



REPORT NO.: RES51104

DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
COMMERCIAL AGRICULTURE PROJECT
APPROVED ON JULY 13, 2017
TO
REPUBLIC OF CONGO

AGRICULTURE AND FOOD

WESTERN AND CENTRAL AFRICA

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I. BASIC DATA

Product Information

Project ID P159979	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 13-Jul-2017	Current Closing Date 31-Jul-2022

Organizations

Borrower Republic of Congo	Responsible Agency Ministry of Agriculture, Fisheries and Livestock
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Project Development Objective (PDO)

Original PDO

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 of the territory of the Recipient, and provide immediate and effective response in the event of an Eligible Crisis or Emergency.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IDA-61110	13-Jul-2017	20-Sep-2017	30-Apr-2018	31-Jul-2022	100.00	71.55	29.45

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No



II. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

Summary of Project Status

A. Background

1. The Project Development Objective (PDO) of the Congo Commercial Agriculture Project (PDAC) is to improve productivity of farmers and market access for producer groups and micro, small and medium agribusiness enterprises in selected zones of the territory of the Recipient and provide immediate and effective response in the event of an Eligible Crisis or Emergency. The Project has 4 components:

Component 1 - Direct support to producer groups and agribusiness MSMEs (US\$48 million): This component seeks to increase productivity sustainably and market access along value chains and improve food and nutrition security.

Component 2 - Improving public infrastructure and the business climate for commercial agriculture (US\$23 million): The objective of this component is to foster the development of commercial agriculture by lifting constraints in terms of infrastructure and business climate.

Component 3 - Strengthening institutional capacity to support the development of commercial agriculture (US\$29 million): 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 country.

Component 4 - Contingency emergency response (US\$0.0 million): The objective is to provide support for immediate response to an eligible crisis or emergency, as needed.

2. The Project was approved by the Bank Board on July 13, 2017, with a closing date of July 31, 2022. It became effective – with a considerable lag - on April 30, 2018.

B. Project Status

3. The project is in its final year of implementation and currently, both implementation progress (IP) and progress towards attainment of the PDO are rated Moderately Satisfactory (MS), while compliance with environmental and social safeguard policies is rated Satisfactory. The rating for implementation progress reflects delays in executing the final cohort of business plans in support of intensification and commercialization of crop and animal production, and in completion of planned research and development infrastructure meant to support the development of commercial agriculture. The rating of progress towards achievement of the PDO reflects a less than satisfactory level of achievement of envisaged project outcomes.

4. With respect to fiduciary compliance, procurement performance is rated Moderately Satisfactory while financial management (FM) is rated Moderately Unsatisfactory - on account of weaknesses in budgetary management, internal control and audit, financial reporting, among others. The Project is registering progress in addressing these FM issues. An in-depth review of the Project's fiduciary system started by the Bank in May 2022 is still on-going, and once finalized, its findings will be used to further strengthen the project FM function. There are no outstanding external audits, and out of a total of US\$100 million in IDA Credit, already US\$71.55 million (about 71 percent) has been disbursed as of June 8, 2022.

5. Key project objectives continue to be achievable and good progress has been achieved so far. Among others, the project has reached 282,000 direct beneficiaries (including farmers and producer groups) with improved productivity



and market access support. To-date, the project has financed a total of 839 business plans pursuing intensification and commercialization of agriculture. The most recent data indicates that through project support, yields of cassava, maize, aquaculture, and poultry have increased by 217 percent, 87 percent, 176 percent, and 112 percent respectively. The volume of agricultural products sold by producer groups and MSMEs in national or export markets has increased by 32 percent compared to an end of project target of 20 percent. Through project support for public rural infrastructure, a total of 1,556 km of rural roads has been rehabilitated, compared to a target of 1,000 km. Six (6) reforms meant to foster the commercialization of agriculture have been supported by the project and two of these (i.e., creation of the National Agency for the Development of Agriculture and Livestock, and creation of the National Agency for the Development of Fisheries and Aquaculture) have already been adopted by government. Also, nine multi-stakeholder platforms for public-private dialogue on commercial agriculture have been established through project support.

C. Proposed change

6. The primary change proposed is a Level 2 restructuring for an extension by 17 months of the closing date from July 31, 2022, to December 31, 2023. This would be the first such extension due partly to the cascading effects of the lag in project effectiveness, which provoked delays in execution of a number of activities that are key to attaining the PDO as well as ensuring sustainability of project outcomes. Among others, these activities include: (i) the third and final round of business plans/matching grants for intensification and commercialization of agriculture including; (ii) extension of labor-intensive maintenance systems to all rehabilitated roads; (iii) capacity building of Departmental Councils in charge of rural road maintenance; (iv) electrification of Dihessé and Etsouali agropoles; (v) construction of the Bikondolo agro-pastoral center; (vi) passage of four laws and regulations necessary to support commercial agriculture; (vii) construction of a gene bank and an artificial insemination center; and (viii) the second PPR vaccination campaign. Procurement for most of these activities has been launched already.

7. Additionally, project support to increasing domestic crops and animal production (Components 1 and 2) is now even more critical under the context of the current global food crisis mediated by the Ukraine crisis. Congo is a net food importer and recent estimates by the World Food Program (June 2022) point to a 40 percent increase in prices of imported basic foods in the country as a result of the Ukraine crisis. In this case, continued project support to food production would help attenuate the food crisis in the country and contribute to the Bank's response to the global impacts of the Ukraine war. Already during the first quarter of 2022, around 10,979 tons of food produce and products were put on the local market by project beneficiaries. Furthermore, government recently renewed its commitment to diversifying the country's economy away from the oil sector and identified the commercialization of agriculture (one of the elements of project support) as key to this agenda and is also keen on the Bank's support for this agenda. Finally, Government in a letter dated May 25, 2022, expressed interest in using project resources to finance related activities (i.e., business plans in support of livelihoods in the Pool Department - an area devastated and recovering from conflict) that were supported under a recently closed trust-funded project: Support for Promotion of Sustainable Livelihoods in the Pool Department (PASD - P149690).

8. The proposed extension is therefore necessary to allow: (i) completion of the above lagging activities; (ii) extending of project support to the Pool Department; (iii) use of project support to help the country respond to current food crisis; and (iv) the project to contribute, even if modestly to the government's diversification agenda through continued support to agriculture commercialization. The proposed closing date extension is for 17 months (from July 31, 2022, to December 31, 2023) and would be the first such extension.

D. Activity schedule and Implementation Capacity



9. The current plan was to complete all implementation by July 31, 2022. As outlined earlier, this is not possible and therefore the implementation schedule for the remaining activities has been revised by the implementing agency and agreed upon by the Bank as shown in the Table 1 attached.

10. During the proposed 17-month extension, the project will focus on the following activities:

- Under Component 1: (i) the third campaign of business plans/matching grants focusing on commercialization, and mechanization as well as consolidation of business plans under the first two campaigns including those in Bikakoudi, Soungui, Kinkala and Pool Department; (ii) provision of resilience and recovery support to people affected by the COVID-19 pandemic across the country; and (iii) financing PASD business plans in the Pool region.
- Under Component 2: (i) completing the rehabilitation and maintenance of rural roads and building capacity of Departmental Councils in support of road maintenance; (ii) completing the construction of an agropastoral center at Bikondolo and electrification of two agroclusters (Dihessé and Etsouali) meant to provide power to the Etsouali mechanization center (providing tractor hire services to farmers), the National Center for Seed Improvement, the protected agricultural zone (ZAP), and surrounding villages; (iii) conducting feasibility and strategic studies on ZAP development; and (iv) advocacy for the passage of laws and regulations necessary for the development of commercial agriculture.
- Under component 3: (i) construction and rehabilitation of agriculture R&D infrastructure, including the construction of a gene bank; (ii) improving access to broodstock and aquaculture fry, including construction of an artificial insemination center; and (iii) support the second PPR vaccination campaign.

11. Implementation capacity continues to be adequate although as indicated above, there are FM challenges, which in the team’s view are not insurmountable. Indeed, while implementation of FM recommendations from the last supervision mission is still ongoing, several are well advanced and should be completed in the coming weeks. Also as mentioned above, the recently conducted in-depth fiduciary compliance review is expected to yield an action plan for the improvement of the project’s fiduciary performance.

III. DETAILED CHANGES

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-61110	Effective	31-Jul-2022		31-Dec-2023	30-Apr-2024