



# Project Information Document (PID)

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Concept Stage | Date Prepared/Updated: 25-Jul-2019 | Report No: PIDC26183



**BASIC INFORMATION**

**A. Basic Project Data**

Country Congo, Democratic Republic of	Project ID P169021	Parent Project ID (if any)	Project Name National Agriculture Development Program (P169021)
Region AFRICA	Estimated Appraisal Date Apr 20, 2020	Estimated Board Date Jul 07, 2020	Practice Area (Lead) Agriculture and Food
Financing Instrument Investment Project Financing	Borrower(s) Democratic Republic of Congo	Implementing Agency Ministry of Agriculture	

**Proposed Development Objective(s)**

To improve agriculture productivity and market access of smallholder farmers in selected regions and strengthen public sector capacity to respond to eligible agriculture sector emergencies.

**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	500.00
<b>Total Financing</b>	500.00
<b>of which IBRD/IDA</b>	500.00
<b>Financing Gap</b>	0.00

**DETAILS**

**World Bank Group Financing**

International Development Association (IDA)	500.00
IDA Credit	500.00

Environmental and Social Risk Classification  
Substantial

Concept Review Decision  
Track II-The review did authorize the preparation to continue



Other Decision (as needed)

## B. Introduction and Context

### Country Context

- Despite its rich endowments, DRC is one of the world's poorest countries** with a 2017 per capita gross domestic product (in PPP 2011) of US\$432<sup>1</sup>. With a land surface area of 2.3 million km<sup>2</sup>, it is the largest country in Sub-Saharan Africa (SSA). The country's natural resources endowment includes the world's largest diamond reserves, major reserves of other minerals, over 80 million ha of fertile and arable land, and 52 percent of all fresh water resources in SSA. DRC could potentially feed one billion people if the existing agricultural potential was fully exploited. However, food production per capita in DRC is in decline. Around 64 percent of its population, which is estimated at 81.3 million, lived in poverty (under the US\$1.9-a-day poverty line) in 2018, and it has the second largest number of extreme poor in SSA after Nigeria. The country's Human Development Index (HDI) ranks 176 among 187 countries. Moreover, poverty in DRC poses gender issues and regional disparities: (i) women are expected to complete 8.7 years of schooling compared to 10.6 for men; (ii) the north western and central parts of the country have the highest poverty headcount ratios; and (iii) in rural areas, 62 percent of the population is unable to satisfy their basic needs.<sup>2</sup> Food insecurity and malnutrition are widespread in the country, with more than 40 percent or about 5.6 million children under the age of five being stunted (DRC DHS 2014) stunting, while 23 percent of children are underweight. Prevalence of anemia among women of reproductive age stands high at 38 percent (DHS 2013)<sup>3</sup>.
- The country is emerging from a long period of conflict, which has had devastating impacts on the economy and the population.** The country suffered two civil wars that claimed more than three million lives and continue to severely affect both economic and social development. The signing of a peace, security and cooperation agreement for DRC by 11 countries on February 24, 2013 was an important step towards a sustainable and peaceful solution to the conflict in the eastern part of the country. Although recovery has been slow and uneven, the country managed to hold two legislative and presidential elections in 2006 and 2011 respectively. In January 2019, the electoral commission announced that Etienne Tshisekedi, the leader of the largest opposition coalition, had won the election. Despite controversy around the integrity of the results, most countries have acknowledged the legitimacy of the new government. While the political situation remains unstable, the security situation seems under control in most of the country except in few areas of the Central and Eastern provinces, which have been affected by recent and recurrent violence respectively. The Eastern provinces have also been facing the Ebola crisis for the past months.
- DRC continues to face acute development challenges, but the new Government has committed to addressing them.** The new administration has committed to supporting the reconstruction process and the relaunching of the economy. In particular, the new government program includes emphasis on the following actions: (i) consolidate peace and security across the country; (ii) improve the governance and business climate; (iii) accelerate socioeconomic development; (iv) elaborate structural reforms in favor of private sector development; and (iv) promote primary production, improving food self-sufficiency to reduce poverty. Among DRC's development challenges, the following are the ones that the proposed Program will seek to address: (i) large infrastructure deficit; (ii) limited economic diversification; (iii) limited public sector capacity to provide public goods and/or support to private sector-led inclusive

<sup>1</sup> World Bank Macroeconomic outlook for DRC 2017

<sup>2</sup> World Bank Poverty Outlook for DRC, 2018; World Bank, Understanding hunger and malnutrition in DRC's livelihood zones, 2018

<sup>3</sup> Maternal iron deficiency and iron deficiency anemia is a serious condition that impacts a child's health and their cognitive development.



growth; (iv) malnutrition and food insecurity; and (v) weak governance systems and institutions that all together dilute prospects for resource-based inclusive growth and sustainable jobs creation.

#### Sectoral and Institutional Context

4. **Agriculture<sup>4</sup> currently accounts for about 20 percent of GDP, employs some 70-75 percent of the economically active population<sup>5</sup>, and plays a key role in reducing food insecurity, malnutrition and rural poverty.** Related agro-industries employ another 10 percent of the population. Jobs in agriculture tend to be informal, with low value added per worker (US\$227/yr<sup>6</sup>), often providing only for subsistence. Out of a total population of 81.3 million, DRC has approximately 13 million farmers in rural areas, with an average landholding of 1.6 ha. Diverse agro-ecological zones enable the production of a variety of staple and cash crops, as well as dairy, livestock, and fisheries. Rural households derive more than 80 percent of their income from agriculture, making agriculture productivity growth a necessary condition for rural poverty and food insecurity reduction in DRC. The latest Integrated Food Security Phase Classification (IPC) for DRC (August 2018) reported that about 13.1 million people in DRC are facing Crisis and Emergency levels of acute food insecurity – Phases 3 and 4, respectively, that precede the Famine level (Phase 5) in the IPC scale.<sup>7</sup> Poor intake is reported of food rich in iron, proteins, and vitamin A (59 percent, 44 percent and 17 percent of households respectively reporting so). Furthermore, the country's agriculture sector faces systematic challenges as pointed out by the recent World Bank's Agriculture Sector Review (2018, P165747). Agriculture land productivity in DRC is low and declining, with negative agriculture Total Factor Productivity (TFP) in the past few decades. Yields of neighboring Central African countries of the top three staple crops grown in DRC – maize, cassava, maize and rice – are higher by a *factor* of 1.8 to 3.5. If crop yields matched the maximum yield in the central Africa region countries, the size of the agricultural sector would more than double and DRC's overall economy would grow by 23 percent.
5. **DRC's declining agriculture productivity relative to neighboring countries is mainly due to under-investments at farm-level and in agriculture public goods and services, especially for market access.** An indication of the level of on-farm underinvestment is that only 5 percent of food producing households use improved seeds and only 4 percent use fertilizers (Adoho et al., 2018). Among food insecure households, the situation is worse, with only 0.9 percent using improved seeds and 0.8 percent using fertilizers (ibid.). An indication of the level of underinvestment in agriculture public goods and market access is that 23 out of 26 Provinces in DRC have a median travel time to a settlement above 8 hours. Furthermore, the situation is worsening since 2000, with an increase in travel times for all provinces, and a doubling of travel times for some Provinces in the North East and Kasai Regions. Public spending in agriculture public goods and services is constrained by weak budgetary processes, inefficiencies, and poor coordination. In addition, DRC is undergoing a process of decentralization. In 2016 the number of provinces officially grew from 11 to 26. Within the decentralization process, the provincial services of the ministries are being revitalized to better serve the rural population. However, some new provinces lack the structures and fiscal resources to function independently. Consequently, there is a need for public sector investments, including investments at farm-level and in agriculture public goods and services, to make these new provinces more fiscally secure, enabling them to play a role in the efforts to raise agriculture incomes and reduce rural poverty. It is important to note that growth in agriculture is 2 to 3 times more effective in reducing poverty than an equivalent amount of growth generated in other sectors (WDR, 2008).
6. **The agriculture sector of DRC is particularly exposed to climate change and other external shocks, as droughts, floods, and other extreme weather events are expected to increase in frequency and severity.** Although the DRC

<sup>4</sup> Throughout this document, agriculture refers to crop, livestock and fisheries.

<sup>55</sup> World Bank 2017, DRC agriculture sector review

<sup>6</sup> World Bank WDI (data for 2014)

<sup>7</sup> IPC Phases are described at the following site: <http://www.ipcinfo.org/>



basin seems to be relatively less exposed to climate change than dryer parts of Africa, DRC farmers are particularly poor and isolated, therefore vulnerable to climate impacts and other external shocks, such as the recent infestation of fall armyworm producing large economic losses. At the same time, with slash and burn subsistence farming dominating the agricultural landscape, 82 percent of the country's GHG emissions come from land-use change and forestry<sup>8</sup>. Agriculture is highlighted as one of the priority sectors for both adaptation and mitigation to climate change in the Intended Nationally Determined Contribution (INDC), recognizing both the vulnerability of the sector as well as the role it plays in climate change mitigation efforts. Therefore, climate smart agriculture (CSA) approaches, practices and technologies are key to both improve agriculture productivity and incomes, while addressing local climate resilience and global climate mitigation. Several existing and potential CSA technologies and practices in DRC have already been identified.

7. **The most important gender gaps in the agriculture sector are the lower accessibility by women to productive assets, improved agriculture practices, inputs and technologies.** Female-headed households produce approximately 30 percent less agricultural output than their male-counterparts. Women form 38.5 percent of the economically active population, and the agricultural share of these economically active women is 72.6 percent (FAO, 2011). In addition, there is a strong relationship in DRC between gender inequality and malnutrition as well as food insecurity. It has been highlighted in recent studies the importance of improving gender equality by targeting women in their gender specific roles<sup>9</sup> across the agricultural value chain. The gender gap in the agriculture sector of DRC is partially explained by low levels of women empowerment in the five dimensions that has been defined by the Women's Empowerment in Agriculture Index- WEIA<sup>10</sup>.
8. **The Government's objective is to reduce rural poverty by restoring and modernizing agricultural production systems, improving nutrition and food security, and mobilizing significant public and private sector investments.** In recent years agriculture has become a top priority for DRC Government as evidenced by the allocation of 8 percent of total budget in 2016<sup>11</sup> (up from 3 percent) closer to the 10 percent target of the Africa Heads of State Maputo Declaration. Several policy documents govern the agriculture sector, including the National Agriculture Investment Plan (NAIP), the Agricultural Law, and the Agro-industrial Recovery Strategy. In addition, the Ministry of Rural Development also proposed a new strategy for Integrated Rural Development Centers building largely upon agriculture development. In practice, ownership of these policies at the provincial level – and even occasionally at the central level – is low. A national policy for food security and nutrition (*Politique Nationale de Sécurité Alimentaire et Nutritionnelle, PNSAN - 2018-2030*) was recently developed with FAO's technical assistance. There is weak coordination and harmonization across the different policies and implementing agencies, Human, technical, and financial capacity to implement agricultural strategies is also poor.
9. **Intervention approach.** The program will combine a Community-Driven Development (CDD) approach to investments in providing access to critical agriculture public goods and services, and a direct farmer support approach to improve the food security and malnutrition situation, the project will also develop productive and income generating capacities of targeted poor and food insecure farmer households in the project areas. Therefore, it will promote: (i) resilience to climate change and other agriculture emergencies, (ii) sustainable production practices, (iii) contribution to malnutrition reduction efforts; and (iv) commercial viability. The program's activities are designed to link with the

<sup>8</sup> <http://www.globalforestwatch.org/country/COD>

<sup>9</sup> IFPRI, 2012. Gender assessment in the agriculture sector in DRC.

<sup>10</sup> See the Women's Empowerment in Agriculture Index (WEAI) developed by IFPRI and OPHI.<sup>10</sup> Reference to the Women's Empowerment in Agriculture Index (WEAI) developed by IFPRI and OPHI.

<sup>11</sup> It is important to note that no recent figures have been obtained on the overall agriculture public expenditures, so the situation may not be as positive as it was in 2016.



World Bank supported investments in DRC related to the development of MSMEs, transport infrastructure, land administration, nutrition and the human capital agenda<sup>12</sup>. Therefore, the design of the program's components and phases is based on the lesson learnt from the implementation of past and ongoing projects in the agriculture and other sectors. The World Bank has been supporting the development of the agriculture sector in DRC for the past decades through a sub-national approach, focusing on agriculture productivity and market access in several Provinces and currently spanning the following three operations totaling US\$341 million and expected to benefit 500,000 smallholder farmers: (i) Agriculture Rehabilitation and Recovery Support Project – PARRSA – P092724 (Mongala, Nord Ubangi, and Sud Ubangi Provinces); (ii) Western Growth Poles Project – PDPC - P124720 (Kongo Central Province); and (iii) Regional Great Lakes Integrated Agriculture Development Project – PICAGL - P143307 (Tanganyika and South Kivu Provinces). From the analytical work recently done (mainly the 2018 Agriculture Sector Review - P165747) and the analysis of the past and current World Bank investments in the agriculture sector of DRC and the region, and in particular of the successes from the PARRSA (see Box 1), certain key lessons have been learnt: (i) a combination of access to improved input (seeds, fertilizers, technical assistance) and output markets (rural roads, support to farmer groups) has had significant impact on agriculture yields and food security in DRC; (ii) supporting private sector agriculture input suppliers and technical assistance providers through farmer vouchers has shown to improve farm-level productivity with significant gains in the efficiency and targeting of public spending; and (iii) raising smallholder productivity has had a direct impact on nutritional status of households (see Box 1). However, a single-project sub-national approach inhibits the integration of intervention strategies by the Government and donors across DRC, making scale up and replication more difficult. Therefore, based on the past and current experiences and lessons learnt, the proposed program will seek to develop a nation-wide program and take on multiple phases (Series of Projects, SOP). This national and programmatic approach will allow to: (i) deploy different types of interventions as per the conditions<sup>13</sup> of smallholder farming in each region of the country, but learning from each other; (ii) expand the interventions geographically to cover the entire country over time, building on comparative advantages and market integration; (iii) co-locate agriculture development interventions with other sector interventions such as transport, nutrition, and private and financial sector development; and (iv) build public and private sector capacity, which can only be done sustainably over a medium to long term time frame, implementing national-level policies and strategies.

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<sup>12</sup> The program can help deliver on the Human Capital agenda through agriculture by ensuring both the amount and quality of food that matter for health. Empirical studies have shown a link between the level and composition of food energy supply and under 5 mortality and stunting rates. Initial analysis shows a significant positive correlation between food availability and the Human Capital Index (HCI), and an even stronger correlation between the availability of diverse foods and the HCI (Source: SDN VP presentation to AFR VP, November 2018).

<sup>13</sup> Conditions may include agroecological areas, conflict situations, farmer typology, presence of agribusinesses, etc.



**Box 1. Building on Lessons from the Agriculture Rehabilitation and Recovery Support (PARRSA) Project (P092724)**

The objective of PARRSA was to increase agriculture productivity and improve marketing of crops and animal products for approximately 105,000 smallholder farmers in the North West Region (Equateur and Pool Malebo). The project timeframe and geographic scope was expanded through an Additional Financing currently under implementation within the North West. The original three components are to: (i) improve on farm and off farm production, including capacity building for producer organizations; (ii) support rehabilitation of feeder roads and marketing infrastructure; and (iii) selective support to the Ministry of Agriculture restructuring program. The results achieved include: (i) substantial increases in crop yields: e.g. cassava, from 7 to 19 tons per hectare and maize, from 0.8 to 1.5 tons per hectare; (ii) increased access to improved seeds: a total of 2,792 tons of commercial seeds for different crops have been produced (compared to a target of 1,500 tons, an increase of 186 percent) and distributed through a network of seed multipliers to farmers households leading to the above mentioned productivity increases; (iii) mobilization of more than US\$400,000 equivalent in community savings benefitting 77,000 people; (iv) establishment of 16 village storage facilities amounting to a total storage capacity of 12,800 m<sup>3</sup>; and (v) rehabilitation of 2,269 kilometers of rural roads compared to a target of 2,500 km (90 percent of target). 715 villages have benefitted from the rural roads rehabilitation and 50,000 jobs were created since the beginning of the project due to the civil works that took place in the project areas. A key lesson in terms of phasing, was to build a base for increase agriculture productivity among smallholders, to generate marketable surplus, to then support the linkage of those smallholders to markets and value adding opportunities. This phasing approach to productivity and the onwards to post-harvest and value added opportunities was important to build smallholder technical capacity and confidence in reaching markets. An important lesson on rural roads rehabilitation was the collaboration with UNOPS as delegated management contractor that ensured quality supervision of works (including environmental and social safeguards), training of local specialized workforce before works begun and capacity building of local roads maintenance committees.

A key to the success of PARRSA has been the emphasis on institutional capacity building combining both (i) the support to public services delivery such as access to seeds and planting materials, agricultural advisory services, vaccination campaigns, new animal breeds, better access to market due to roads improvement, etc.; and (ii) the community level investments, using a CDD-type approach to develop new organizational skills to use common productive and marketing infrastructure as well as exploring other opportunities. An important lesson learnt for future agriculture development projects in DRC is the approach of working through national agencies (Ministries of Agriculture, Rural Development, and Livestock, the National Agriculture Research Agency - INERA, the National Seed Agency – SENASEM, and the National Agriculture Extension Service – SNV) in linking with existing NGOs and Universities in delivering the services and support to farmers. This has enabled an institutionalization of key policies and approaches across geographic regions and project but has also influenced agriculture policies and priorities (different to other projects working exclusively with NGOs in supporting farmers).

PARRSA also tested a vouchers scheme, which was also accompanied by a randomized control trial conducted with the Paris School of Economics and the Gender Innovation Lab to provide empirical evidence on their impact on different constraints to adoption of improved seeds and their impact on production and welfare. The results show that: 1) the subsidies for improved agriculture inputs effectively induced their adoption in the agricultural season following the intervention and one year later, 2) there was limited evidence of spillover effects on adoption of improved seeds by non-voucher recipients; 3) households who adopted improved agriculture inputs also invested in complementary inputs and labor; and 4) there was an improvement on food security in the most difficult months of the lean season, and on food diversity. These could derive either from an income effect, or from the shorter duration of the crop cycle. The lessons from this voucher experience and from the institutional arrangements to implement it point out to the capacity of the Government to deliver such support at scale, as long as the implementation capacity of the PIU is strengthened. Given that the PARRSA PIU is handling 3 distinct operations in different corners of the

10. **The proposed program will seek to maximize its impact on rural incomes, food security, and nutrition by using a territorial development approach and co-locating activities with ongoing and future World Bank operations in DRC.** The program will thus address country needs and government priorities, as interventions are aligned with and/or complementary to key operations under implementation or planned in the project areas. The World Bank has recently approved or is preparing several operations that seek to raise incomes of low-income households, reduce transaction costs and improve the well-being of households, in particular in rural areas. These operations include: (i) the Multisectoral Nutrition and Health Project (P168756) which includes food production kits for malnourished households and crop biofortification activities; (ii) the Transport and Connectivity Support Project (P161877), linking the Kasai and Eastern Region internally and among themselves (Kananga – Mbuji-Mayi, Mbuji-Mayi – Bukavu, and Goma - Beni), among other transport and connectivity investments; (iii) the Financial Infrastructure and Markets Project - “PDIFM” - (P145554), which aims to modernize payments infrastructure and increase availability of term financing to Micro, Small and Medium Enterprises (MSMEs) and (iv) the MSME Development and Growth Project (P160806) supporting employment and entrepreneurship in selected urban areas. Furthermore, coordination with IFC will be explored during project preparation in relation to the planned operations in support to local banks and SME financing through guarantees and investments. Furthermore, in order to ensure that investments in smallholder agriculture will be maximized by complementary transport infrastructure, household nutrition improvements, and opportunities for MSMEs, the program will seek to co-locate activities either in the same areas or in complementary



locations (connectivity of rural roads with main roads, support to farming households in targeted health zones, etc.). This co-location strategy will be designed in detail during project preparation<sup>14</sup>.

11. **The SOP will have an overall objective of supporting the competitive position of agriculture in DRC as an engine of growth and rural poverty and food insecurity reduction.** The phasing begins with a focus on smallholder productivity and rural poverty reduction with strong linkages with rural infrastructure and efforts to reduce malnutrition and evolving towards more market and value chain development and rural connectivity in future phases. The Table below presents the multiphased approach, with the three phases, and the development in terms of main activities, geographic regions, and objectives of each phase.

	<b>Phase 1 (IPF)</b>	<b>Phase 2 (IPF)</b>	<b>Phase 3 (P4R)</b>
<b>PDO<sup>15</sup></b>	Increase agriculture productivity and improve market access of smallholders in selected regions	Increase agriculture productivity and improve market access of smallholders and agri-MSMEs in selected regions	Increase agriculture sector competitiveness
<b>Geographic Areas</b>	- Kasai Region (Province of Kasai Central) - Western Region (Provinces of Kongo Central and Kwilu) - Eastern Region (Province of North Kivu)	- Kasai Region - Eastern Region - North West and South East Regions	National
<b>Main Activities</b>	Direct smallholder farmer support to agriculture productivity (CSA and NSmartAg). Market access support to smallholders	Direct smallholder farmer support to agriculture productivity (CSA and NSmartAg) for new Provinces. Market access support to smallholder farmers and agri-MSMEs.	Mainly market access support to smallholder farmers and agri-MSMEs with a focus on institutional sustainability and internalizing the approach in Government policies and programs
<b>Time Frame</b>	5 years	5 years	4 years
<b>Amount (USD millions)</b>	500	500	500

12. **In terms of geographical intervention, the proposed approach follows the territorial development analytical work (P168192) recently undertaken by the Bank.** The proposed program will phase its interventions based on a ranking that used the following criteria based on available sector data (see Annex 1): (i) the level of agriculture production (measured by satellite imagery on % of land use allocated to agriculture production in a given area (pixel)); (ii) the agriculture areas closer to large urban centers (as proxy for large food consumption markets); (iii) the regions with

<sup>14</sup> The Multisectoral Nutrition and Health Project (P168756) will finance agriculture activities in a select sub-set of the health zones in the Provinces of Kwilu, Kasai and Sud Kivu (three out of the four targeted Provinces) to demonstrate the added value of the multisectoral convergence to improve nutrition outcomes. The Project will finance the scale up of the locally-developed biofortified varieties of key crops, including vitamin-A enriched maize and cassava, iron-rich beans and/or orange flesh sweet potatoes. About 100,000 farmers will be producing biofortified crops by the end of the project, and the ultimate objective of the biofortification activity is to increase the utilization of biofortified crops to such an extent that they could be sustained or even could displace non-biofortified varieties. The proposed National Agriculture Development Program (P169021) can help achieve this objective by supporting the production of biofortified seeds and vines in the same Provinces as part of the NSmartAg investment, thus co-locating activities in and around the same health zones as the Multisectoral Nutrition and Health Project.

<sup>15</sup> Note that for all phases, an additional PDO sentence will be added to include a CERC component. The sentence would read: "...and strengthen public sector capacity to respond to eligible agriculture sector emergencies."



the highest rural poverty gap; and (iv) the regions where food insecurity has worsened (measured by the increase in number of people in IPC 3 + 4). Further to the criteria above, the proposed phasing of regions is also based on: (i) recent assessments on opportunities for public agriculture investments; (ii) synergies with other investment operations, such as the Multisectoral Nutrition and Health Project (health zones in the Provinces of Kwilu and Kongo Central), MSME Development and Growth Project (Goma and Kinshasa urban areas), and the Transport and Connectivity Support Project (National Roadway linking the East and Kasai Regions); and (iii) where current and previous WB agriculture interventions are/have invested. Figure 1 in Annex 1 shows the three priority regions (East, West and Kasai) (Phase 1) and the regions for phase two. Map 1 in Annex 3 shows the four Provinces selected within the three priority regions, showing also the overlap with the Bank’s road investments and the provinces selected under the Multisectoral Nutrition and Health Project. During the first phase, the program proposed to undertake the assessment in other provinces to expand investments for future phases (3 phases envisaged).

- 13. An analysis estimating the impact of public investments in agriculture development across the country shows that to reduce rural poverty through raising agriculture incomes in the 16 provinces (prioritized based on the criteria cited above), an approximate amount of US\$1.5 to 2.5 billion over 10 to 15 years of public agricultural productivity investments is needed (see Annex 1). To make such productivity investments sustainable in raising incomes of rural households in the medium to long term, complementary public investments are required in agriculture public goods and services and market access (i.e. transport infrastructure, animal and plant health, agriculture innovation). Such complementary public investments to agriculture productivity growth would lower food costs for the non-farm population and promote the development of agribusinesses, especially for the project region which is isolated from major markets, thus promoting broader economic growth by stimulating demand for non-farm goods and services, diversifying the economy away from mining even further. The complementary public investments to the US\$1.5-2 billion in support to agriculture productivity would be an additional US\$1 billion approximately according to the experience of previous agriculture development projects in DRC and in the Region. The total amount of rural farmers estimated in DRC is approximately 13 million, while the 17 provinces prioritized have 10 million farmers (77 percent of the total). The estimated number of farmers to benefit from this Program’s investment over the 3 phases is estimated at 6.5 million (2/3 of the total farmers in the targeted Provinces) and ½ of the total rural farmers in DRC. This first phase is expected to reach 2 million farmers in the four selected provinces.

Province	Number of total rural poor farmers	Number of Households in IPC 3 + 4 <sup>16</sup>	Estimated smallholder beneficiaries
Kongo Central	860,000	160,000	570,000
Kwilu	900,000	n/a	590,000
North Kivu	820,000	270,000	540,000
Kasai Central	430,000	n/a	300,000
<b>Total</b>	<b>3,010,000</b>	<b>430,000</b>	<b>2,000,000</b>

Relationship to CPF

- 14. The proposed Program is aligned with the Country Assistance Strategy (CAS) for DRC as it aims at contributing significantly to the Government’s efforts to alleviate extreme poverty and malnutrition. It is also fully aligned with the fourth outcome of the CAS FY13-16, addressing fragility through “increased agriculture productivity and production and access to markets”. The proposed Program is also aligned with the newly published DRC Systematic Country Diagnostics (SCD). The SCD identifies agriculture as one of the five priority areas (SCD Priority Area 3) where policy actions could provide quick wins and build cumulative and virtuous cycles to sustain inclusive growth and foster

<sup>16</sup> <http://www.ipcinfo.org/ipc-country-analysis/details-map/en/c/1151753/?iso3=COD>



resilience and shared prosperity over the next decade. Actions aimed at strengthening the capacity of state actors to effectively plan, manage, and supervise national programs will also help strengthen governance and build stronger and more inclusive institutions (SCD Priority Area 2). The proposed Program is also consistent with the major strategic initiatives for DRC, the Great Lakes region, and sub-Saharan Africa, including the second pillar (vulnerability and resilience) of the World Bank's Africa Strategy and Africa Climate Business Plan. By supporting the development of agricultural value chains with strong economic potential, the proposed Program is in line with the national strategy of DRC and the Comprehensive Africa Agriculture Development Program (CAADP).

15. **Nutrition.** The Program will address malnutrition, including micronutrient deficiencies, across the Program intervention zones through: (i) co-location with the Multisectoral Nutrition and Health Project; and (ii) nutrition-smart agriculture (NSmartAg) interventions. A series of NSmartAg technologies and practices are being identified as part of project preparation. The recently approved Multisectoral Nutrition and Health Project (P168756) seeks to restore the food production capacity of vulnerable households and prevent their relapses into food insecurity and malnutrition by providing food production kits (agriculture inputs, small livestock, and potentially fisheries support). The Multisectoral Nutrition and Health Project will also support the expansion of biofortification, a pre-identified NSmartAg technology.
16. **MFD.** The Program will seek to crowd-in private sector and private financing and investments across all Program components. As per the MFD framework, the program will work on: (i) strengthening national and provincial level public-private sector dialogue to identify and solve policy and legal/regulatory barriers for agribusiness development, in particular in the project area (Component 3); (ii) use direct farmer support tools (vouchers) to promote the development of private agriculture service providers and agriculture technology and input markets (Component 1); and (iii) support the integration of smallholders into value chains, crowding in private investments through matching grants (Component 2).
17. **Jobs.** The Program is expected to: (i) increase agriculture productivity and production, increasing smallholder incomes and attracting more jobs to the agriculture sector; (ii) promote new agriculture technologies, services and practices that could be supplied by local enterprises and/or startups, in particular digital technologies often led and/or attracting the young; (iii) partner with local universities and institutions to link training and education curriculums with agriculture investments, internships, and R&D grants; and (iv) adapt Program activities (such as extension services and technical assistance) to appeal to the young and entrepreneurs.
18. **Climate change co-benefits.** By increasing the resilience of the sector, the Program would contribute to climate change mitigation and adaptation. While the focus of agriculture risk reduction strategies and plans to be supported by the Program is on retrospective risk, they will also consider climate change impacts. Program investments in infrastructure and technology adoption can be considered as "no regret", given that key future climate change hazards would likely manifest through increased frequency and intensity of current trends.
19. **Gender.** The proposed Program is expected to reduce the gender gap in agriculture by supporting directly women in four of the WEIA dimensions: (i) production (access to inputs and new practices); (ii) resource (access to assets and credit); (iii) leadership (support of female leadership in groups); and (iv) time (promote labor saving technologies). Finally the Program will also improve women's access to information on nutrition, climate change resilience, and agriculture management practices through the provision of gender-sensitive extension services.
20. **Land administration.** The Program will support government efforts to clarify land tenure arrangements, minimize the occurrence of land conflicts and improve land tenure security. The government initiated a land reform in 2012, but



progress has been slow and the conventional land rights issued by the cadaster and land registry offices of the Ministry of Land Affairs have remained inaccessible to most small-scale farmers who rely on informal tenure arrangements. In line with the recommendation of the SCD, the program will support the establishment of land registration mechanisms that are more accessible such as the issuance of customary land certificates as well as collective titles.

### C. Proposed Development Objective(s)

To improve agriculture productivity and market access of smallholder farmers in selected regions and strengthen public sector capacity to respond to eligible agriculture sector emergencies.

#### Key Results (From PCN)

1. Increase in sales of agriculture and food products by smallholders (average percentage increase in sales<sup>17</sup>).
2. Number of farmers adopting improved agriculture technologies or practices (disaggregated by gender). [CORE SD INDICATOR: Farmers adopting improved agricultural technology]
3. Increase in yield per hectare, selected indicative crops (disaggregated by gender). [CORE SD INDICATOR: Average seasonal yield per standard area of specific crops among targeted farmers]
4. Percentage reduction in animal mortality rates for specific livestock in Program areas.

### D. Concept Description

21. The program will begin with supporting agriculture productivity growth at farm level, allowing smallholder farmers to increase assets and production, following with interventions related to supporting market access and productive inclusion of those smallholders into agriculture supply chains. The phasing of such sectoral interventions will be underpinned by significant investments on the delivery of agriculture public goods and services at national and local levels, including agriculture research and development, animal and plant health, and infrastructure.
22. The proposed program will build upon this validated approach and successful experiences in DRC and in the region, and work within four components: (1) improve agriculture (including crops, livestock, and fisheries) production (Comp. 1); (2) improve market access for smallholder farmers (Comp. 2); (3) build public sector capacity, in particular of the Ministries of Agriculture, of Livestock, of Fisheries and of Rural development, in delivering basic agriculture public goods and services in the project area, and strengthen Program management and M&E at National and Provincial level in participating provinces (Comp. 3); and (4) strengthen agriculture emergency response (Comp. 4). All Program components are interlinked and they are designed to begin implementing simultaneously. Components (1) and (2) address bottlenecks and catalyze the agriculture productivity potential of the intervention areas. Component (3) contributes towards building and strengthening the agriculture public goods and services essential for improving agriculture incomes, and Component (4) will strengthen the capacity to respond rapidly and effectively to eligible agriculture emergencies in the country.

### Component 1 – Agriculture Productivity (Estimated US\$250 million)

23. This component will support the increase of smallholder agriculture productivity (of crops and animal products) through adoption of improved technologies and practices and access to finance.
24. *Subcomponent 1.1: Direct smallholder farmer support (Estimated US\$240 million)*. This subcomponent will finance direct smallholder farmer support for the adoption of CSA and NSmartAg practices, technologies and inputs (seeds, seedlings, animal breeds, advisory and extension services). The intake process will use a farmer registry which will be

<sup>17</sup> Sales will be measure by product quantity/volume or by monetary value where prices would be kept constant to avoid market forces outside the control of the project.



set up in the areas/regions where no such registry exists yet. The eligibility criteria will be specified during project preparation, for example: (i) farm size; (ii) socio environmental considerations; (iii) required training; (iv) location of the plot; (v) land tenure situation; among others. To assure reach and scale, the delivery instruments of the direct farmer support will be designed during project preparation based on recent successful experiences in DRC, SSA and South Asia (vouchers, conditional cash transfers, digitally-enabled extension services). The approaches will vary by region and will begin by an initial rollout within a reduced geographic area in the first year, to then be evaluated, adjusted, and brought to scale in year 2 of Program implementation. CSA approaches, such as agroforestry, on-farm irrigation systems, conservation agriculture and manure application, will be promoted within a technical assistance support to farmers to build resilience against climate-related hazards such as drought and flooding. NSmartAg interventions will also be promoted among technical assistance support to increase in availability of nutrient rich foods while increasing profitability of the farm. To assure local ownership and sustainability, activities of this subcomponent will seek to crowd in private agriculture input suppliers (i.e. agrodealer MSMEs) and technical assistance providers in delivering inputs and services directly to smallholders. The development of these private actors (MSMEs) could be supported through Subcomponent 2.2., and it is expected that they will progressively expand the size of the private market for agriculture inputs and services in project areas.

25. *Subcomponent 1.2: Smallholder technical assistance and financial access (Estimated US\$10 million)*. This component will address access to technical assistance and financial services related to the implementation of the investment to promote better practices and improve productivity of smallholders. During project preparation, a project beneficiary diagnostic shall be undertaken to identify the instruments, institutions and channels better suited to reach them with technical assistance and financial services. This subcomponent will finance the strengthening of providers of: (i) smallholder technical assistance (public, private, NGOs), (ii) land administration/registration services, and (iii) financial services, such as Village Savings and loans (VSLA) groups (*petites caisses villageoises autogérées* – see Box 2), financial intermediaries, and microfinance institutions (MFIs), to make the investments under the subcomponent 1.1 more sustainable. Strengthening technical assistance providers, supporting farmers' administrative procedures to land registration, and development of financial services for smallholders will involve training, capacity building, and legal/business administration support. Innovative financing instruments already present in DRC, such as mobile money, would be supported through technical assistance to payment service providers (PSPs - banks and mobile money companies) to help them develop specific applications for VSLA operations targeted by the Program, thus enhancing access to finance for smallholder farmers beneficiaries of Subcomponent 1.1. These instruments could enable the members of the VLSA to apply for a loan, receive the loan proceeds and repay them through the same channel. In remote rural areas, the existing Bank Agent networks can also be leveraged for disbursement and repayment of VSLA loans. In Eastern Provinces, such as North Kivu, promising land administration initiatives have been ongoing, and this subcomponent will seek to support farmers' access conventional and alternative land tenure registration services.<sup>18</sup> Given that the incentives (direct farmer support) for adopting new practices and technologies are a one-off event, the improvement of the technical assistance, land administration and financial services enables smallholder farmers to continue to reinvest in their farms, as evidence of other operations in DRC shows. During project preparation, a detailed technical assistance agrifinance strategy for targeted smallholders will be designed, including the potential use of innovative financial and digital technologies.

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<sup>18</sup> Innovative approaches include the preparation of Land Community Plans under the Participatory Land Community Planning Project (PLCPP), the issuance of collective titles under the "Maji Ya Amani" project (water for peace), support to land acquisition piloted by the NGO Forum d'Accès à la Terre, and the issuance of customary land certificates by customary chiefs as an alternative to the conventional land certificates issued by the cadaster and land registry offices of the Ministry of Land Affairs.



**Box 2. Village Savings and Loans (VSLA) groups (petites caisses villageoises autogérées)**

VSLA (*Petites caisses villageoises autogérées*) is a self-selected group of people, who pool their money into a fund from which members can borrow. The VSLA starts with savings, after several weeks, the savings shares accumulated by the group become large enough to launch the loan function. All members have the right to take out a loan regardless of the number of shares they have contributed. The money is paid back with interest, causing the fund to grow. The regular savings contributions to the Association are deposited with an end date in mind for distribution of all or part of the total funds (including interest earnings) to the individual members, usually based on a formula that links pay out

**Component 2 – Smallholder Market Access (Estimated US\$150 million)**

26. This component will support the reduction in transaction costs for smallholders to access markets, and the inclusion of smallholders into farmer groups (cooperatives/associations) and agri-MSMEs. The interventions to be supported under this component will also be beneficial to climate change adaptation/mitigation and/or to the contribution to reducing malnutrition. The component will focus on the following two areas.
27. *Subcomponent 2.1: Rural Infrastructure (Estimated US\$110 million).* The Program will focus primarily on improving priority rural roads and transport corridors (including river safety measures and launching sites in waterways<sup>19</sup>) as key to unlocking the smallholder agriculture production and trade potential in the project area based on following criteria: (i) they are connected to operational main roads, railroads and/or waterways which are passable (safe and usable all year); (ii) they lead to areas of high agricultural potential and relatively dense population; and (iii) they seek synergies with ongoing or future agriculture sector investments and other transport and/or connectivity infrastructure interventions. This subcomponent will build on the successful experiences in DRC and the region, in particular using a CDD approach for identifying investments, building local institutional capacity and focusing on a sound technical approach for rural roads rehabilitation programs to ensure proper and sustainable rural roads network management and maintenance system<sup>20</sup>. Rural roads to be rehabilitated and community infrastructure (markets, irrigation) will be selected based on (i) the criteria above, (ii) consultations with various stakeholders in each province (including local authorities, private sector organizations such as FEC, representatives of farmers' organizations and civil society), and (iii) technical, environmental and social considerations identified in specific studies to be conducted during project preparation. The implementation of this subcomponent would be delegated to an external agency that has a track record in implementing such kind of programs in fragile and conflict zones, as it the case with UNOPS (a UN agency). This subcomponent could also finance: (i) community market infrastructure (improvements in community markets, slaughterhouses, etc.); and (ii) off-farm irrigation infrastructure directly linked to smallholder investments under subcomponent 1.1.
28. *Subcomponent 2.2: Support to smallholder inclusion in value chains (Estimated US\$40 million).* The Program will provide matching grants based on a demand-driven approach to smallholder farmer groups (cooperatives/associations) and agri-MSMEs who will work with smallholder farmers beneficiaries of Subcomponent 1.1. Eligible agri-MSMEs will include agro-dealers involved in the selected provinces in: (i) the transformation, transportation and/or marketing of agricultural products (post-harvest activities), (ii) the provision of agriculture inputs and services (pre-harvest activities) such as farm machinery, seeds, fertilizers, on-farm irrigation, technical assistance, etc. The matching grants will prioritize the membership and participation of women and young farmers (18-35 years old) in such activities. The goal is to create sustainable local agriculture input and output market to helping smallholders be better integrated into value chains. Examples of investments by smallholder farmer groups and agri-MSMEs to be financed include (among others): infrastructure and machinery for post and pre-harvest

<sup>19</sup> Launching sites refers to small piers to allow the unloading and loading of products from between cargo boats and trucks.

<sup>20</sup> The Program will take advantage of the existing rural roads management and maintenance strategy, developed under the PARRSA.



processes and services, digital trading and technical assistance platforms, technical and business administration capacity. Selection criteria for receiving matching grants will be based on: (i) technical, and economic soundness of business proposal, (ii) demonstrated track record of working with smallholder farmers and commercialization of agrifood products, (iii) gender and youth considerations, (iv) socio-environmental sustainability, including the use of CSA and NSmartAg, (v) preliminary list of smallholder farmers in project area to be integrated into business plan, among others. Farmer groups and agri-MSMEs will provide counterpart funding for the matching grant at a rate to be determined during project design. During project preparation, a diagnostic shall be undertaken to identify the participation of financial institutions in the matching grant process to leverage financing and development of other complementary financial services and instruments to support smallholder farmer groups and agri-MSMEs.

### **Component 3 – Agriculture Public Goods and Services (Estimated US\$80 million)**

29. This component encompasses support for the: (i) strengthening the capacity of the key Ministries (such as Agriculture, Fisheries, Livestock, Land Affairs, and Rural Development) at the national and provincial levels to deliver key agriculture public goods and services; and (ii) Program management and monitoring and evaluation.

30. *Subcomponent 3.1: Capacity building for delivering agriculture public services (Estimated US\$30 million).* The Program will support government efforts (at the national and local levels) to: (i) strengthen the planning, coordination, monitoring and evaluation capacity at national and decentralized levels (including agriculture and meteorological statistics and georeferenced data systems), with emphasis on the Ministry of Agriculture’s Unit of Analysis of the Planning and Forecasting Department (DAPP); (ii) strengthen animal and plant health systems to support the development of supply chains and tackle threats from pests and diseases; (iii) strengthen agriculture innovation systems (R&D, extension and education); (iv) establishing a farmer registry (enabling investments under Subcomponent 1.1); (v) strengthen land tenure through the modernization of land administration services and the promotion of alternative approaches; and (vi) support the public-private sector dialogue for agriculture sector development, including (among others) analytical work, improving the public procurement framework, and piloting of agribusiness and agrifinance development interventions for potential scale up in phase 2 of the SOP program. This subcomponent will seek to develop the ground work (studies, impact evaluations, pilots, diagnostic) to scale up the program in future phases to other provinces. All capacity building activities of public services mentioned above will seek to mainstream CSA, NSmartAg, youth and gender policies and interventions in the various agriculture public goods and services at the national and local levels. Capacity building of agriculture public services at local level will be reduced to the project intervention areas under Components 1 and 2.

31. *Subcomponent 3.2: Program Management and Monitoring and Evaluation (Estimated US\$50 million).* The Program will finance: (i) the operating costs of the NPCU; (ii) the monitoring and evaluation of Program activities; (iii) the communication of Program activities to different audiences; and (iv) the hiring of staff, goods, consultant services, workshops, and training. Under this subcomponent, the Program will also ensure proper monitoring of environmental and social safeguards policies. Due to the fragility, instability and recurrent conflict in the project zone Third Party Monitoring (TPM) could be used in some areas to support Program monitoring and evaluation. This subcomponent will also finance a baseline study, fragility and conflict analysis and conduct a final impact assessment of Program activities.

### **Component 4 – Agriculture Emergency Response (Estimated US\$20 million)**

32. This component is a contingency emergency response component (CERC) and will finance capacity building activities and risk financing instruments to enable the swift response in the event of an eligible agriculture sector emergency, defined as “an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact



associated with natural or man-made crises or disasters.”<sup>21</sup> Such events may include plant and animal pests/disease outbreaks. The provisions of the IPF Policy, paragraphs 12-14, regarding “Projects in Situations of Urgent Need of Assistance or Capacity Constraints” apply to this component. A specific manual for this component will be developed during project preparation and will be part of the overall Program’s Operations Manual. It will identify ex-ante response mechanisms and the risk financing strategy to be used for the main agriculture risks faced by smallholders in the program regions, and it will retain flexibility for unforeseen risks and capacity to respond to agriculture sector emergencies across the country.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	TBD
Projects in Disputed Areas OP 7.60	No

### Summary of Screening of Environmental and Social Risks and Impacts

The environmental risk is rated Substantial. The nature and scale of anticipated adverse environmental risks and impacts of the project activities are related to road maintenance works and operations, including occupational health and safety and management of invasive species, as well as on-farm activities of rural smallholders such as occupational health and safety, use of pesticides, natural hazards, resource efficiency (water) and soil erosion/management of topsoils. The project will prepare an Environmental and Social Management Framework and Pest management Plan before Appraisal.

Social risk is rated Substantial. This is due less to potential impacts from the project itself than to general conditions of instability, conflict and fragility in Kasai Central and North Kivu, which could affect project beneficiaries in farming communities. The project intends to work with existing smallholder farmers to improve their agricultural production and access to markets, and encourage greater inclusion of women and youth in the sector under Component 1, although it is unclear how this latter objective will be achieved in a demonstrably low-capacity environment. There are significant conflict and security risks in Kasai Central, due in part to recent influxes of Congolese returnees from Angola, and movements of other internally displaced persons (IDPs) due to intercommunity conflicts and the presence of armed groups. North Kivu (as well as immediately adjacent Ituri Province) also has conflict and security risks from armed groups, as well as an Ebola epidemic which has continued to grow unabated since first identified in the province in mid-2018. The project will prepare a Security assessment and action plan, Gender-based Violence (GBV) risk assessment and action plan, Resettlement Policy Framework, and Indigenous Peoples Planning Framework before Appraisal.

**Note** To view the Environmental and Social Risks and Impacts, please refer to the Concept Stage ESRS Document.

<sup>21</sup> As defined in OP 8.00, “Rapid Response to Crises and Emergencies” (<https://spappscsec.worldbank.org/sites/ppf3/PPFDocuments/Forms/DispPage.aspx?docid=3683&ver=current>).



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