as developed as in Kinshasa. The third corridor is the Kisangani-Bukavu-Goma-Beni corridor with Kisangani as the main nodal pole and the country's third largest city. The corridor is being supported by the road network, which has been recently improved. However, stability and security still need to be consolidated for the corridor to provide a better platform to support its integrated growth. The other poles and corridors identified do not provide, at this stage, the minimum infrastructure platform (roads and electricity network) on which productive sectors could grow and quickly create jobs.

The approach consists in focusing a critical mass of concrete and complementary hard and soft interventions, which can be rapidly deployed in a coordinated manner, for the industries mainly in the selected Matadi-Kinshasa-Kikwit corridor. It will help drive employment growth by effectively removing bottlenecks in the value chains, increasing production to supply existing markets, improving transport/logistics that will bring prices down, stimulate domestic demand and increase investment. It will start with interventions which can be deployed rapidly within the growth poles to unleash a positive dynamic of investments and reforms which will spread through demonstration and learning effects. As mentioned in paragraph 14 and 15, other sectoral projects would bring co mplementary and more comprehensive support, which will not be provided under the proposed project.

DESCRIPTION

The project will be very selective in the interventions it supports. It will focus mainly on providing basic physical infrastructure (including special economic zone, feeder roads, power, storage, markets), strengthen the institutional framework required to support the development of the corridor, build the capacity of the private sector, and support targeted investment climate reforms. These interventions will be mainly deployed in key nodal poles that are in the corridor with the view of scaling up gradually and to a larger scale.

The project will start by developing and better connecting markets (Kinshasa) with agricultural growth poles (Kikwit, Kimpese) along the corridors (Kinshasa-Kikwit and Kinshasa-Matadi paved roads). It will also support agriculture products transformation (Kinshasa/Maluku SEZ). Indeed, focusing on and strengthening the four links of the value chain (production, transport, transformation and markets) large parts of the Matadi-Kinshasa-Kikwit corridor, including feeder roads, can be bonded to work together with support from the project. Although the agriculture sector is the main source of growth that will be targeted along the corridor to drive job creation, other sectors including construction materials will also be supported. The project could also provide support to the Lubumbashi-Likasi-Kolwezi corridor . This support will however be less comprehensive than in the first selected corridor. It will not finance physical infrastructure and will mainly provide technical assistance to promote investments in the agriculture sector (with the abandoned farms) and build capacity of SMEs around anchor investors. More comprehensive support could come at a later stage from additional financing or other projects.

The Project components and very preliminary cost estimates are presented below.

COMPONENT 1 – Support to Infrastructure Development in the MATADI-KINSHASA-KIKWIT corridor (US$95 million)

The proposed interventions will strengthen both the physical infrastructure and the institutional platform to directly support the targeted products and sectors (agriculture, agribusiness, construction materials).

Sub Component 1.1 – Physical Infrastructure (US$80 million)

The project will finance basic physical infrastructure to improve the enabling environment and to attract additional private investment in the target area. (As indicated in paragraph 12 and 13, physical infrastructure that required more resources could be considered under other stand alone ongoing or new infrastructure projects).

- Establish the Special Economic zone (SEZ) in Maluku (US$25 million). Building on the preparatory work and support provided by the ongoing IFC SEZ program in DRC (master plan, demand analysis, site assessment, institutional and regulatory framework, energy supply study), the project will finance, possibly in conjunction with a private developer, basic infrastructure/public goods to establish the SEZ (fencing, main access roads, water, power, ICT, river port , administration and security within the SEZ). It will also rehabilitate and extend the road, water and power networks, and improve port logistics/services (through PPP) around the Maluku SEZ to improve the overall enabling environment in Maluku and create linkages between the SEZ and the local economy.

- Establish new markets in the Kinshasa periphery (US$5 million). The project will create new outlets in the periphery of Kinshasa area (at Kinkole, Plateau des Bateke for example) to ease marketing of fruits and vegetables (maize, cassava, rice, bean) and fish products arriving from other nearby provinces including Bas Congo, Bandundu and Equateur. The markets, possibly managed through PPPs to ensure their sustainability , could also serve as a marketing platform for products from the SEZ.

- Improving collection/storage/conditioning/packaging points (common service centers), a wholesale market, and power distribution in Kikwit (US$20 million). The project will establish depots and required common service centers to strengthen the value chains of selected agriculture products (maize, cassava, rice, fruits) around Kikwit including a central wholesale market probably at Pont Kwilu market (to be confirmed by master plan), which is the major transit point for most of the regional production. Kikwit (in the Bandundu province) is a major agricultural center which

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could supply the Kinshasa market. It has good road connection to Kinshasa however without hardly any electricity for establishing an agricultural product processing industry and supporting the vibrant SME sector. The project will build on the upcoming hydropower plant in Kakobola (75 kms from Kikwit) to better provide this growth pole with power interconnection.

- Improving collection/storage/conditioning/packaging points (common service centers) around Kimpese and other major production centers (US$15 million) in Bas Congo. The project will establish/strengthen depots and other common service centers needed to strengthen the value chains of selected agriculture products (cassava, maize, bean, fruits) around major productions areas along the main road Kinshasa-Matadi.

- Improving selected feeder roads (US$15 million).The project will provide financing to rehabilitate and ensure the maintenance of selected feeder roads that are linked to the production centers (and planne d common service centers mentioned above) and which are critical to the supply chains of the growth poles. The maintenance of feeder roads are normally financed by the Fonds d'Entretien Routier (FER) (based on the program prepared by the Direction des Voies de Dessertes Agricoles (DVDA) which identifies the priority feeder roads to be financed, and implement the maintenance program with the Office des Routes (ODR)). However, resources are not yet sufficient to effectively and timely rehabilitate and maintain these roads . For this reason, the project will provide the minimum resources to ensure that at least Kikwit and Kimpese are adequately linked to feeder roads to enable farmers to supply their production .

Sub-component 1.2 - Institutional Infrastructure (US$15 million)

The project will support the establishment/development of SME support centers (Maison de l'entreprise/ business and training centers) in each pole of the Maluku, Kinshasa and Kikwit corridor and in the Lubumbashi-Likasi-Kolwezi corridor. These support centers will contribute to developing/ strengthening the SMEs/NGOs base, strengthening farmers associations, and creating linkages between the Maluku zone (and other anchor investors) and the local economy. They will also play a lead role in the implementation of the program with a focus on the organization and development of the targeted value chains and clusters.

The project will strengthen the institutional framework (and the capacity of relevant stakeholders) to develop and/or manage infrastructure supported by the project including the SEZ, markets, port services, feeder roads, depot points and other common service centers through PPP or other forms of partnerships . More specifically, for the proposed zone in Maluku, the project will finance a transaction advisor to provide technical assistance to validate the PPP options for (further) development and management of the zone, road show the proposed SEZ, and select the private developer/manager. It will also strengthen the existing Cellule d'Appui des Zones Economiques Spéciales (CAZES). CAZES is expected to evolve to become the overarching authority not only for the proposed SEZ at Maluku, but any other SEZ that will be established in the country as part of the broader growth pole program.

COMPONENT 2 – SUPPORT TO PRIVATE INVESTMENTS AND ENTREPRISE DEVELOPMENT IN THE TARGETED POLES (US$45 million)

The component will provide support to encourage private investments.

Sub Component 2.1 – Investment Promotion (US$10 million)

Project Development Fund (PDF). The PDF will help identify and mitigate risks to promote the establishment of industries including fruits/vegetables/fish processing units, packaging manufacturing, and construction materials in the targeted areas. It would finance feasibility studies for business opportunities, which could also be materialized through PPPs or other forms of partnerships. A manual of procedures for the PDF will be prepared to guide the operations and highlight the selection criteria of the funds. It could work in close partnership with the IFC Supported risk capital fund, King Kuba, to build on its experience and leverage more resources.

Examples of business opportunities or productive organizations which could be supported/facilitated by the PDF, including opportunities already identified by the Government , are:

- establishment of fruits/vegetables/fish processing units and bottling and packaging manufacturing in the Maluku SEZ;
- organization of a construction materials cluster in Maluku;
- rehabilitation and development of abandoned farms;
- support the development of an agricultural transport cooperative in Kikwit;
- reactivation of palm oil production in Kikwit area through PPP.

The project will also strengthen the capacity of the Investment Promotion agency, enable it to better market investment opportunities (including through investor road shows/conferences) and provide investor aftercare services in collaboration with other relevant structures (i nvestment promotion fund, private sector associations, etc) which will also be rationalized and strengthened.

Sub Component 2.2 – Capacity Building to support enterprise and cluster development (US$25 million)

Matching grant for enterprise and cluster development. This component will support a matching grant program which will provide partial financing for skills development, technical training and other support services, necessary to build the capacity of enterprises , and support the development of the SME base. Agricultural Technical Centers (including the center supported by UNIDO in Kimpese) could be supported by the grant to better provide agricultural services and capacity building to outgrowers, and promote transformation activities. Matching grants will be provided to individual or clusters of firms with a primary focus on those that operate in the targeted sectors in the Matadi-Kinshasa-Kiwit corridor and in the Lubumbashi-Likasi-Kolwezi corridor. It will also contribute to strengthening and reinforcing their linkages with the lead firms in their value chains.

The matching grant will facilitate access to training in technical and management skills as well as such business development services (BDS) and mentoring services, preparation of bankable business plans, application of standards, and product certification. It will sensitize the beneficiaries on how to identify and address environmental and social issues. It will complement and work closely with IFC supported Business edge and SME toolkit instruments which are aimed strengthening capacity for SMEs.

Sub Component 2.3. Governance and Investment Climate Reforms (US$10 million)

The growth pole approach, which consists in supporting the minimum physical and institutional platform, will generate demand for ad-hoc reforms for targeted sectors and corridors. To handle these reforms, the project will finance dedicated public-private dialogue platforms that would primarily work on investment climate related risk identification and mitigation. Key analytical work and position papers will be financed to help prepare specific reform action plans. The project will finance the development and implementation of the governance system and structure that would support the em ergence of the poles. Examples are the design of transparent approaches to procurement, M&E, accountability, etc. The Governance of the project will also be supported by steering committees including all the relevant stakeholders .

Although this component will focus on relevant sector specific reforms, the project will also support more generic reforms, which are aimed at improving the overall investment climate. Reform areas will include agriculture sector specific reforms , land cadastre and land titling/rights including for abandoned farms and industrial sites, trucking and river transportation, licensing/permit, and other industry specific reforms that are relevant to the development of the value chains or clusters.

COMPONENT 3 – PROJECT COORDINATION AND M&E (US$10 million)

The project will provide resources to recruit key staff including the Project Coordinator, a Finance Manager, an accountant, a procurement specialist; and a monitoring & evaluation (M&E) specialist within the coordinating Ministry (Ministry of Finance, tbc). The project will also provide resources for training in relevant areas for staff of relevant Ministries, as well as resources to recruit consultants with specific expertise as needed to strengthen the capacity of the relevant stakeholders in the public sector and improve coordination. It will also finance the surveys that will feed into for the M&E system. Office space, additional support staff, equipment, vehicles, goods and other expenses required for the PCU to be fully operational will also be financed. A dedicated multisectoral growth pole/corridor steering committee/task force will be established and empowered to guide, monitor and ensure the coordinated implementation of the proposed activities. It will monitor the implementation of a comprehensive master plan (including construction of infrastructure, maintenance of feeder roads, ect) that will be prepared for at least the first phase of the corridor development program besides the SEZ.

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

Matadi-Kinshasa-Kikwit corridor.

E. Borrowers Institutional Capacity for Safeguard Policies

While the Ministry of Environment's capacity for review and enforcement of EIAs remains weak, an important advance was achieved in July, 2011, with the adoption of a new framework law on the environment, requiring EIA of all investments. This law provides for the establishment of a national agency with a mandate for EIA review and enforcement, replacing the current unit of the Ministry. Support for the creation of this agency will be provided under the Bank-supported PROMINES project.

F. Environmental and Social Safeguards Specialists on the Team

Paul Jonathan Martin (AFTN1)

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Antoine V. Lema (AFTCS)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/ BP 4.01	Yes	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, establishment of new markets in the Kinshasa periphery, improvement of collection/storage/ conditioning depot points in Kikwit and Bas Congo, improvement of a wholesale market and power distribution in Kikwit, and improvement of feeder roads to ensure linking of Kikwit and Kimpese). The project also involves assistance to promote the establishment of industries such as fruit/ vegetable/fish processing units, packaging manufacturing and construction materials in targeted areas. The Project is rated Category A because it will invest in new physical infrastructure with significant environmental impacts. An ESIA will be prepared before appraisal for the Maluku industrial zone, an ESMP will be prepared for Pont Kwilu market, and an ESMF will be prepared for the remaining project activities that have environmental and social impacts.
Natural Habitats OP/BP 4.04	TBD	The project sites and specific investments are not yet defined.
Forests OP/BP 4.36	Yes	This project has the potential to have impacts on the health and quality of forests or the rights and welfare of people and their level of dependence upon the interaction with forests; and may bring about 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 very likely involve pest management. A Pest Management Plan will be prepared before appraisal.
Physical Cultural Resources OP/ BP 4.11	No	

Indigenous Peoples OP/BP 4.10	Yes	Indigenous peoples may be located in areas to be supported. An Indigenous Peoples Planning Framework will be prepared before appraisal.
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. RAPs will be prepared for the Maluku industrial zone and Pont Kwilu market before appraisal, along with an RPF for the remaining activities anticipated in the project.
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	Yes	The project may have an impact on 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). A riparian notification will be prepared.
Projects in Disputed Areas OP/BP 7.60	No	

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 16-Jul-2012

B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing[1] should be specified in the PAD-stage ISDS:

An Environmental and Social Management Framework (ESMF), a Resettlement Policy Framework (RPF), a Pest Management Plan (PMP) and an Indigenous Peoples Framework (IPF) will be prepared for the complete project area and will be publicly disclosed prior to project appraisal. A Resettlement Action Plan (RAP) and an Environmental Impact Assessment (EIA) will be prepared for the industrial zone. An Environmental and Social Management Plan and a RAP will be prepared for the Pont Kwilu market. Also, for OP/BP 7.50 related to international waterways, the required notification to riparian countries will be done.

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IV. APPROVALS

Task Team Leader:	Name: Amadou Dem	
Approved By:		
Regional Safeguards Coordinator:	Name: Alexandra C. Bezeredi (RSA)	Date: 12-Jun-2012
Sector Manager:	Name: Paul Noumba Um (SM)	Date: 15-Jun-2012

[1] Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.