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

Appraisal Stage | Date Prepared/Updated: 15-May-2017 | Report No: PIDISDSA21309



BASIC INFORMATION

A. Basic Project Data

Country Congo, Republic of	Project ID P159979	Project Name Congo Commercial Agriculture Project	Parent Project ID (if any)
Region AFRICA	Estimated Appraisal Date 21-Mar-2017	Estimated Board Date 06-Jul-2017	Practice Area (Lead) Agriculture
Financing Instrument Investment Project Financing	Borrower(s) Republic of Congo	Implementing Agency Ministry of Agriculture, Fisheries and Livestock	

Proposed Development Objective(s)

The project development objective (PDO) is to improve productivity of farmers and market access for producer groups and micro, small and medium agribusiness enterprises, in selected zones, and provide immediate and effective response in the event of an eligible crisis or emergency.

Components

- Component 1: Direct support to producer groups and agribusiness MSMES
- Component 2: Improving public infrastructure and the business climate for commercial agriculture
- Component 3: Strengthening institutional capacities to support the development of commercial agriculture
- Component 4: Contingency emergency response

Financing (in USD Million)

Financing Source	Amount
International Development Association (IDA)	100.00
Total Project Cost	100.00

Environmental Assessment Category

B - Partial Assessment

Decision

The review did authorize the preparation to continue



Note to Task Teams: End of system generated content, document is editable from here.

Other Decision (as needed)

B. Introduction and Context

Country Context

1. The Republic of Congo (ROC) is sparsely inhabited, with a population of 4.4 million people and ranks among the least densely populated in the world (12.8/km²). The country has an urbanization rate of about 62 percent, with more than half of the population living in Brazzaville and Pointe-Noire, its two largest cities. Oil's share of total GDP increased from 56 percent in 2000-2004 to 66 percent in 2010-2014 and – despite the recent oil price decline – still accounts for more than half of GDP and more than 80 percent of total exports. Agricultural exports (palm oil, sugar, and cocoa) are stagnant and the country suffers from a rapidly deteriorating trade balance for food. ROC's cereal import dependency ratio is 94 percent¹.
2. **ROC is highly endowed in natural resources, but with poor social indicators.** The country is largely covered by the Congo Forest Basin, with 31 percent of its total surface area comprising cultivable land. The country is also endowed with significant hydrocarbon reserves with an estimated 1.6 billion barrels of oil reserves and with a proven 90 billion m³ of natural gas, respectively the 4th largest oil reserves and the 5th largest natural gas reserves in Sub-Saharan Africa. In addition, the country is significantly endowed in mining ore such as iron, potash and magnesium. However, ROC's key social indicators, notably health and education outcomes, as well as service delivery in these sectors, are much lower than countries with similar resource endowments, evidence of the Country's inability to harness its potential into dividends for its citizens.
3. **High vulnerability of the economy and inequality.** Despite steady GDP growth of 5 percent over the past 10 years, ROC continues to suffer from high rates of poverty and inequality due to jobless growth. 63 percent of the population are self-employed in either agriculture or the informal services, with youth severely affected by unemployment. The unemployment rate for those aged 15-29 is 32.7 percent.² The country has a Gini coefficient of 0.45 with a poverty incidence of 74.8 percent in rural areas against 32.3 percent in urban areas. Gender and disability have an indirect impact on poverty as women and disabled persons exhibit lower levels of education and employment opportunities. The ROC's Gender Inequality country index is 137 out of 157 countries. Cultural division of labor and a preference for boys regarding expenditure on education often work against women. The malnutrition rate remains high (32 percent), with a total of 1.4 million people estimated as

¹ FAO food security indicators. Figure is from 2010.

² Poverty Report Republic of Congo 2016



malnourished³ and 31 percent of children stunted. Food and nutrition insecurity is driven by: (a) inadequate access to quality food; (b) poor hygiene practices and lack of awareness of food and nutrition requirements; and (c) unsafe food.

4. **Business climate and access to financial services.** ROC was listed the 177th country out of 190 in the ranking of the World Bank Doing Business report 2017, which noted it takes an average of 50 days to register a business well beyond the regional average of 27.3. Access to finance is cited as the second highest constraint by businesses⁴. Bank credit to agriculture accounts for 6 percent of short-term credit and 17 percent of medium-term credit, and is focused primarily on the forestry industry⁵. Microfinance institutions are mostly focused on urban markets, and agriculture accounts for only 2 percent of *Mutuelles Congolaises d'Epargne et de Cr dit* (MUCODEC)'s portfolio (the largest microfinance institution). Low penetration of financial services in rural areas, knowledge of the agriculture sector and collateral requirements limit access to credit for producer groups and micro, small and medium agribusiness enterprises (MSME).
5. **Private sector development.** The private sector in ROC is largely fragmented with little or no structured public-private dialogue taking place to improve the enabling environment for business. The contribution of the private sector to growth is limited, as reflected by the level of private investments (excluding oil), which represents only 5 percent of GDP (against 14 percent on average in Sub-Saharan Africa and 25 percent of GDP in Asia). Sectors with strong growth potential identified by the Government include transport services, agribusiness, forestry and mining.
6. **Environment.** As part of its Reducing Emissions from Deforestation and Forest Degradation (REDD+) agenda, ROC is developing an Emissions Reductions Program in the Sangha and Likouala departments. The government program seeks to access a variety of REDD+ funding sources like the Forest Carbon Partnership Facility (FCPF), the Forest Investment Program (FIP), and the Central Africa Forest Initiative (CAFI). ROC's forests are at risk of deforestation due to mineral extraction, road development, illegal logging, agricultural expansion and charcoal collection. In addition, trends⁶ indicate that exposure to periods of intense rainfall has been increasing. ROC, in its recently submitted Intended Nationally Determined Contribution (INDC), has highlighted agriculture among its priority areas. Climate actions with regards to agriculture will embrace adaptation and mitigation through the promotion of agro-forestry plantations, an increase in the number of producer associations, and production of bioenergy.

³ Undernourishment means that a person is not able to acquire enough food to meet the daily minimum dietary energy requirements, over a period of one year. FAO defines hunger as being synonymous with chronic undernourishment. Food Hunger Map 2015.

⁴ Enterprises Survey Report surveyed in 2009

⁵ The Republic of Congo ranks 118 out of 190 countries in access to credit according to the World Bank Doing Business report 2017. In rural areas, 58 percent of rural adults save, but only 8 percent do so in a financial institution.

⁶ Country Adaptation and Risk Profiles (Republic of Congo).

http://sdwebx.worldbank.org/climateportal/countryprofile/home.cfm?page=country_profile&CCode=COG



Sectoral and Institutional Context

7. **Agriculture**, including forestry, employs about 40 percent of the labor force and contributes 5 percent of GDP. Approximately 498,000 people are actively engaged in agricultural production, of which 70 percent are female. With an average rainfall of 1,200 mm per year and only 2 percent of the 10 million hectares of arable land exploited, the agricultural sector holds potential for growth. ROC has three types of agricultural production systems: (i) *subsistence agriculture*, mainly composed of small-scale producers farming 1 to 2 hectares per household, and accounts for 90 percent of agricultural output. Subsistence producers cultivate primarily staple crops such as plantain, cassava, ground nuts, maize, potatoes, beans, banana, and yam. Yields of these crops are lower on average than in other Sub-Saharan countries mainly due to the poor quality of planting materials, the low use of fertilizer and the limited access to improved technologies and mechanization; (ii) *urban and peri-urban* agriculture is mainly composed of producers with small-scale gardens and semi-modern commercial farms producing for urban consumers; and (iii) *agro-industrial production* systems, mainly monocultures geared towards export markets or niche urban markets. Apart from that of sugar cane, the production of traditional export and cash crops (e.g. coffee, cocoa, palm oil and rice) collapsed over the past couple of decades. A few large private agribusiness investors have recently started to invest again in these crops (including large-scale maize cultivation and the revival of palm oil and cocoa plantations).
8. **The cumulative effects of the different production systems have left an undeniable impact on the environment.** Studies revealed that the sector contributes a total of 79 percent of greenhouse gas (GHG) emissions⁷. Subsistence farming has promoted deforestation through slash and burn shifting cultivation techniques. As a result, particularly in the Province of Plateau, producers are experiencing: (i) earlier planting times and longer crop cycles; (ii) soil degradation, which makes some crops no longer suitable; and (iii) greater occurrences of flooding. Lastly, peri-urban vegetable and fish farming are competing with growing demand for water from urban dwellers.
9. **Gender in agriculture.** Women are underrepresented in politics and higher levels of government, even though the Family Code protects them against racial, ethnic and sexual discrimination. Women earn less than men and are more likely to be self-employed as they do not have equal opportunities for accessing secondary education and paid employment. Labor market analyses show that gender employment gaps result from unequal access to education and skills training. Lack of education gives women limited power in business and social dealings with men, who typically are better educated. Women are customarily encouraged to focus on subsistence farming, family and child-rearing activities (fertility rate is high at 3.8 percent) and, as a result, 70 percent of the country's agricultural workforce are women. Congolese women face additional barriers compared to men in accessing credit, agriculture inputs, land ownership and labor.
10. **Agricultural skills, competencies and jobs.** Access to formal paid wage job is very limited

⁷ CCKP's Country Adaptation and Risk Profiles (Republic of Congo).



for the youth who are more likely to be unemployed. If they manage to find a job, those aged 15-29 are more likely to be employed by a household (15 percent) or by an SME (12 percent)⁸. There is only one institute for higher education in agriculture, *Ecole Nationale Supérieure d'Agronomie et de Foresterie* (ENSAF), with approximately additional 7 agriculture vocational skills training centers. They are under resourced and do not offer all of the relevant skills and entrepreneurship training. Internship arrangements with the private sector are difficult to organize and the capacity to train masters and doctoral students is limited.

11. **Demand for food is high and growing in domestic and regional markets.** ROC is highly dependent on food imports, with a negative trade balance. Food imports increased from US \$197 million to US\$240 million between 2007 and 2013, and spiked to US\$353 million in 2011. Volumes of imported food in 2013 included 104,567 tons of wheat, 50,581 tons of palm oil, 45,878 tons of chicken meat, 41,541 tons of rice and 38,455 tons of wheat flour⁹. The domestic cassava market is valued at US\$ 174 million with some value addition already taking place. Cassava is consumed by 90 percent of the population. There is a high consumption of chicken at household level and consumption of other livestock products is expected to grow significantly, e.g. 80 million eggs and 15,000 tons of pork per annum by 2020¹⁰. Demand for milk (and milk-based products) is high and growing. Fish consumption is at 24.4 kg per head per year, one of the highest in Africa. Other regional markets present sizable opportunities as well, for instance the Kinshasa market (over 12 million inhabitants) in the Democratic Republic of Congo, or other neighboring countries such as Angola, Gabon and Cameroon.
12. **Food safety concerns are huge and compounded by the absence of a food policy and regulatory framework.** No analysis has been done to understand the national cost of food borne diseases (e.g. loss of human lives, cost of treatment and loss of income especially on poor households). Food safety issues from imports include: (i) food spoilage; (ii) absence of harmonized food and product standards; (iii) poor product quality (e.g. expired food, deceitful labelling and high levels of preservatives in food); (iv) limited coordinated national surveillance and inspection capacity; and (v) no laboratories for food testing. In addition to the risks created by limited awareness amongst consumers and low levels of hygiene standards (e.g. unregistered food street vendors & unsanitary urban markets), additional food safety risks from domestic agriculture include: (i) the use of animal waste and sewage on crops as agriculture fertilizer; (ii) poor harvesting and post-harvest handling (raises risks of mycotoxins and aflatoxins); and (iii) unhygienic agricultural transport systems.
13. **Every segment across the agriculture value chain is characterized by under development and fragmentation.** Most inputs are imported, at high cost with no quality assurance. Agricultural production is performed in a rudimentary, inefficient, low input-output model making unit costs of production much higher than imported commodities. The

⁸ Republic of Congo Poverty Assessment 2016.

⁹ FAOSTAT.

¹⁰ Plan de développement du secteur Agricole –PDSA département BRAZZAVILLE, Rapport SOFRECO CEAREPE.



transport sector is managed by cartels that fix the transport prices, making it difficult for producers to transport commodities and processors to source primary material. There is only a few domestic agro-processing companies and the distribution and retail of food is done mostly through formal open markets, informal markets and small corner stores. There are only seven registered retail outlets (supermarkets) in urban areas selling mostly imported food.

14. **Commercial agricultural production is constrained by a multiplicity of factors.** The competitiveness of domestic production – in value chains such as poultry, piggery, and fish for livestock, cassava and groundnuts for staple crops, and cocoa and palm oil for cash crops – is hampered by: (i) sector specific legislative and governance constraints (seed policies, land access, food safety policies and guidelines, taxes and registration procedures for the legal status of cooperatives); (ii) weak producer organizations (iii) non-existent agricultural extension and veterinary services and obsolete Research and Development (R&D) capacity; (iv) high costs of agricultural inputs (seeds, fertilizers, land, animal feed, credit); (v) an ageing and under skilled workforce; and (vi) poor road and communication networks and costly logistics and energy services.

15. **A substantial number of smallholders have the potential to engage successfully in commercially demanding value chains.**¹¹ These producers are found amongst farms located outside cities and towns (urban and peri-urban) as well as within specific value chains (e.g. cocoa, palm oil).¹² These producers work in groups but are often marginalized from higher-value markets due to high unit costs of production, poor infrastructure and limited access to credit and technical assistance. Three main profiles have been identified in the ROC of SMEs that are currently operating in the agribusiness sector and could establish business relationships with producer groups for commercial agriculture: (i) suppliers of critical inputs (e.g. day-old chicks, veterinary medicine and technical assistance provided by Transcontinental Business Néerlandais (TBN) in Pointe-Noire); (ii) off-takers for agricultural products (e.g. tropical fruits to produce concentrate bought by Bayo in Brazzaville); and (iii) firms that are both input suppliers and off-takers (e.g. supplying cassava cuttings then purchasing of cassava for saka-saka processing by Agridec in Dolisie).

¹¹ M.H. Collion, Rural Productive Partnerships: An Inclusive Agribusiness Model for Overcoming Small-holder Market Barriers, World Bank, 2012. This finding is echoed by studies in Africa and Asia which indicate that 50-70% of farmers are unable to move out of subsistence (S. Ferris et al., Linking Smallholder Farmers to Markets and the Implications for Extension and Advisory Services, MEAS Discussion Paper 4, 2014).

¹² The Ministry of Agriculture holds a Registry of Farmer Cooperatives that totals 1,055 cooperatives nation-wide, out of which 25% (approximately 250) are estimated to be active according to a survey conducted by the Ministry in 2015. According to records from ongoing projects (PDARP, PADE), there are approximately more than 500 additional active producer groups that are not registered with the Ministry since they registered at the Department level or they decided to register as an Association with the Ministry of Interior instead. There are therefore approximately 800 active producer groups (associations/cooperatives) in Congo, totaling approximately 16,000 smallholders.



C. Proposed Development Objective(s)

Note to Task Teams: The PDO has been pre-populated from the datasheet for the first time for your convenience. Please keep it up to date whenever it is changed in the datasheet.

Development Objective(s) (From PAD)

The project development objective (PDO) is to improve productivity and market access for producer groups and micro, small and medium agribusiness enterprises, in selected zones, and provide immediate and effective response in the event of an eligible crisis or emergency.

Key Results

1. Direct beneficiaries, of which Female beneficiaries (Percentage) (Core);
2. Average seasonal yield per standard area of specific crops among targeted farmers; and
3. Increase in marketed production volume of raw and processed products by producer groups and MSMEs supported by the project.

D. Project Description

16. **Key issues to be addressed.** Through the support of the emergence and the revival of a competitive commercial agriculture sector, the project will address: (a) access to market with: (i) consistent supply of high volumes of quality produce meeting market requirements for commercial and industrial production; (ii) high quality value added agricultural products; (b) an enabling business environment with: (i) favorable legislation; (ii) a partnership framework for public-private dialogue between agricultural stakeholders; and (iii) an enabling institutional framework for private investors in the agricultural sector; and (c) an ecosystem of services that provide actors with: (i) appropriate inputs (feed for livestock, seeds, organic fertilizers, finance, processing technology, micro-irrigation equipment, etc.); (ii) a qualified workforce; (iii) marketing infrastructure (logistics, agricultural feeder roads, storage); and (iv) access to water and electricity.



17. **Additional development challenges to be considered.** The project will also help address nutrition and food insecurity by promoting producer groups’ access to nutrition and climate sensitive technology, agriculture extension services, and by supporting MSMEs to produce fortified and enriched foods in the market. Skills development and job creation for youth challenges (auto-employment, semi-permanent, temporary jobs, etc.) will be addressed through support to internship arrangements between institutes of higher learning and the private sector.

The gender gap with respect to access to services, inputs and finance and ownership of economic resources will be reduced by promoting female producer groups’ access to matching grants. Female owned MSMEs will also be promoted through access to a tailored technical assistance package for women MSMEs (business leadership, entrepreneurship training, mentorship and networking support).

Box 1: Targeting Principles

Two basic principles will guide project design: (i) an open menu approach with respect to the selection of value chains, subsectors and business opportunities; and (ii) a geographical concentration and targeting of project interventions where commercial opportunities and the need for support have been identified and expressed by market actors (producers, processors and others). The rationale for an open menu is to avoid excluding any potentially viable value chain and business opportunity. The project’s geographical focus will start where commercial agriculture has the strongest potential: the three main cities of Brazzaville, Pointe Noire and Dolisie and in the North of the country. In its first component, the project will directly support private sector initiative in agriculture by facilitating market access for producer groups and agribusiness MSMEs. Support to producer groups will follow a Productive Alliance approach through which these producer groups target new markets and seek to establish commercial relationships with buyers and off-takers. Support to MSMEs will focus on helping agribusiness firms to connect with specific off-takers and markets (both domestic and export), through sound business plan development, supply chain development for sourcing quality raw materials, and access to know-how to improve processing techniques, relevant market information and/or equipment, etc.

The second component will support public investments in agricultural service roads and other improved public infrastructure (e.g. access to electricity and water supply for agro-processing) selected based on the location (clustering) of the demand for sub-projects from producer groups and agribusiness MSMEs in Component 1. Producer groups and agribusiness MSMEs will need to identify

Targeting principles and the approaches by component are described in Box 1.

A. Project Components

Component 1: Direct support to producer groups and agribusiness MSMEs (IDA: US\$25 million)

18. Component 1 seeks to increase productivity and value addition along value chains, and improve food and nutrition security. Support provided under this component will be through a matching grant program financing technical assistance and productive investments to support production, marketing and processing activities. This component has two sub-components.



Subcomponent 1.1: Sustainable intensification and commercialization of crop and animal production (IDA: US\$ 20 million)

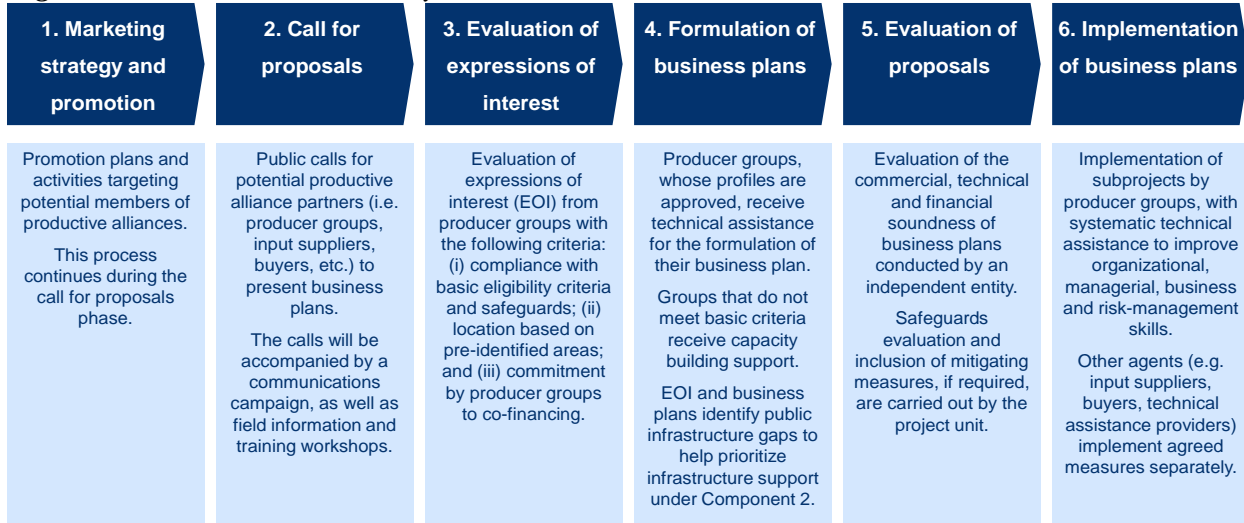
19. **Objective and instruments used.** This subcomponent will support producer groups in Productive Alliance arrangements with buyers and markets for increased production, value addition and improved marketing of their products. It will support the intensification of production and commercialization of products within supported value chains through technical assistance and financing of business plans using a matching grant scheme administered through a Productive Alliance approach.
20. **Productive Alliance approach.**¹³ Productive Alliances will aim to develop the managerial and technical capacity of producer groups and help them implement business plans that include support for productive investment (access to inputs, production facilities, nutrition and climate-sensitive technology) and technical assistance (agriculture advisory, extension services and business development skills and practices). The project will also seek to strengthen existing business arrangements between producer groups and buyers and/or support new ones.
21. **Business plans.** Producer groups will be supported to translate their vision and strategy into a business plan that clearly identifies specific markets, marketing plans and technical and financial needs. Business plans are expected to finance a series of investments (depending on market requirements, the supply chain and associated constraints), such as: (i) improved access to quality inputs (e.g. seeds, cuttings, chicks, fertilizer, feed, water through small pumped and piped irrigation systems, etc.); (ii) infrastructure and/or equipment for processing; and (iii) infrastructure and/or equipment to improve the storage and transport to reach target markets. Investments will systematically be accompanied with technical assistance to install and maintain the investment and to improve the producer group's marketing skills and management of its business and finances. The matching grants, however, will be awarded based on a competitive process. Applicants will have to meet a set of eligibility criteria to present their business plan, which will then be assessed on the basis of additional relevant prioritization criteria¹⁴. In forest areas, application of REDD+ principles will for instance be a precondition for relevant value chains. Female producer groups will receive tailored technical assistance that will include business leadership networking support to enable them to access markets and manage business operations.

¹³ See Annex 1 for more detail on the Productive Alliance approach.

¹⁴ See Annex 1 for more detail on the Matching Grant's selection process.



Figure 1: Productive Alliance Cycle



Subcomponent 1.2: Development of agro-industrial activities (IDA: US\$ 5 million)

22. Objective and instruments used. This subcomponent will support the competitiveness of MSMEs involved in agribusiness, from input supply to the production, processing and distribution of agricultural products, as well as the delivery of agri-based services. These actors face efficiency challenges linked to the cost of processing, packaging and marketing their products. Efficiency gains in operations will result in higher quality agricultural products (nutritional and safety standards compliant), jobs (full, part-time and seasonal), and a secure market that rewards farmers with quality produce with higher prices. Female owned MSMEs will access a technical assistance plus package (business leadership, entrepreneurship training, with additional mentorship and networking support) to support them to bridge specific gender related challenges. This subcomponent will aim to allow MSMEs to have better access to training, equipment and skills they need to develop their business.

23. Business plans. Agribusiness MSMEs will be able to apply for grants on a competitive basis through the same matching-grant scheme as the one described for Subcomponent 1.1. They will have to submit a business plan that identifies market demand for the firm’s products and services and shows returns on investment and financial sustainability of the firm’s operations, while clearly demonstrating that the investment contributes to addressing at least one of the following challenges: product upgrade, process improvement, new product development, volume increase, or reduction of the environmental footprint. The matching grants will cover technical assistance and equipment. Technical assistance will systematically accompany equipment requests to ensure the proper use and maintenance of the investment. Eligibility and prioritization criteria will be applied to maximize the transparency of the



selection process and the sustainability of the investments made and assistance received¹⁵.

Component 2: Improving public infrastructure and the business climate for commercial agriculture (IDA: US\$ 45 million)

24. This component aims to foster the development of commercial agriculture by lifting constraints in terms of infrastructure and business climate. This component consists of two sub-components:

Subcomponent 2.1: Public infrastructure for the development of commercial agriculture (IDA: US\$ 37 million)

25. **Objective and instruments used.** This subcomponent will contribute to the development of basic infrastructure essential for the promotion of commercial agriculture and the emergence of an agro-industry. It will include public investments in the rehabilitation and maintenance of the feeder road network and improved access to other public infrastructure (e.g. access to electricity and water supply for agro-processing, and other public infrastructure) in a targeted way.

26. **Prioritization criteria.** High logistical costs and limited access to markets are major obstacles faced by the private sector. To address these important issues, the project will make a provision to ensure public investments in infrastructure: (i) are identified by the Government as infrastructure of a public nature; and (ii) are located in targeted geographic zones where producer groups and MSMEs promoting commercial agriculture development express interest in receiving Productive Alliance and / or MSME support (see Component 1).

27. **Sustainability of investments.** Technical assistance will also be provided through this subcomponent to selected departmental councils to implement the new road maintenance strategy developed with the assistance of the Agricultural Development and Rural Roads Rehabilitation Project (PDARP) in order to make such maintenance more sustainable.

Subcomponent 2.2: Governance and regulatory framework for commercial agriculture (IDA: US\$ 8 million)

28. **Objective and instruments used.** This subcomponent aims to improve the legal and regulatory framework for commercial agriculture. It will do so by: (i) establishing and financing platforms for public-private dialogue on commercial agriculture at the departmental and national levels to identify needed reforms; (ii) providing technical assistance to draft the identified legislation and regulations; (iii) policy advocacy with parliamentarians (e.g. policy notes, sensitization, training); and (iv) conducting sensitization, dissemination and training activities toward relevant stakeholders (i.e. ministries and public institutions, producer groups, agribusiness MSMEs and other private sector actors, etc.) on drafted legislations and regulations pertaining to commercial agriculture.

29. **Public-Private Dialogue (PPD) on commercial agriculture.** The project will build on the mechanism for public-private dialogue put in place with the support of PADE to start a

¹⁵ See Annex 1 for more detail on the Matching Grant's selection process.



public-private dialogue specifically on commercial agriculture by providing technical assistance and budget support to set up and operate PPD platforms¹⁶ on commercial agriculture at the departmental and national levels. The platforms are expected to identify and contribute to building consensus around changes to legislation and practices that constrain commercial agriculture.

30. **Identified reforms.** Some of the needed improvements to constraining legislation specific to commercial agriculture have already been identified with stakeholders and their drafting will be supported by the project. The legislation pertains to: (i) compliance with *the Organisation pour l'Harmonisation du Droit des affaires en Afrique* (OHADA) Uniform Act on Cooperatives; (ii) National Seed Policy in compliance with the norms of the Economic Community of Central African States (CEEAC); (iii) Rural Code to clarify and secure land access; and (iv) food safety policy and regulatory framework, standards and the certification of products¹⁷.

Component 3: Strengthening institutional capacities to support the development of commercial agriculture (IDA: US\$ 30 million)

31. The objective of this component is to strengthen the capacity of public and non-public service providers involved in the implementation of project activities and / or supporting the development of commercial agriculture in the Republic of Congo. At the same time, it will ensure and oversee the successful management and implementation of the project, while making a provision to enable an immediate response in case of declared crisis or emergency. This component has three sub-components:

Subcomponent 3.1: Capacity-building of institutions providing support to commercial agriculture (IDA: US\$20 million)

32. **Objective and instruments used.** The subcomponent will provide equipment, training and operating cost support to government and non-government actors that are necessary for commercial agriculture to succeed, including a number of technical departments of the Ministry of Agriculture, Livestock and Fisheries (MAEP).
33. **Targeted institutions.** These capacity-building efforts will target institutions involved in key areas related to: (i) agricultural statistics services; (ii) the access to improved genetic materials; (iii) the implementation of the reform of the national public system for agricultural extension and advisory services; (iv) the agricultural vocational and higher education training systems; and (v) the policy framework for food safety, quality standards and product certification supported in Subcomponent 2.2¹⁸.

¹⁶ When business practices and legislation identified by these sector-specific PPD platforms are economy-wide in nature (e.g. easing business entry and business exit, facilitating trade across borders, etc.), the project will share these inputs with PADE, which is better placed to address them. When identified reforms are specific to commercial agriculture, and if a strong consensus can be built with stakeholders from the public and private sectors around them, the project will provide support for their drafting through this subcomponent.

¹⁷ See Annex 1 for more detail on the reforms that have been identified.

¹⁸ A list of the institutions identified for capacity-building support includes: (i) the Studies and Planning Department of MAEP; (ii) the Ministry of Scientific Research and Technical Innovation through the *Institut National de Recherche Agronomique* (IRA) and the *Centre National de Semences Améliorées* (CNSA), among others; (iii) the



Subcomponent 3.2: Project management, coordination and monitoring at national and provincial levels (IDA: US\$ 10 million)

34. This subcomponent will support project management, coordination, communication, monitoring and evaluation, adequate monitoring of the environmental and social safeguard policies, at the national level as well as at the departmental levels. Under this subcomponent, a strong fiduciary management system will be introduced and an effective monitoring and evaluation framework will be designed, which will not only monitor impact indicators, but will also ensure real time data collection that will facilitate the adoption of corrective measures in a timely manner and even attempt to integrate the data into the national agricultural statistics database.
35. Through this subcomponent, the project will finance a baseline study, mid-term review study, final impact assessment, the recruitment of staff, consultancy services, the acquisition of property and equipment, and will support relevant seminars and training, as well as diverse operating costs to supervise the project activities.

Component 4: Contingency emergency response (IDA: US\$ 0.0M)

36. This component will provide support for immediate response to an eligible crisis or emergency, as needed. A crisis or emergency eligible for financing is: an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Borrower, associated with a natural or man-made crisis or disaster. Rapid disbursement of funds will allow the Government to request a reallocation of project funds to partially cover emergency response and recovery costs. This component will be triggered if: (i) the Government has determined that an eligible crisis or emergency has occurred and has furnished to the Bank a request to include said activities in the Contingency Emergency Response Component (CERC) for emergency response; (ii) the Government has prepared and disclosed all safeguards instruments required for said activities; (iii) the Borrower has adopted the CERC Operations Manual (OM) in form, substance and manner acceptable to the Bank. A specific OM for this component will be prepared detailing financial management, procurement, safeguards, and any other necessary implementation arrangements. While Components 1, 2 and 3 focus on pre-crisis disaster risk mitigation and climate resilience enhancement measures, Component 4 will help to strengthen the Government's capacity to respond effectively to an eligible crisis or emergency.

E. Implementation

Institutional and Implementation Arrangements

37. The institutional arrangements proposed for this project, under the supervision of the

Cooperative Action Department of MAEP and Agricongo among others; (iv) the Ministry of Higher Education through the *Ecole Nationale Supérieure d'Agronomie et de Foresterie* (ENSAF), among others; and (v) institutions identified through the food safety reform supported in Subcomponent 2.2. See Annex 1 for more detail on the institutional capacity-building work of Subcomponent 3.1.



Ministry of Agriculture, Livestock and Fisheries (MAEP), includes the following supervisory and implementation bodies: (i) a Steering Committee; (ii) a National Coordination Unit of the project (including a Matching Grant scheme); (iii) Project Implementation Units at departmental level; (iv) technical service providers (public, private, NGOs); and (v) financial institutions, which will render financial services to the private sector (producer groups, agribusiness MSMEs) (See Figure 2).

38. Public service providers will participate in the project through the structures of the MAEP, The ongoing reform of MAEP and the introduction of specialized agencies is an opportunity for re-thinking and repositioning the role of public technical services, including agriculture advisory and extension services.

Steering Committee (CP)

39. A high level Steering Committee will be officially established before effectiveness. It will be chaired by the Minister in charge of Agriculture and composed of representatives of key project stakeholders (relevant ministries, private sector, and civil society including producer groups) in the project. The Steering Committee will be responsible for the strategic direction, operational oversight, communication and overall good governance of the project.

National Project Coordination Unit (NPCU)

40. It is proposed that the current PDARP national project coordination unit, with a proven track record in administrative and fiduciary management, be retained and strengthened to coordinate and manage the Commercial Agricultural Project. The NPCU will be responsible for project implementation, management, coordination, monitoring and evaluation, and supervision. The NPCU will rely on specific expertise, including the hiring of an independent firm contracted for the management of the matching grant program of Component 1.

Project Implementation Units (PIUs)

41. Four Project Implementation Units will be established at departmental level to support specific zones targeted by the project. They will ensure project activity monitoring and evaluation as well as receive and process complaints related to the implementation of the project in collaboration with the authorities and civil society.

Note to Task Teams: The following sections are system generated and can only be edited online in the Portal.

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

The project envisages to target 3 main high potential agricultural zones as defined in the Schema National d'Aménagement du Territoire (National Spatial Master Plan). These are (i) agri-zone 1 South Corridor Brazzaville - Pointe Noire, (ii) agri-zone 2 Central Corridor Konda- Oyo-Lekye- Gambona, including special economic zone Oyo-Owando where fisheries and palm oil are being promoted; and (iii) agri-zone 3 North



special economic zone Ouessou where cocoa, coffee and palm oil are being promoted.

G. Environmental and Social Safeguards Specialists on the Team

Lucienne M. M'Baipor, Grace Muhimpundu, Claude Lina Lobo

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>Activities from Subcomponent 1.1: Intensification of Agricultural and Livestock value chains; Subcomponent 1.2: Development of logistic, trade and business services; and Subcomponent 2.1: Public Infrastructure for Agribusiness and Agro industrial Development are expected to impact environment and these impacts are evaluated to be moderate, localized and manageable; so the project is classified to the EA category "B". And the Environmental Safeguards Policies triggered are PO/PB 4.01 "Environmental Assessment"; PO/PB 4.04 "Natural Habitats"; OP/PB 4.09 "Pest management and pesticides"; PO/PB 4.10 "Indigenous Peoples"; PO/PB 4.11 "Physical Cultural Resources"; OP/PB 4.12 "Involuntary Relocation"; PO/PB 4.36 "Forests"; OP/PB 7.50 Projects relating to International Waterways; PO/PB 17.50: Right of access to information.</p> <p>To ensure that any environmental issues by the project activities are appropriately addressed, the safeguard instrument elaborated according OP/BP 4.01 is the Environmental and Social Management Framework (ESMF). This one is also designed to serve as a guide for developing ESIA's and ESMPs as needed, when the exact sites of sub-projects will be known. In particular, the ESIA will include a diagnostic of the project areas, potential environmental adverse impacts, 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</p>



		<p>included in construction/installation contracts to ensure that contractors' ESMPs address relevant mitigation measures.</p> <p>The ESMF include specific sections to address all issues related to OP/BP 4.04 on Natural Habitats; OP/BP 4.36 on Forests and OP/BP 4.11 on Physical Cultural Resources.</p>
Natural Habitats OP/BP 4.04	Yes	<p>OP/BP 4.04 is triggered to enable the project to perform the screening of the identified sites and their vicinities relative to natural habitats, the aim is to avoid project activities to create significant degradation of natural habitats. Project will also seek to identify appropriate conservation measures, follow-up, assessment and management of natural habitats within the project area. The Government will be encouraged to provide necessary information to the people and to provide them with the right incentives to protect and to support the conservation of natural habitats and to facilitate, if necessary, the rehabilitation of degraded habitats.</p>
Forests OP/BP 4.36	Yes	<p>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.</p>
Pest Management OP 4.09	Yes	<p>OP/BP 4.09 is triggered because the project supports activities that requires the use of pesticides, fertilizers, vaccines and other chemicals like in the production of eggs, of cattle feed and veterinary products in the poultry, goats, pigs, cattle, fish farming and aquaculture, and some projects activities will lead to a surge in the use of pesticides and fertilizers which can create negative effects on the environment. This policy supports the integrated pest control approaches. It identifies pesticides that can be financed under the project and develop an appropriate plan of pests to deal with risks. To comply with this policy a Plan of Management of Pests and Pesticides (PMPP) was prepared in separated document from the ESMF.</p>
Physical Cultural Resources OP/BP 4.11	Yes	<p>This policy, OP/BP 4.11, is triggered by the project because during implementation of project activities, it is possible to discover or to affect some cultural</p>



relics. The Physical Cultural Resources Policy aims to protect cultural resources, to avoid any significant conversion (loss) or degradation of these resources. To be in compliance with this policy, project has developed, into a separate document, the Physical Cultural Resources Framework (PCRF).

Indigenous Peoples OP/BP 4.10

Yes

Indigenous Peoples are found on a large part of the Republic of Congo's rural territory, and a number of the areas visited under project preparation and evaluation phase are known to inhabit Indigenous Peoples (IPs). This includes the Cuvette (Oyo-Owando), in the Sangha (Ouesso), and Plateau (Oyo, Gamboma). Since the project will be implemented at the national level, with specific zones of interventions yet to be identified (based on targeted crops, agribusiness, and in accordance to the national agricultural plan), the project has prepared an Indigenous Peoples Policy Framework (IPPF), which will establish the framework for consultation and inclusion of IPs in the project areas. The project will identify various IPs associations and IP communities in the selected zones as collaborators, as well as potential CSOs and local NGOs. Once the specific sites are known, an Indigenous Peoples Plan (IPP) will be development, and it would identify the targeted IPs, and ensure their inclusion as beneficiaries of project activities, in a culturally appropriate and inclusive manner.

Involuntary Resettlement OP/BP 4.12

Yes

Activities suggested in Component 2, Subcomponent 2.2 "Public Infrastructure for Agribusiness and Agro industrial Development", may require acquisition of land. Due to low population density in rural areas, however, the risk of physical resettlement is minimal, although there may be potential economic displacement or loss of assets.

The project has prepared the Resettlement Policy Framework (RPF) since the exact site locations are yet unknown, and eventually Resettlement Action Plans (RAP) or Abreviated Resettelement Action Plans (ARAP) will be prepared to mitigate potential negative impacts.

This new project is to some regards an extension of the Agricultural Development and Rural Roads Rehabilitation Project (P095251, and Additional Finance P145627). The project established an escrow



account of US \$500,000 for resettlement compensation. Since the project did not require any land acquisition and therefore did not induce any resettlement (physical or economic displacement), no RAPs were prepared for the project. The funds in the escrow account remain unused, and the account will be transferred to the new project in order to fund potential compensation cases for the new Commercial Agriculture project.

Safety of Dams OP/BP 4.37

No

This Safeguard Policy is not triggered because no project activities involved in dams or located in their vicinities.

Projects on International Waterways
OP/BP 7.50

Yes

OP 7.50 is applicable to the Project because activities may have an impact on the Congo, Oubangui and Sangha river basins, all of which are international waterways. ROC is one of the riparians of the Congo-Oubangui-Sangha basin together with DRC, Central African Republic, Cameroon, Gabon, and Angola. The proposed Project covers primarily high potential agricultural zones around the main cities of Brazzaville, Pointe Noire and Dolisie, the south corridor along the national road from Brazzaville to Bouenza and Kouilou and the northern part of country, Sangha and Likouala. The planned rehabilitations of irrigation systems are very small in size. Most of these schemes will be located around the three big cities and markets of Brazzaville, Pointe Noire and Dolisie (using the rivers of Djoué, Niari, Kouilou ...), the country's bread basket and where 70% of the population live. The task team has carefully considered any potential impacts of the proposed investments, and because that: (i) the project will not cause appreciable harm to the riparian countries; and (ii) no activities are expected to have any adverse effects on the water quality or quantity, no notification is required under OP 7.50 since the project deals only with micro/minor irrigation rehabilitation, and thus falls under the exception to the notification requirement under paragraph 7 (a) of the Policy. An exception memo has been prepared and was approved by the AFRVP on May 15, 2017.

Projects in Disputed Areas OP/BP 7.60

No

This Safeguard Policy is not triggered.



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:

In agricultural development and infrastructure implementation, the expected negative impacts are inherent in deforestation and the loss of biodiversity; soil erosion, silting of rivers, degradation of water courses; pollutions and nuisances, the generation of construction waste, rubble and other demolition residues, disruption of activities on land rights, etc.

In the operational phase, the risks relate to pollution and degradation of watercourses linked to the use of pesticides and fertilizers; pollution and nuisance due to solid and liquid waste from agricultural activities, pollution of the environment by sewage and solid waste disease, risk of accidents, risks (HIV / AIDS) and development of water-related diseases (malaria, bilharziasis), social conflicts related to local customs and practices; losses of land and socio-economic income sources; influx of the population as a result of the installation of structuring facilities, strong pressure on land and water with increasing development.

Terrestrial and aquatic habitats (wetlands) can be altered mainly during the start-up and implementation phase of agricultural. But globally, all these impacts are evaluated to be moderate, localized and manageable.

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

This project would increase agricultural productivity, enhance food security and nutrition. No adverse long term or indirect environmental or social impacts are expected.

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

There are no significant negative impacts of the project, designed on the contrary to have positive social and environmental impacts. No alternatives were therefore considered to avoid 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.

Based on experience gained through the implementation of the Agricultural Development and Rural Roads Rehabilitation Project, a Category B project, the capacity of the Implementing Agency housed in the Ministry of Agriculture to implement the Bank's environmental and social safeguards policies is considered high. An environmental specialist has been included as part of the PIU core team, and the project will recruit a social specialist. The two specialists will monitor and supervise the environmental and social measures as recommended in the various safeguards instruments for the project. The current environmental specialist, as well as the Project Coordinator have both benefitted from the World Bank organized capacity-building initiative in November 2016.

Finally, to manage and monitor safeguards implementation in a timely manner, the PIU will prepare quarterly reports of the implementation of the safeguards instruments. The Project will equally ensure that all the instruments (in accordance with OP 4.01, OP 4.10, OP 4.11 and OP 4.12) put in place and the Grievance Redress Mechanisms (GRMs). The project will monitor indicators set forth in the safeguards instruments. To this extent, the two safeguards specialists in the PIU, will closely collaborate with the M&E specialist in the PIU, and reflect the findings in the quarterly reports.

An important lesson learned under the previous Agriculture project was the poor management of grievances. The



mechanism as established in the safeguards documents were not appropriate or applicable to existing local structures. The PIU has drafted a new GRM to manage complaints ensuing from the new project.

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

The key stakeholders outside of government structures are agricultural producers, civil society, private sector (MSMEs and SMEs), Indigenous Peoples communities and representatives. Overall, the design of the project has been participatory at various levels, through consultation with the different stakeholders throughout preparation. This is complemented with additional consultations as part of the review of safeguards instruments. Representatives of the national government formulated the design of the project, while regional governments, local authorities, and conservation actors provided inputs. The project will be implemented with the participation of local stakeholders.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank	Date of submission to InfoShop	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
20-Mar-2017	31-Mar-2017	

"In country" Disclosure

Resettlement Action Plan/Framework/Policy Process

Date of receipt by the Bank	Date of submission to InfoShop
20-Mar-2017	31-Mar-2017

"In country" Disclosure

Indigenous Peoples Development Plan/Framework

Date of receipt by the Bank	Date of submission to InfoShop
20-Mar-2017	31-Mar-2017

"In country" Disclosure



Pest Management Plan

Was the document disclosed prior to appraisal?

NA

Date of receipt by the Bank

20-Mar-2017

Date of submission to InfoShop

31-Mar-2017

"In country" Disclosure

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 instruments were disclosed in country and on the Bank's Infoshop prior to Negotiations (May 5, 2017). Any ensuing safeguard instruments (IPP, ESIA, RAP, and/or PSR) will also be publicly disclosed prior to implementation. The project team will ensure that all compensation and resettlement is completed prior to any civil works.

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?

NA

OP/BP 4.04 - Natural Habitats

Would the project result in any significant conversion or degradation of critical natural habitats?

No

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

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 4.10 - Indigenous Peoples

Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?

Yes

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

Yes

If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager?

NA

OP/BP 4.12 - Involuntary Resettlement

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

NA

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

OP/BP 4.36 - Forests

Has the sector-wide analysis of policy and institutional issues and constraints been carried out?

NA

Does the project design include satisfactory measures to overcome these constraints?

NA

Does the project finance commercial harvesting, and if so, does it include provisions for certification system?

Yes

OP 7.50 - Projects on International Waterways



Have the other riparians been notified of the project?

Yes

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

Has the RVP approved such an exception?

Yes

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?

No

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?

No

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

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APPROVAL

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Note to Task Teams: End of system generated content, document is editable from here.