

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

Report No.: PIDA23424

Project Name	Urban Development and Poor Neighborhood Upgrading Project (P146933)
Region	AFRICA
Country	Congo, Republic of
Sector(s)	General public administration sector (50%), Urban Transport (50%)
Theme(s)	Other urban development (100%)
Lending Instrument	Investment Project Financing
Project ID	P146933
Borrower(s)	Government of the Republic of Congo
Implementing Agency	Min of Spatial Planning & Large Scale Public Wks.
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	17-Mar-2015
Date PID Approved/Disclosed	05-Apr-2015
Estimated Date of Appraisal Completion	04-Apr-2015
Estimated Date of Board Approval	28-May-2015
Appraisal Review Decision (from Decision Note)	

I. Project Context

Country Context

Following a series of civil conflicts in the 1990s, the Republic of Congo (RoC) successfully held presidential, senatorial and legislative elections between 2002 and 2014. The country environment remains fragile with a Country Policy and Institutional Assessment (CPIA) rating of 3.0. However, relative peace and stability since 2002 offers the RoC a unique opportunity to focus its full attention on strengthening its still fledgling institutions, and stimulating economic growth in order to alleviate poverty and inequality.

The country's current economic growth, at 4.2 percent from 2011 to 2014, is lower than the 8.5 percent needed to achieve the development objectives in the 2012–2016 National Development Plan. This is mainly due to the volatility of oil prices and the underperformance of the oil sector. Economic growth is expected to reach about 5.6 percent from 2014 to 2017, supported by projected growth in the non-extractive industries resulting from the government's diversification policies and investments in infrastructure, stabilization of oil production with the discovery of new deposits (but with the price of oil pulling in the opposite direction), and the prospect of implementing effective

mining activities. Other economic indicators were favorable over the past years. Inflation was under control, floating under 5.0 percent over this period and estimated at 3.0 percent for 2014 and official reserves were sufficient (more than US\$3.5 billion) for covering nearly five months of exports in 2013.

The RoC continues to struggle to transform its growth into significant poverty reduction. This is in part due to uneven distribution of resources between infrastructure and the social sectors and poor targeting, preparation, and planning of investment projects and resulting low efficacy and efficiency of investments. Indeed, according to the 2011 household survey, the poverty rate has dropped only by 4 percentage points, to 46.5 percent, from 50.7 percent in 2005. As in other countries in Central Africa, the incidence of poverty in 2011 is relatively lower in urban areas: 25.5 percent in Pointe Noire and 29.4 percent in Brazzaville, against 57.8 percent in semi-urban areas and 74.8 percent in rural areas. Therefore, the main challenge for the country is to use its oil resources effectively to continue to develop the non-oil sector, which is better equipped to turn growth into inclusive growth and shared prosperity.

Sectoral and institutional Context

High level of urbanization and unplanned settlement pattern

The RoC has a population of about 4.4 million inhabitants, with an annual population growth of 2.1 percent. More than 70 percent of the population lives in urban areas, making Congo one of the most urbanized countries in sub-Saharan Africa. Brazzaville, the capital, has a population of about 1.6 million, representing 36 percent of the Congolese population, while the population of Pointe Noire is close to 1 million inhabitants (another 23 percent of the population). The remaining urban population of about 500,000 are scattered across secondary urban centers.

Efforts to manage, regulate and facilitate productive and balanced urban development have been inhibited by lack of effective urban planning, limited investment, and weak institutional capacity of key stakeholders at the national and local levels. This has resulted in a gradual deterioration of the living and working environment of the country's key urban areas, including urban sprawl, land speculation resulting in the displacement of poor urban residents to areas not suitable for settlement, exposure to erosion and flooding, land grabbing, increased gaps in access to services, and increased incidence of unplanned settlements with sub-standard housing. The population living in unplanned neighborhoods is estimated at approximately 1.5 million for the two main cities of Brazzaville and Pointe Noire. The proportion of unplanned settlements in these two cities is around 60 percent of the land area, or about 5,000 hectares, with a high proportion of housing stock made from fragile materials (35 percent in Pointe Noire). In 2005 (latest figures available), these areas hosted 64 percent of households in Brazzaville and approximately 50 percent in Pointe-Noire.

Limited access to urban services and housing

A 2009 study of poverty carried out in the two cities as part of preparation for the 2010 Bank co-financed Water, Electricity and Urban Development Project (Projet d'eau, d'électricité et de développement urbain, PEEDU, in French) revealed a significant lack of access to basic infrastructure and services, confirmed by more recent data (2012) from UN-Habitat on Pointe Noire. Although the RoC has abundant water resources, only about 53 percent of the urban population has access to safe drinking water (although more are connected to the water network, the supply is too irregular to serve as reliable water source). Based on the 2009 poverty studies and the

most recent World Bank statistics in the Databank, an estimated 20 percent had access to adequate sanitation in 2012. The rate of urban households with access to electricity is about 55 percent. Access to transport is also problematic, as entire neighborhoods in both cities become inaccessible during the rainy season. Estimates made by the government and Bank during preparation of the proposed Urban Development and Poor Neighborhood Upgrading Project (UDPNUP) indicate that a total investment of US\$750 million would be required to upgrade these areas to acceptable standards. The government is implementing social housing programs, but the service standard is too high and consequently the poorer part of the population does not have access to affordable housing.

Problematic urban land management

Land administration in the RoC is characterized by a lack of land reserves for the development of economic activities and habitat and disconnect between the modern system for land regulation and customary law. Cities are affected by rapid, unmanaged urban expansion that commenced at the end of the period of conflict and has been exacerbated by unplanned public and private land allocation. On the basis of the recognition of the constitutional right of private property, the RoC has undertaken major legislative reforms since 2000 to promote land security and the regulation of urban occupancy. Most land is privately owned, but the reforms did not so far translate into a more effective and transparent land market, in large part because the proportion of landowners with formal titles remains low due to avoidance of land taxes. Informal housing development and land titling is carried out, most often based on irregular procedures, ranging from non-compliance of urban planning rules to improper transfer of property, compounded by the absence of adequate and implementable construction standards. There is very low level of knowledge of basic planning instruments and their application, even in public agencies involved in urban planning.

Uncompleted urban policies and decentralization processes

Due to rapid and unplanned urbanization and uneven geographical distribution of the urban population, and despite the RoC's great economic potential, the urban sector has not developed to become the driving force of the national economy. The prevailing sector policies in the RoC since independence in 1960 have not succeeded in providing a balanced development of municipalities and local communities. According to sector legislation, the municipalities are responsible for elaborating urban master plans and planning and implementing neighborhood upgrading on the basis of development options defined in the master plans, in full consultation with the population. However, existing legislation has never been fully enacted and implemented and previously well-functioning urban planning committees (which coordinated urban development at both central and local government levels) are no longer operational. Responsibility for urban planning and urban development at the national level is split between several ministries and agencies and the municipalities, making coordination difficult. The urban planning legislation has recently been updated, but is not yet operational due to lack of application decrees.

Since 2002, the government has embarked on a decentralization process to set the stage for development-oriented administration, promoting local democracy and achieving national unity. However, there are still major impediments to effective decentralization: (1) the weak management capacity of local governments and lack of internal organization in line with the mandate of service delivery, (2) inefficient generation and use of municipal resources, (3) inefficient mechanisms to involve citizens in the management of local affairs, and (4) limited and sporadic transfer of

financial resources. Taxes on developed and undeveloped properties constitute a major part of municipality resources – the principal of these is property taxes. Unfortunately, the collection rate of these taxes is very low since only landowners with titles are obliged to pay and the proportion of landowners with titles is five to eight percent in Brazzaville and Pointe-Noire. In the RoC local revenues are mostly collected by the center because of the highly centralized management of the fiscal chain. In addition, transfer of these local revenues from central government to local governments only takes place occasionally. In 2014, a new urban local occupancy tax of FCFA 1,000 (US\$1.6) per household was introduced, with the majority (85 percent) of revenues going to municipalities. This holds some promise of providing revenue for the municipalities, but collection has to be strengthened.

Commitment from the government to the urban sector and increasing support from donors

In 2004, the authorities launched the Programme de municipalisation accélérée (Accelerated Reconstruction of Municipalities Program), which is an infrastructure investment program aimed at stimulating local economies and improving living conditions. This program has already been implemented in nine of twelve Departments (first administrative sub-division), but lacks a substantial component dedicated to institution building and is mostly implemented directly by the central government. In 2012, more than FCFA 500 billion (about US\$1 billion) of the investment budget was devoted to the financing of large-scale infrastructure in the cities to restore infrastructure and provide access to basic services.

The Bank supported the government's program, starting in 2010, through the Water, Electricity and Urban Development Project (PEEDU, in French). The US\$125.5 million project is funded at 80 percent (US\$100 million) by the government and 20 percent by the Bank (US\$25.5 million). An additional financing for the project of US\$150 million for the electricity sector was approved in 2014 (US\$60 million blend IDA/IBRD and US\$90 million government financing). It is an example of the new partnership program with the RoC where the Bank's role is that of acting as a catalyst for change, assisting the country to improve selectivity and efficiency in its own programs. A more detailed description of the PEEDU activities and links with the proposed UDPNUP can be found in section III – Project Description and Annex 2.

Other donors also contribute to the urban development agenda. In particular the French Development Agency (Agence française de développement – AFD) is currently supporting storm water drainage and solid waste management in Brazzaville. The activities concern rehabilitation of nine main storm water drains, and support to improving the collection and disposal of municipal solid waste. They are developing a similar operation in Pointe Noire.

Under the PEEDU a new urban policy was elaborated and detailed in a sector policy letter. The policy letter provides a reference framework for 2012-2022 with regard to actions and investments in the urban sector and defines strategies to promote sustainable development of urban centers taking into account challenges related to urban organization, land administration, taxes, infrastructure, and service delivery. In this regard, the government is seeking the Bank's support to scale up interventions, with an increased focus on an integrated approach urban upgrading (as opposed to the sector approach under the PEEDU), through a co-financed program of US\$250 million to address issues of underserved settlements in Brazzaville and Pointe Noire.

II. Proposed Development Objectives

The project development objective is to: (1) improve access to infrastructure and basic services for poor people living in selected unplanned settlements in Brazzaville and Pointe Noire, and (2) strengthen government's capacity for urban upgrading.

III. Project Description

Component Name

Integration and Neighborhood Upgrading

Comments (optional)

Component Name

Neighborhood Upgrading Strategy

Comments (optional)

Component Name

Project Management

Comments (optional)

IV. Financing (in USD Million)

Total Project Cost:	250.00	Total Bank Financing:	80.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
Borrower			170.00
International Bank for Reconstruction and Development			80.00
Total			250.00

V. Implementation

The institutional and implementation arrangements are designed to support the longer-term vision of increasing municipalities' involvement in and responsibility for urban development and service delivery in general and in particular for future upgrading activities, in strong collaboration with communities. The approach is to take outset in arrangements already in place for the implementation of the PEEDU, which will contribute to keeping the arrangements simple, but to make certain adjustments and changes to these arrangements that will support increased responsibility of municipalities and participation of communities in project implementation and post-project operation and maintenance.

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****World Bank**

Contact: Mahine Diop
 Title: Senior Municipal Engineer
 Tel: 5371+384 / 2
 Email: mdiop4@worldbank.org

Borrower/Client/Recipient

Name: Government of the Republic of Congo
 Contact:
 Title:
 Tel:
 Email:

Implementing Agencies

Name: Min of Spatial Planning & Large Scale Public Wks.
 Contact: Maurice Bouesso
 Title: Project Coordinator
 Tel: 242055568787
 Email: mbouesso@yahoo.fr/pedu_congo@yahoo.fr

VIII. For more information contact:

The InfoShop
 The World Bank
 1818 H Street, NW
 Washington, D.C. 20433
 Telephone: (202) 458-4500
 Fax: (202) 522-1500
 Web: <http://www.worldbank.org/infoshop>