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Report No: PAD2827

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF SDR 139.1 MILLION
(US$200 MILLION EQUIVALENT)

TO THE

DEMOCRATIC REPUBLIC OF CONGO

FOR A

PRODUCTIVE INCLUSION PROJECT

JUNE 7, 2018

Social Protection and Labor Global Practice
Africa Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective April 30, 2018)

Currency Unit =	US$
US$1 =	SDR 0.69538182

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AWP	Annual Work Plan
CLD	Local Development Committees (*Comités Locaux de Développement*)
CPS	Center for Social Promotion (*Centre de Promotion Sociale*)
CFW	Cash-for-Work
ESMF	Environmental and Social Management Framework
FM	Financial Management
FMS	Financial Management Specialist
FSRDC	Social Fund of the Democratic Republic of Congo (*Fonds Social de la RDC*)
GBV	Gender-Based Violence
GDP	Gross Domestic Product
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
IFR	Interim Financial Report
ILO	International Labour Organization
IPPF	Indigenous Peoples Policy Framework
LIPW	Labor-Intensive Public Works
M&E	Monitoring and Evaluation
MINAS	Ministry of Social Affairs
MIS	Management Information System
NGO	Nongovernmental Organization
OHADA	Organisation for the Harmonisation of Corporate Law in Africa *(Organisation pour l'Harmonisation en Afrique du Droit des Affaires)*
PARSSA	Agriculture Rehabilitation and Recovery Project
PDO	Project Development Objective
PDSS	Health System Development Project (*Projet de développement du système sanitaire*)
PIM	Project Implementation Manual
PIU	Project Implementation Unit
PMP	Pest Management Plan

PNPS	National Social Protection Program (*Programme National de Protection Sociale*)
PPSD	Project Procurement Strategy for Development
PRONANUT	National Nutrition Program (*Programme National de Nutrition*)
RPF	Resettlement Policy Framework
RSR	Rapid Social Response
SAM	Severe Acute Malnutrition
SP	Social Protection
STEP	Eastern Recovery Project (*Stabilisation de l'Est pour la Paix*)
TOR	Terms of Reference
UNICEF	United Nations Children's Fund
USAID	U.S. Agency for International Development
WHO	World Health Organization

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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name
Congo, Democratic Republic of	Productive Inclusion Project

Project ID	Financing Instrument	Environmental Assessment Category
P163962	Investment Project Financing	B-Partial Assessment

Financing & Implementation Modalities

[ ] Multiphase Programmatic Approach (MPA)	[ ] Contingent Emergency Response Component (CERC)
[ ] Series of Projects (SOP)	[ ] Fragile State(s)
[ ] Disbursement-linked Indicators (DLIs)	[ ] Small State(s)
[ ] Financial Intermediaries (FI)	[ ] Fragile within a non-fragile Country
[ ] Project-Based Guarantee	[ ] Conflict
[ ] Deferred Drawdown	[ ] Responding to Natural or Man-made Disaster
[ ] Alternate Procurement Arrangements (APA)	

Expected Approval Date	Expected Closing Date
28-Jun-2018	30-Dec-2023

Bank/IFC Collaboration
No

Proposed Development Objective(s)

The project development objective is to establish the core building blocks of a safety net system and improve the access of poor households to productive safety nets interventions.

Components

Component Name	Cost (US$, millions)
Institutional capacity and systems building	18.00
Community-Based Cash-for-Work Program	142.00
Cash Transfers	20.00
Livelihood and Human Development Support	20.00

Organizations

Borrower:	Democratic Republic of Congo
Implementing Agency:	Social Fund of the Democratic Republic of Congo Ministry of Social Affairs

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	200.00
Total Financing	200.00
of which IBRD/IDA	200.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	200.00
IDA Credit	200.00

IDA Resources (in US$, Millions)

	Credit Amount	Grant Amount	Total Amount
National PBA	0.00	200.00	200.00
Total	**0.00**	**200.00**	**200.00**

Expected Disbursements (in US$, Millions)

WB Fiscal Year	2019	2020	2021	2022	2023
Annual	10.00	35.00	60.00	74.96	20.04
Cumulative	10.00	45.00	105.00	179.96	200.00

INSTITUTIONAL DATA

Practice Area (Lead)

Social Protection & Labor

Contributing Practice Areas

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

Gender Tag

Does the project plan to undertake any of the following?	
a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF	Yes
b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment	Yes
c. Include Indicators in results framework to monitor outcomes from actions identified in (b)	Yes

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	High
2. Macroeconomic	Substantial
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project or Program	Substantial
5. Institutional Capacity for Implementation and Sustainability	Substantial
6. Fiduciary	High

7. Environment and Social	Substantial
8. Stakeholders	Substantial
9. Other	
10. Overall	High

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

[ ] Yes [✓] No

Does the project require any waivers of Bank policies?

[ ] Yes [✓] No

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	✓	
Performance Standards for Private Sector Activities OP/BP 4.03		✓
Natural Habitats OP/BP 4.04	✓	
Forests OP/BP 4.36	✓	
Pest Management OP 4.09	✓	
Physical Cultural Resources OP/BP 4.11	✓	
Indigenous Peoples OP/BP 4.10	✓	
Involuntary Resettlement OP/BP 4.12	✓	
Safety of Dams OP/BP 4.37		✓
Projects on International Waterways OP/BP 7.50		✓
Projects in Disputed Areas OP/BP 7.60		✓

Legal Covenants

Sections and Description
Schedule 2. Section I.A.3.(c) The PIU shall, not later than three (3), months after the Effective Date, recruit a payment agency in each of the Participating Provinces in accordance with terms and conditions satisfactory to the Association to be charged with CT delivery as set forth in the Project Implementation Manual.

Sections and Description
Schedule 2. Section I.A.3.(d) The PIU shall, not later than six (6) months after the Effective Date, recruit under terms of reference acceptable to the Association a third party, with qualifications and experience acceptable to the Association to facilitate the implementation of Part D of the Project.

Conditions

Type	Description
Effectiveness	Article V.5.01.(a) The Recipient has adopted the Project Implementation Manual pursuant to Section I.D.1 of Schedule 2 to the Financing Agreement.
Type	Description
Effectiveness	Article V.5.0.1.(b) The Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity

I. STRATEGIC CONTEXT

A. Country Context

1. **Despite its tremendous wealth in natural resources and its potential for economic development, the Democratic Republic of Congo (DRC) is one of the poorest countries in the world.** The per capita gross domestic product (GDP) in 2017 was at US$432, almost a quarter of the Sub-Saharan Africa average (US$1,467). The country has gone through a period of significant growth in 2010–2015, with an average GDP growth rate of 7.5 percent. However, the trend has recently slowed down. It is estimated that the slowdown in economic growth in 2016 led to a decrease in real per capita GDP, with negative consequences for poverty reduction. Growth has recently picked up again as projected, with rising commodity prices and increased activities in the extractive sector, but at a lower rate than previously anticipated. Although poverty is currently decreasing, it remains widespread and was estimated at 73.3 percent in 2017. The pace of poverty reduction is also significantly slower than that experienced in other countries in the region.[1]

2. **Overall, economic inequality seems to be declining.** From 2005 to 2012, inequality remained broadly stable, with the Gini index decreasing by just 3 percentage points (from 38 percent to 35 percent). However, large portions of the population remain trapped in extreme poverty with little hope that their living conditions will improve in the near future. The Democratic Republic of Congo contributes the second largest number of extreme poor in Sub Saharan Africa after Nigeria. The extreme poverty rate according to the international threshold of $1.90 per day is at 76 percent. In the provinces considered for the proposed intervention (Kwango, Kwilu, Mai-Ndombe, Mongala, North and South Ubangi), this rate ranges from 88 percent to 96 percent. Access to basic services remains unequal, which exacerbates rural/urban divides and the exclusion of large segments of society. Multi-dimensional poverty rates are above 90 percent for Mongala and Sud Ubangi, above 80 percent for Kwilu, Mai-Ndombe and Kwango, and at 78 percent in North Ubangi (all above the national average of 76 percent).

3. **Employment opportunities as well as prospects to increase productivity and earnings are limited.** As indicated in the Jobs Diagnostic study conducted in 2016, agriculture remains the largest employment sector, accounting for almost three-quarters of the total labor force. Jobs tend to be informal, often for subsistence and with low value added per worker. Rural workers, particularly youth, end up underemployed and find migration to urban areas enticing (in certain areas, membership in armed groups is also seen as an alternative to underemployment). On the other hand, urban areas have been unable to accommodate a growing number of workers—particularly women—into slowly expanding waged jobs and urban dwellers represent an estimated 83 percent of the unemployed. Rapid population increase, insufficient macroeconomic growth, and unbalanced sectoral development have combined to push a great many working-age people into the informal sector, which accounted for 81.5 percent of employment in 2015.

4. **Considerable human development challenges remain, despite some improvements.** The Democratic Republic of Congo ranked 176 among 188 countries on the 2016 Human

[1] *Jobs Diagnostics*, World Bank, 2016.

Development Index. Life expectancy at birth was estimated at 58.7 in 2014 (5.1 years higher than in 2005), while the maternal mortality ratio of 846[2] per 100,000 live births in 2014 (from 549 in 2007) was among the highest in the world; and the child mortality rate of 86.1 per 1,000 live births in 2013 (from 104.9 in 2005) was higher than the Sub-Saharan Africa average of 83 per 1,000. The gross enrollment ratio for primary education improved from 93 percent in 2005 to 107 percent in 2014, but retention and achievement of learning outcomes remain challenging and there are an estimated 7 million children out of school. Access to health, nutrition, and early stimulation/learning opportunities for young children is inadequate.

5. **Widespread malnutrition has severe implications for human development prospects and long-term poverty reduction objectives.** Among children under five, almost one in two is anemic (43.7 percent moderately and 4.2 percent severely) and/or suffers from chronic malnutrition (43 percent). This is cause for concern in light of international evidence which indicates that poor nutrition in early childhood results in decreased cognitive ability, lower educational attainment, lost earnings, and losses to national economic productivity. For example, stunted children lose 0.7 grades of schooling and are more likely to drop out of school, and their potential lifetime earnings are decreased by at least 10 percent. Malnutrition's most damaging effect occurs during pregnancy and in the first two years of life and the effects of this early damage are largely irreversible. The high prevalence of malnutrition in the Democratic Republic of Congo is due to a combination of both demand- and supply-side factors, including high prevalence of infectious and parasitic diseases as well as inadequate, non-varied and non-fortified food intake. In Kwango, one of the provinces that will be covered by the project, both children and adults face the threat of permanent disability as a result of an epidemic disease known as konzo, which is caused by eating insufficiently processed "bitter" cassava. Stunting rates in the provinces considered for this project range between 33 percent (for Mai-Ndombe) to 48.2 percent (for Kwango), against a national average stunting rate estimated at 40percent. Malaria, diarrhea, and respiratory infections are the leading causes of under-five mortality and are linked to malnutrition. Poorer households are disproportionately affected.

6. **Congolese women face significant challenges in overcoming monetary and non-monetary poverty with gender-based violence (GBV) representing a major barrier to their full engagement in social and economic life.** Gender-based discrimination is notable in all spheres of life—education, health care, economic activity, legal status, land tenure, property ownership, inheritance practices, and decision-making authority—leaving women more vulnerable. For instance, the female ratio in secondary education, at 0.62 in 2013, is lower than the average of 0.77 in low-income countries; women are considerably less likely than men to own property or land, own a business, or have a bank account, and even though laws prohibit discrimination in pay and employment, women are paid less than men for identical work.[3] Over half of all women ages 15–49 (52 percent) reported experiencing physical violence at least once since the age of 15, while 27 percent have experienced sexual violence.[4] By comparison, the global average prevalence rates for violence against women (physical or sexual) ages 15–49 is estimated

[2] Demographic and Health Survey (2013–2014).
[3] *Women, Business, and the Law 2016: Getting to Equal, World Bank, 2016.*
[4] Of which, 16 percent in the last 12 months. Demographic and Health Survey 2014.

by the World Health Organization (WHO) at 35.6 percent and the regional (Africa) average is 37.7 percent.[5]

7. **Traditional coping mechanisms have been stretched to the limit as a result of widespread and extreme poverty, years of conflict, and high levels of vulnerability to shocks.** Decades of impoverishment as well as violence, widespread human rights abuse, and large-scale displacements resulting from conflict have caused tremendous suffering and a deterioration of the social fabric, overburdening or breaking up families and traditional social safety nets. In particular, as of January 2018, North and South Ubangi have been hosting an estimated 200,000 refugees fleeing insecurity in the neighboring Central African Republic. In addition, the recent onset of an ebola virus epidemic in the Equateur Province, which is contiguous to Mongala and Mai-Ndombe, could have a devastating impact on lives and livelihoods. Although the population faces a wide range of risks, an almost complete lack of formal risk management mechanisms leaves individuals extremely vulnerable to becoming—or remaining—poor. Some of these risks are found throughout Africa, but many are almost unique to the DRC (for example, volcanic eruptions) or found at much higher levels than elsewhere (for example, GBV and ethnic conflict).

8. **DRC seems to be less affected by climate change than dryer parts of Africa, but poor populations in most provinces are still vulnerable to weather- and climate-related risks.** Climate change is currently modifying the usual rainfall patterns and temperature, affecting the traditional agricultural calendar. Projections indicate increases in heavy precipitation events, likely to make flooding more frequent, and in unexpected drought periods. This may affect crop production and later biodiversity and ecosystem resources, threatening the majority of Congolese livelihoods. Risks of undernutrition and malnutrition would increase. Depending on how interactions between rainfall, temperature and disease pathways develop, more regions of the country may become susceptible to vector and water borne diseases. The low-lying, coastal areas of the DRC, which are often inundated by high tides, are already susceptible to erosion. Sea level rise may cause more frequent erosion, saltwater intrusion, mangrove ecosystem damage and destruction, and infrastructure and land losses. Potential beneficiaries of the proposed intervention are the most vulnerable to climate change and other external shocks. They are poor, lacking knowledge and financial means. Many are located in areas that are not easily accessible. The Government's capacity to deal with these risks or mitigate their impacts is limited, so most households are left to fend for themselves.

9. **The World Bank has financed various social protection interventions since 2000.** These IDA-funded grants primarily supported community-driven development activities to improve access to basic socioeconomic infrastructures for poor populations in a post-conflict context. Most recently, the Eastern Recovery Project (*Stabilisation de l'Est pour la Paix,* STEP, of US$129 million, P145196) has made significant investments in a cash-for-work (CFW) program and has offered sustainable livelihoods support to increase consumption and build the resilience of poor households, but still in a post-conflict context. Lessons learned from STEP have informed the design of the proposed intervention. The present project is the first World Bank-funded social protection operation that will make strides towards building systems to facilitate the delivery of

[5] WHO (World Health Organization). 2013. *Global and Regional Estimates of Violence against Women: Prevalence and Health Effects of Intimate Partner Violence and Non-Partner Sexual Violence.* Geneva, WHO.

safety net interventions, while strengthening the capacity of key government actors with the mandate for social protection. The Productive Inclusion Project (PIP) will also expand the coverage of the CFW opportunities provided under STEP and to be provided under the proposed Kasai Emergency Project under preparation (P162517) to some additional provinces. Intensive policy dialogue on non-contributory social protection supported by the Rapid Social Response (RSR) Fund[6] has paved the way for the proposed activities.

B. Sectoral and Institutional Context

10. **Some recent trends suggest positive momentum toward improved social protection in the Democratic Republic of Congo.** Over the past two years, considerable progress has been made on the analytical and political front, supported by a better coordinated donor group.

- **The Government is showing strong commitment to social protection.** The Minister of Employment, Labor, and Social Security has provided strong leadership for the development of a comprehensive social protection policy, the first in the country's history. The policy was developed with a participatory approach, including provincial-level dialogue and a national roundtable attended by representatives of various ministries, donors, and civil society. A strategy and an action plan were also elaborated with donor involvement. All three documents were approved by the Government in May 2017.[7] The 2017 budget for the implementation of the social protection plan was estimated at US$75 million. The national budget included a sizable allocation of US$15 million toward these costs, but the challenging macroeconomic situation prevented the allocation from materializing. At the same time, the Government requested support from its development partners for the implementation of safety nets, with emphasis on cash for work and cash transfers.

- **The analytical foundation is becoming richer**. The 2015 Safety Nets Assessment financed by the abovementioned RSR grant played a central role in the drafting of the social protection policy and strategy; among other things, it made it possible to collect information on recent experiences that can be harnessed to identify promising approaches for specific risks or vulnerable groups as well as the most efficient instruments for social protection (SP) administrative sub-systems (for example, targeting, identification, monitoring). A follow-up RSR grant is financing a detailed study of targeting approaches with a view to supporting the establishment of a national targeting system. At the same time, a multi-country RSR grant financed a quick stocktaking of the identification system; and an additional financing to the Human Development Systems Strengthening Project (P157874) is funding in-depth analysis of the civil registry system to be followed by support to improve the delivery of birth certificates. The Human Development Systems Strengthening Project under its initial grant (P147555) has also financed (a) a vulnerability assessment that, together with poverty analyses based on the 2012 household survey (the first such survey in 10

[6] RSR is supported by Australia, Norway, the Russian Federation, Sweden, and the United Kingdom.
[7] Government approval is pending but is expected, given that the Prime Minister has flagged the implementation of the SP strategy as a key government priority during his government inaugural address in May 2016.

years), will provide crucial information for targeting (ongoing); (b) a stocktaking and feasibility study on mutual health insurance (*mutuelles,* ongoing); (c) a SP public expenditures review (completed); and (d) a study to orient the modernization/reorganization of Centers for Social Promotion (*Centres de Promotion Sociale*, CPS) (completed).

- **The SP Donor Group facilitates coordination and increases leverage with the Government.** Donor groups for other social sectors have proven very effective for coordination and policy change, but the donor group for SP has become active only recently. Overall coordination has recently been taken over by the World Bank, replacing the International Labour Organization (ILO). Regular meetings encourage harmonization, facilitate mutual learning, and enable the donor community to support a common policy agenda.

11. **However, findings from the 2015 Safety Nets Assessment indicate that current social protection programs, including safety nets, are fragmented, inefficient, and do not yet respond adequately to the needs of the chronic poor and most vulnerable**. Social insurance focuses essentially on formal workers and therefore covers only 11 percent of the population; benefits are often considered insufficient and may take a long time before being available to subscribers. Noncontributory services are provided to vulnerable populations. They span across the sectors of education, health, civil protection, natural disaster mitigation, employment, social security, and rural development. Four main types of programs are implemented: (a) LIPW, (b) fee exemptions, (c) cash transfers primarily linked to humanitarian interventions, and (d) in-kind transfers consisting primarily of school feeding and food aid, particularly in conflict zones. Holistic support is also provided to specific categories of vulnerable groups, including orphans and vulnerable children and disabled populations. The coverage of these services is extremely low and the unit cost for delivering them is often high. For example, only about 4.5 million people receive some sort of nutritional assistance against 28 million people suffering from food insecurity. There is no national system in place to identify vulnerable individuals, coordinate efforts, and monitor quality and results. In regard to climate change, a stronger legal, institutional, and regulatory framework is necessary to encourage and support the adaptation process in specific regions and sectors that are likely to be impacted; and a systematic data collection effort is needed to inform regular vulnerability and risk assessments. This will be important to further research relationships between basic climate stressors (e.g., increased temperature, rainfall) and important sectors, as well as inform the mainstreaming of adaptation measures into social protection interventions. International and bilateral agencies (including the World Food Programme, the United Nations Children's Fund [UNICEF], the United Nations Office for Project Services, the World Bank, the U.K. Department for International Development, the U.S. Agency for International Development [USAID], and the Belgian Technical Cooperation) and various nongovernmental organizations (NGOs) play a crucial role in the financing and implementation of social safety net-type activities, which vary widely in terms of coverage, generosity, and performance.

12. **National capacity is still quite weak.** The Ministry of Social Affairs (MINAS), which has the mandate for non-contributory SP, has very limited material and human resources, while the ministry responsible for contributory SP, the Ministry of Employment, Labor, and Social Security,

has an overall coordinating role for SP but a very limited outreach in terms of coverage (about 11 percent of the population). The encouraging policy developments described earlier have mostly been possible owing to considerable financial and technical support from the donor community. As the process to develop a national SP system moves from the political/theoretical to actual implementation, government actors will have to play a more active role if sustainability is to be ensured, but they will also require implementation support. Hence, there is a need to continue offering technical assistance as well as provide capacity building, particularly through hands-on training for setting up and operating key administrative processes that can support poor and vulnerable populations through the life cycle. The abovementioned RSR grant and Human Development Systems Strengthening Project are pursuing these objectives, while the ILO is providing financial support and technical assistance for a targeting system and USAID is financing a range of activities to strengthen the institutional capacity of MINAS (for example, Internet connections, computers, and training).

C. Higher Level Objectives to which the Project Contributes

13. **The project is aligned with the World Bank FY13–17 Country Partnership Strategy and with key priorities formulated in the country's National Development Plan (2017–2021).** In terms of the former, the project will contribute to the goals of increasing access to social services, raising human development and strengthening social protection. In terms of the latter, the proposed intervention is consistent with strategic axis 2 on investing in social and economic development, strategic axis 4 on creating decent employment through the value chains, and strategic axis 5 on increasing agricultural productivity to ensure food security and relying on labor-intensive approaches for job creation. The PIP is also aligned with the Sustainable Development Goals 1, 2, 3, 8, and 10, on zero poverty, good health and well-being, decent work and economic growth, and reduced inequality. The project is consistent with the World Bank Africa Social Protection and Labor strategy (2012–2022) and with Pillar 2 of the World Bank Africa Strategy (2011–2021) in that it promotes systems building and productive safety nets to build resilience of poor and vulnerable populations. By increasing income opportunities for poor populations and improving prospects for human capital development, the project is in direct support of the World Bank twin goals of ending extreme poverty and promoting shared prosperity.

14. **The project builds on existing analytical work and leverages synergies with other sectors to increase impact on poverty reduction.** It builds on the analyses and policy dialogue supported by the Human Development Systems Strengthening Project (P156421) and the RSR-funded work on targeting. It also complements the activities of the Health System Strengthening Project (P157864) in four provinces (Kwango, Kwilu, Mai-Ndombe, and Mongala) as it will use the health zones that are benefiting from supply-side interventions as an entry point to stimulate the demand for nutrition and health services. The PIP will also be implemented in three of the provinces (Mongala, South and North Ubangi) covered by the Agriculture Rehabilitation and Recovery Project (PARSSA, P159037) and will explore the possibilities to extend agricultural services that are financed under PARSSA to safety nets beneficiaries. In South and North Ubangi, complementarity with the Second-High Priority Roads Reopening and Maintenance Project (P161877) will help maximize the impact of both interventions on livelihoods and multidimensional poverty.

II. PROJECT DESCRIPTION

A. PDO

15. **The Project Development Objective (PDO) is to establish the core building blocks of a safety net system and improve the access of poor households to productive safety nets interventions.** In line with best international and regional practices, these core building blocks will consist of (a) targeting, payment, and enrollment mechanisms and operation systems; (b) an integrated management information system; and (c) Grievance Redress Mechanisms (GRMs) that are expected to promote efficiency and transparency in the delivery of social assistance and social protection services.

PDO-Level Results Indicators

16. **The project performance in achieving the PDO will be measured through the following key outcome indicators:**

- Social safety net program beneficiaries (number of individuals), of whom % women (Core Results Indicator)
- Targeted households who invest in productive assets (percentage)
- Beneficiaries registered in the social database, as a measure of a systematic approach (number of households)
- Share of safety net beneficiary households living under the poverty line, as a measure of efficient targeting (percentage)

B. Project Components

17. **Theory of change.** The project sets out to address three key constraints to poverty reduction: (a) limited earnings and low productivity for poor populations, (b) deficiencies in the early years that negatively impact prospects for human capital development and future earnings, and (c) limited capacity to deliver social protection services effectively. Two safety nets instruments will be implemented: community-based CFW and cash transfers. These cash-based interventions will provide regular—albeit temporary—income to poor households to smooth consumption, protect assets, and encourage productive investments. The CFW will finance the rehabilitation of key socioeconomic infrastructures in urban and rural areas, thus supporting local livelihoods but also offering benefits to the population at large through improved access to markets and social services. The cash transfers will focus on households with pregnant women and children ages 0–2, thus providing a reliable entry point to make an impact on early childhood outcomes, particularly nutrition. To maximize the coverage of the intervention, the CFW and the cash transfer program will not be implemented in the same communities.

18. **The safety nets will be adaptive.** Consideration will be given to building government

capacity to quickly respond to rapid onset shocks at the community level - for instance, the ongoing Ebola outbreak and climate change related disasters. This will be achieved by developing operational tools that will allow rapid scale up of components 2 and 3 as needed to benefit affected communities. Under the cash for works program, mitigation activities such as afforestation/reforestation, terracing, rehabilitation of degraded lands, soil conservation and management will be considered and help address slow onset climate change impacts. Adaptation activities such as constructing flood protection barriers, soil and water conservation, and/or microprojects that directly contribute to food security (nutritional crops and trees, naturally assisted regeneration, etc.) will also be considered. It is expected that at least one fourth of the works financed will be related to climate change. Cash transfers would specifically address malnutrition induced by climate change if there is a rapid onset shock that happens during implementation. Otherwise, they will target groups that would suffer the most from climate change related shocks (that is, poor households, pregnant women and children under two years of age).

19. **A set of activities will be delivered to maximize the impact of both types of safety net on livelihoods and human development.** Support will be provided to stimulate savings and investments in productive assets while building household capacity to generate income and increase productivity. Social measures will be delivered to promote the adoption of best practices in early childhood development and nutrition, with the maximum impact expected on the beneficiaries of the cash transfers. A rigorous evaluation will be conducted to assess and compare the impact of CFW and cash transfers on livelihoods and households' welfare. Findings will inform policy discussions on scaling up interventions and on sustainability.

20. **To foster sustainability, the project will help the Government set up systems and strengthen its capacity to manage and coordinate the delivery of non-contributory SP services.** Technical assistance and capacity building, in terms of both physical and human assets, will make it possible to put in place the main elements of a safety net system and support the Government in its efforts to be on par with best practices in the region.

21. **Long-term outcomes of the intervention include building resilience of poor populations, promoting human development, and reducing poverty**. Key assumptions are (a) no major political or macroeconomic crises; (b) the intervention reaches the right target groups; (c) the livelihoods support and human capital development measures effectively address constraints to productivity and human development, and are well received by the communities; and (d) the Government allocates appropriate human and financial resources to ensure the functioning of the systems that will be set up.

Component 1: Institutional Capacity and System Building (US$18 million equivalent)

22. **This component will support government efforts to implement its SP policy and strategy**. These documents articulate the government's vision to expand the coverage of effective social protection programs to the poorest and most vulnerable by 2030. This entails establishing SP systems, scaling up the coverage of SP programs and improving their quality, as well as building the institutional framework, developing coordination mechanisms and strengthening

capacities in SP. Support to this agenda will be provided through financing the following three subcomponents.

Subcomponent 1.a: Support for the Social Protection System (US$4 million equivalent).

23. This subcomponent will cover the costs of setting up basic operational tools to ensure that (a) safety net programs reach the poorest and most vulnerable, (b) the Government has adequate mechanisms to gather information and monitor progress, and (c) there is a formal system to transfer benefits in a timely and predictable manner. To this end, the subcomponent will finance the operational tools for targeting and registering beneficiaries as well as the payment mechanisms that would form the platform for the delivery of social assistance to the poor and vulnerable. The necessary tools and procedures for the implementation of Components 2, 3 and 4 will be developed and tested on a first batch of beneficiaries (including 5,000 cash transfer households) before applying them to the remaining households to be covered by the project.

24. **A database for cash transfers and CFW beneficiaries will be financed as a starting point towards developing a unique registry.** This central database will eventually include beneficiaries of all safety net interventions implemented by the government in the targeted provinces. After the database has been developed for the cash transfers and CFW programs, the databases of other programs run by the Ministry of Social Affairs (*Ministère des Affaires Sociales*, MINAS) --and eventually by all development partners-- will be gradually integrated to arrive at a consolidated and comprehensive unique registry. The necessary software and tools to make the system functional will also be financed, along with relevant trainings to build capacity to operate the system.

25. **Support will also be provided to set up an integrated management information system (MIS) to monitor progress in program implementation.** The modular MIS will be capable of producing lists of potential and actual beneficiaries, program activities and transfer payments, thus supporting the financial management of the cash transfers and producing the necessary data for monitoring and evaluation. Monitoring and evaluation (M&E) tools, including regular targeting assessments, beneficiary surveys and community score cards will be developed. IDA will finance goods, information technology and consultant services for developing and operationalizing these elements. An RSR grant is contributing to the objective of this component by supporting analytical work (together with the ILO) and technical assistance for a targeting system. The project will offer an opportunity to implement some of the study recommendations.

26. **The GRM that has been developed in the context of the STEP will be revised and adapted to the needs of the proposed intervention.** Integration of the GRM into the MIS will ensure that beneficiaries can exercise their rights and register complaints as needed.

27. **The safety nets system will be adaptive.** Operational tools to respond to shocks, for instance in to the ongoing Ebola crisis or rapid onset climate related shocks, will be developed. Rapid assessment tools, as well as a protocol to scale up cash-based interventions will be elaborated. Upon receiving a government request, these tools will be used to provide assistance to crisis affected communities.

Subcomponent 1.b: Institutional Capacity Building and Learning (US$6 million equivalent).

28. This subcomponent will finance capacity-strengthening opportunities for key stakeholders involved in the implementation of components 2, 3 and 4. Eligible activities under this component could include participation in international trainings, workshops, South-South exchanges and study tours. As the intended Government entry point to deliver services to vulnerable households in need of public assistance, the MINAS-run Centers for Social Promotion (*Centres de Promotion Sociale*, CPS) will be strengthened both materially (equipment, supplies, connectivity, rehabilitation and construction) and technically (training and technical assistance) to play a significant role in the implementation of safety nets programs. They will be called to support the targeting and registration processes, the monitoring of service delivery, and the operation of the grievance and redress mechanism.

29. The National Social Protection Program (*Programme National de Protection Sociale, PNPS*) anchored in the Ministry of Employment, Labor and Social Security, will be supported in its coordinating role of social protection interventions in accordance with its official mandate. Relevant activities listed in the National Plan for the implementation of the SP strategy will be funded. These are expected to include technical studies, elaboration of norms and standards to improve the quality of social protection services, operational plans and strategies to effectively coordinate, monitor and evaluate SP interventions as well as to ensure that they are consistent with key priorities listed in the SP policy and strategy documents.

30. Finally, the Social Fund of the Democratic Republic of Congo (*Fonds Social de la RDC*, FSRDC) will receive training to strengthen its capacity to implement CFW activities and comply with World Bank safeguards requirements as well as support to establish offices in the targeted provinces.

31. **This project provides a unique opportunity to build evidence and knowledge on the impact of cash-based interventions on livelihood and resilience in the Democratic Republic of Congo.** This subcomponent will finance a rigorous impact evaluation that will be designed and carried out with technical support from the World Bank. The evaluation will measure and compare impact, effectiveness, and cost-effectiveness of both safety nets on a broad set of households and individual outcomes, including consumption, assets, health, nutrition (including anthropometric measurements), education, and employment among children and adults. The evaluation will study outcomes among participating households but will also attempt to measure spillover effects among non-participating households.

Subcomponent 1.c: Project Management (US$8 million equivalent).

32. This subcomponent will finance day-to-day management activities of the Project Implementation Unit (PIU) under MINAS including consultant services and goods needed for the implementation and monitoring of project-related activities as well as the evaluation of project outcomes. This component would entail support to ensure that (a) all project activities and tasks are executed in line with implementation manuals and annual plans, (b) coordination among all actors involved in project implementation is effective, (c) safeguard and fiduciary requirements—

including audits—are satisfied, and (d) project outcomes and intermediary results are monitored and evaluated.

Component 2: Community-Based CFW Program (US$142 million equivalent)

33. **This component will draw on the extensive experience of World Bank-funded projects with CFW in the Democratic Republic of Congo, particularly through the STEP** (see section on lessons learned). It will provide CFW opportunities to poor households with the aim to increase their income, support them in developing sustainable productive activities, and rehabilitate socioeconomic infrastructures for the community at large.

34. **Component 2 will specifically finance the following:**

(a) Wages for the beneficiaries participating in the CFW activities for up to 100 days per year, depending on the activity

(b) Equipment, materials, skilled labor and training that would be necessary inputs to complete the selected works with the required quality

(c) Communication and sensitization campaigns on the CFW program

(d) Administrative costs of the implementing partners (NGOs and/or contractors/service providers)

(e) Needed technical studies

(f) Project management costs of the Social Funds (estimated at US$20 million)

35. **Labor-intensive investments that can boost productivity for the whole community will be prioritized.** Micro-projects that do not entail labor influx from other communities will be prioritized, as a mitigation measure against risks of GBV. Works will be selected in collaboration with provincial authorities and local stakeholders based on development plans, community preference and their suitability for cash for work. Micro-projects in rural areas will be undertaken during periods where they do not interfere with agricultural activities. It is expected that they will be either to improve transport infrastructure (rural road rehabilitation and maintenance are a national priority) or to protect/develop agricultural land (for example, protection from soil erosion, terracing, small-scale irrigation). In peri-urban and urban areas, they will likely focus on sanitation (for example, street and ditch repairs and/or cleaning, garbage collection) and the maintenance of existing local infrastructure such as gardens, green spaces and markets. On average, the labor ratio (unskilled labor to the total cost of the activities) is expected to be over 60 percent, with road rehabilitation requiring a lower average labor content of 35 percent and agricultural development requiring an average of 70 percent. In line with prevalent wages for non-skilled labor, daily wages will be approximately US$3, though in some urban areas, they may need to be raised to US$4 per day. A wage of US$3 per day for an estimated 100 days will enable beneficiaries to earn the equivalent of about 70 percent of the average GDP per capita (US$432 in 2017), thus providing a

level of assistance meaningful enough to make an immediate difference in their current welfare and allow for some investment. CFW participants will also benefit from "Livelihood and Human Development Support" (para. 45) meant to assist them in initiating or developing sustainable productive activities at the end of their CFW employment. It is estimated that over the period of the project, the component will create about 20 million days of work and provide temporary employment to about 200,000 households. Local executing agencies (NGOs, small and medium enterprises) will be recruited to implement the activities.

36. **Geographical targeting.** The component will be implemented in all the provinces targeted by the project. Within these provinces, the project will focus on the territories with the highest poverty rates. The main urban centers will be targeted for urban CFW. For rural CFW: (a) rural roads for rehabilitation will be selected by Provincial and local authorities based on their economic and social impact (linkages of areas with important production potential to markets and of communities to social services), and (b) other rural works in support of agricultural or livestock production will be selected by the communities located on/around these priority axes for agricultural or livestock production in partnership with local authorities to benefit from the intervention.

37. **Beneficiary targeting will be tailored to the context.** For all urban CFW, beneficiary selection would be either on the basis of MINAS databases of vulnerable households (once their reliability is confirmed) and/or through a lottery process (for adults above 18 years) to guarantee a transparent and equitable selection, with, if need be, a separate lottery for men and women to ensure an adequate gender balance. For rural CFW, the selection would be through a community-based approach for sharing available jobs equitably among the community households, with only one adult per household participating. In provinces where the poverty rate is lower than 80 percent and where labor supply exceeds the demand, the community-based approach will be combined with a poverty scorecard to select rural beneficiaries. Specific eligibility criteria to scale up this safety net will be developed in emergency situations based on findings from a rapid assessment.

38. **Contractors, including local executing agencies (NGOs, small and medium enterprises) or individual consultants will be recruited on a competitive basis to implement the activities.** Payments will be delivered by the providers that will be contracted to implement the CFW or by accredited payment agencies, depending on the nature of the microprojects and context-specific constraints. Accredited payment agencies may include money transfer companies, telephone companies, microfinance institutions, and/or NGOs. Disbursements will be made upon receipt of the list of beneficiaries and in line with the criteria specified in the Project Implementation Manual (PIM) and in the contract signed by the selected payment agency(ies).

Component 3: Cash Transfers (US$20 million equivalent)

39. **This component will support the implementation of a prototype unconditional cash transfer program.** More specifically, the component will finance: the wage transfers for the beneficiaries; administrative costs of the service providers; costs associated with registering, targeting, and paying the beneficiaries; and communication and sensitization campaigns related to the cash transfers.

40. **The component aims to support chronically poor and nutritionally insecure households in an effort to build their resilience and reduce the malnutrition risks of their young children.** An estimated 36,670 beneficiary households will receive small and regular payments to help them stabilize consumption and avoid having to resort to negative coping mechanisms when shocks occur. The transfers are expected to reduce risks of malnutrition by increasing household purchasing power and, together with the accompanying measures offered under Component 3, stimulating demand for health and nutrition services. This, in turn, will complement the increased supply of services to decrease malnutrition supported by the Health System Development Project (PDSS, P157864). Communities affected by major shocks will also be eligible for this component, based on government request. The parameters of the cash transfers will be tailored to address the needs of the populations to be targeted.

41. **Geographical targeting.** As it would be the first sizable government-run program of this type,[8] the program will be implemented using a phased approach and will be limited to three provinces: Kwilu, Kwango, and Mongala. These provinces were chosen because they are covered by the World Bank-funded PDSS, thus offering the opportunity for synergy. The health zones covered by the PDSS will be prioritized within the selected poorest districts. Cash transfers will be offered in villages with low production potential, too far from markets, and/or with limited opportunities for cost-effective CFW activities.

42. **Households targeting.** In a given community, all households with pregnant women and/or children under the age of two will be eligible. If the demand exceeds the supply, community-based targeting will be combined with a poverty score card to target the poorest.

43. **Payment modalities will be kept as simple as possible**. Payments to households with children in their first 1,000 days (that is, pregnant women and children under two) will be US$15 per month and will be delivered on a quarterly basis for two years. This means that the project will adopt a two-year fixed cohort approach.[9] As suggested by experience with cash transfers offered by humanitarian agencies in the Democratic Republic of Congo, both parents will be encouraged to come on payment day as this facilitates a constructive and consensual use of the cash.

44. **Payments will be delivered using accredited payment agencies.** These may include money transfer companies, microfinance institutions, telephone companies, and/or NGOs. Disbursements will be made upon receipt of the list of beneficiaries and in line with the criteria specified in the Operation Manual and with the contract signed by the selected payment agency(ies).

[8] In 2016–2017, the European Union financed a pilot cash transfer program through UNICEF, implemented by MINAS in two provinces, reaching just 2,000 households. An impact evaluation of this pilot is ongoing.
[9] On the basis of experience both in the Democratic Republic of Congo and elsewhere in Sub-Saharan Africa, it is expected that it will take about one year to get the cash transfer program running, and hence there will remain about four years for transfers' delivery.

Component 4: Livelihood and Human Development Support (US$20 million equivalent)

45. **This component will finance the design and delivery of a basic package of accompanying measures, which will be offered to all safety net beneficiaries.** IDA will support the costs associated with (a) the preparation and delivery of training modules, (b) communication and sensitization campaigns related to the accompanying measures, and (c) administrative costs of implementing partners/service providers. These measures will be of two types: (a) 'economic' measures supporting sustainable livelihoods, and (b) 'social' measures for human capital development.

- ***Livelihood support activities.*** These activities will include three types of mutually reinforcing interventions. The first will be an aid to building up savings by retaining 33 percent of the daily pay for LIPW beneficiaries (US$ 1 out of US$3/day), to be given back to beneficiaries at the end of the employment period, so that they will have a small capital available to invest at the end of the employment period. The second will be assistance to organize and operate village savings and loans associations as a mean to encourage savings, provide access to credit, and build social capital. The third will be training in basic financial literacy, entrepreneurship principles, and technical trainings on specific topics relevant to increase productivity or improve prospects for income-generation. This training will be provided for CFW participants (paid at the same daily wage) and/or at specific times during the duration of cash transfers for cash transfer (CT) beneficiaries.

- ***Human capital development activities.*** These measures will include community campaigns promoting the adoption of proper health and nutrition practices and the prevention of risky behavior, in line with essential family practices and the community-based essential newborn and child feeding policies that have been adopted by the country and that are being delivered through the PDSS.

46. **Both types of measures are meant to provide benefits beyond the duration of the project by building beneficiaries' resilience in a durable way.** The content of the modules and delivery mechanisms will be specifically tailored for the intended audience. For instance, social accompanying measures for the cash transfer beneficiaries may put more emphasis on appropriate breastfeeding techniques (and share general information on the importance of breastfeeding for the LIPW beneficiaries). Community campaigns on early childhood simulation and cooking practices will also be more relevant for cash transfer beneficiaries. Home visits will be implemented for the cash transfer beneficiaries, as they have been proven to improve the impact and maximize the benefits of cash transfers on children's and parental behavior. In communities that are targeted for the cash transfers, non-beneficiaries will also be eligible to participate in the social accompanying measures.

47. **Participation in the accompanying measures will be a soft conditionality for cash transfer beneficiaries**, who will also be expected to bring their children to the health centers for regular check-ups. Compliance will be monitored at the health centers, through close links with the PDSS. Beneficiaries who do not comply will receive a warning. Those who comply will be

eligible to participate in a lottery that will be publicly held and through which prize(s) will be awarded to households whose children are on track, based on performance metrics that will be specified in the project manual.

C. Project Beneficiaries

48. **The project is expected to benefit 236,600 poor and extremely poor households in a proposed set of provinces that would include Kwilu, Kwango, Mai-Ndombe, Mongala, North and South Ubangi.** This translates into an estimated 1,419,000 people directly benefiting from the PIP. These provinces were identified based on practical considerations and taking into account poverty rankings as well as malnutrition. Determining factors included accessibility, presence of other World Bank-funded safety nets interventions, and possible synergies with ongoing projects (see paragraph 14 above). Provinces in which World Bank-funded safety nets interventions are ongoing (Tanganyika, South Kivu, North Kivu, Bas Uélé, Tshopo) or in advanced stages of preparation (Kasai Central, Kasai Oriental) and provinces where difficult access meant excessively high implementation costs for a marginal impact (for instance, Sankuru and Lomami) were not considered, regardless of the poverty level.

49. **Women are expected to be over-represented among cash transfer beneficiaries and beneficiaries of urban CFW interventions**. The cash transfers will focus on poor households with children ages 0–2 living in health zones where vulnerability to malnutrition and nutrition insecurity are high. Based on the experience of the STEP, men are expected to engage more actively in the rural CFW activities, so specific provisions (for instance, providing childcare) will be adopted to ensure at least a 40 percent women participation. Both men and women will be encouraged to participate in all types of training and other accompanying measures in an effort to break gender barriers.

D. Project Cost and Financing

50. The project will be financed by an IDA grant of US$200 million.

Project Components	Project Cost	IDA Financing	% Financing
1. Institutional Capacity and System Building	18	18	100
2. Community-based CFW Program	142	142	100
3. Cash Transfers	20	20	100
4. Livelihood and Human Development Support	20	20	100
Total Project Costs	200	200	100
Front-end Fees	—	—	
Total Financing Required	200	200	

E. Lessons Learned and Reflected in the Project Design

51. **The design of Components 2 and 4 (CFW and Livelihood and Human Development Support) draws heavily on experience from the STEP that finances similar activities.** Key lessons that have been reflected in this proposed project include[10] (a) the importance of working closely with deconcentrated national ministries as well as provincial and local authorities to identify labor-intensive works, but also to involve these actors in quality control; (b) the need to ensure equity in the beneficiary selection process as failing to do so may result in social tensions; (c) the crucial role played by a well-functioning GRM system in handling incidents and misunderstandings to ensure broad support for the program (the FSRDC has already developed such a system); and (d) the importance of keeping a simple design for accompanying measures, which are often costly and require extensive arrangements to be well implemented.

52. **Component 3 takes into consideration international best practices on cash transfers for human development.** By targeting households with children ages 0–2 for the cash transfers, the project incorporates global experiences in implementing effective community-based nutrition programs. Best practices suggest that the focus of any nutrition program on the 'first thousand days' is crucial. Intervening within this period has a lifelong and life-changing impact on the educational attainment, reproductive health, labor capacity, and lifelong earnings of beneficiary children. On the other hand, under-nutrition is generally associated with lower human capital. Research suggests that height-for-age at two years of age is the best predictor of future human capital, and damage caused by malnutrition in the early years of life leads to permanent impairment and can also affect future generations. Nutrition counselling has proven to be effective in preventing malnutrition and is expected to bring about important health, educational, and economic benefits.

53. **The design of the cash transfers is informed by the experience with such programs in the country.** In 2015, UNICEF conducted a randomized trial to test the impact of unconditional cash transfers on severe acute malnutrition (SAM) for over six months. The study showed better outcomes for treatment groups who benefited from SAM management plus cash transfers as opposed to the groups who only received SAM management plus counseling.[11] Operational lessons include the advantages of relying on a third party (for example, money transfer companies, microfinance institutions) for the cash payments and the need to space the frequency of transfers for logistical reasons.

54. **Managing GBV Risks.** Given the context, a human capital protection strategy will be elaborated. This strategy will be mainstreamed in project implementation and will focus on risks that vulnerable groups (minority groups, women, and children) might be exposed to in relation to the transfers. The strategy will incorporate best practices and tools that have been developed in fragile countries (for instance, the Mercy Corps/International Rescue Committee/Women Refugee Commission Toolkit to integrate GBV considerations in cash-based interventions). A rapid

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[10] An ongoing impact evaluation carried out by the World Bank Development Impact Monitoring and Evaluation Group will provide additional lessons by end of 2018.

[11] Grellety, et al. 2017. "Effects of Unconditional Cash Transfers on the Outcomes of Treatment for severe acute malnutrition (SAM: A Cluster Randomized Trial in the Democratic Republic of Congo." *BMC Medicine* (2017) 15: 87.

assessment of risks specific to the proposed activities will be implemented during community sensitization; a communication for social and behavior change campaign around GBV risks related to cash transfers will be conducted and will incorporate approaches that have proven effective in the Democratic Republic of Congo context (community radio, participatory theater, and so on) or that are being tested through the proposed World Bank-funded Gender Based Violence project (P167663). The FSRDC, which is also implementing the GBV project, will ensure cross-links between the operations. Based on UNICEF's experience in the Kivus, both parents may be required to collect the payments together as this has been proven to reduce risks of GBV and encourage productive uses of the cash received. The GRM presently used by the FSRDC will be updated with clear procedures to ensure that any GBV-related complaints are handled safely and ethically. Implementing partners will be required to adopt a mandatory workers Code of Conduct with stringent compliance requirements and regular mandatory training and awareness sessions of staff.

55. **The evidence on targeting in high poverty and in post-conflict contexts (Liberia, Côte d'Ivoire, and Eastern Democratic Republic of Congo) suggests a number of principles that are reflected in the PIP.** These include the following: (a) beneficiary selection should be perceived as fair and transparent—in the case of the Democratic Republic of Congo, a public lottery has proven to be the most appropriate approach in urban centers; (b) quotas for women and other vulnerable groups can be used as long as there is a general agreement that is discussed with the communities to avoid creating conflict; and (c) the net impact of the project on the community may be negative when proxy means testing is applied in high poverty contexts and excludes people living just above the poverty line (Philippines).

56. **Complementary livelihood and human development support activities are critical to increase project impact on poverty reduction beyond the transfers.** However, experience from the STEP suggests that they can be costly, should be designed on the basis of evidence, and require dedicated attention to be implemented successfully. Based on these lessons, earmarked resources were allocated to accompanying measures as a specific component under the proposed operation (as opposed to an add on to the cash transfers).

III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

57. **The proposed implementation arrangements aim at promoting government ownership and building its capacity to effectively coordinate and manage a safety net system.** At the same time, they are also mindful of the considerable technical and organizational constraints of the national institutions involved and therefore try to strike a compromise between long-term institution building and short-term service delivery. From this perspective, implementation arrangements have been tailored by component, to build on the competitive advantage of different actors within the operational context of each component.

58. **Project oversight.** Overall oversight of the project will rest with a Steering Committee, anchored to the National Program for Social Protection (PNPS). The PNPS was created in 2005

by Presidential Decree under the Vice-Prime Minister and Minister of State of Employment, Labor and Social Security.[12] Its mandate includes, among others, "deliberate on all questions concerning the preparation, establishment, implementation and regulation of social protection projects." The PNPS has been the central player in the elaboration of the first comprehensive social protection policy in the history of the Democratic Republic of Congo (adopted in 2017) and its Council includes representatives of all social protection stakeholders, making the PNPS the most inclusive social protection actor in the Democratic Republic of Congo. The PNPS Council (comprised of 11 Ministers and representatives of employers and workers), plus a representative of the Social Fund and of each of the provincial governors concerned, would act as the Steering Committee of the project, thus facilitating cross-sectoral coordination, collaboration, and buy-in. The committee will not have any fiduciary or operational functions, but it will review and approve the annual work program and budget as well as ensure that the activities of the project are consistent with national policies. The PNPS staff would act as Secretariat to the Committee, organize regular coordination meetings between the Social Fund and the PIU of MINAS, and carry out spot checks.

Component 1: Institutional Capacity and System Building

59. The PIU of MINAS will have both technical and fiduciary responsibilities for the implementation of this component. As such, it will procure the consultant services needed for the conception and establishment of the various administrative subsystems of a safety net system (targeting, identification, registration, monitoring, and so on) and ensure that relevant stakeholders are informed, consulted, and trained in accordance with their role in the system implementation. In collaboration with the PNPS, FSRDC, and MINAS, it will identify efficient ways to strengthen all Government entities called to play a role in the operation of a safety net system. The PIU will also operate a modular MIS that will link different types of information and databases, facilitating the integration of administrative subsystems and programs as well as the production of reports needed for program oversight.

Component 2: Community-Based CFW Program

60. This component will be under the responsibility of the FSRDC, which will provide both technical and fiduciary management (it will have a separate Designated Account (DA)). The FSRDC is an autonomous public organization under the Presidency, created in 2002 to improve the living conditions of the poor. It has over 15 years of experience managing World Bank-funded projects in social protection and social development throughout the country, including the ongoing STEP (US$129 million) that has a component focusing on labor-intensive works and sustainable livelihoods. The FSRDC is familiar with World Bank fiduciary guidelines and procedures as well as with safeguard requirements—the latter are in the process of being strengthened. For the implementation needs of the present project, the FSRDC will have to open offices in the provinces to be covered under this operation.

61. The FSRDC provincial offices will work in collaboration with provincial authorities and technical ministries to identify appropriate labor-intensive works with a view to maximize

[12] Presidential Decree No. 05/176 of November 24, 2005, creating the PNPS.

expected benefits for communities as a whole on the one hand, and the labor content (and therefore the number of direct beneficiaries) on the other. The FSRDC will contract service providers and enterprises selected on a competitive basis to conduct technical studies, implement works, pay workers, and supervise the quality of works. To the extent possible, priority will be given to local contractors. Also, for some works that do not require significant technical input —for instance, road cleaning and sanitation activities in urban areas, the FSRDC may recruit individual engineers to oversee the work directly. All unskilled labor will be locally recruited. Staff in the provincial offices, supported by headquarters personnel, will be responsible for managing contracts, supervising and coordinating works and services, and monitoring safeguards compliance.

Component 3: Cash Transfers

62. As mentioned earlier, the Government has little experience with cash transfers. MINAS, the ministry with the mandate for non-contributory social protection, has little familiarity with World Bank fiduciary requirements. To provide gradual support to build this capacity while delivering results, Components 1, 3, and 4 will be under the responsibility of a PIU anchored to MINAS, with field support from the CPS. The PIU will be staffed by personnel selected on a competitive basis with terms of reference (TOR) and qualifications acceptable to the World Bank; in cases where the proposed person is a public servant, he/she will have to be freed from all responsibilities not directly related to project implementation. Two international experts will support the PIU in key areas—overall management assistance and procurement. The PIU will manage a Designated Account established for the three components. It will recruit a payment agency for the cash transfers (it could be different agencies or the same agency for all three provinces, depending on the results of the procurement process), which will be charged with cash transfers delivery in line with the procedures established in the PIM. Identification and registration of beneficiaries will be carried out under the PIU's responsibility with support from the relevant CPS as well as other technical partners as needed (for example, NGOs, United Nations agencies, consulting companies). The beneficiaries' database would initially be set up and managed by the PIU with a view to transfer gradually such responsibility to an appropriate entity, as the database should eventually evolve into a unique social registry accessible to all government entities with programs targeting vulnerable individuals. It should be noted that the registry will also include the names of people eligible for the safety nets financed through the PIP, in addition to those who will be selected. Finally, the PIU will have general oversight on the GRM and will operate the portion of the mechanism related to the cash transfers program with support from the CPS.

63. The CPS represent the main government interface with its vulnerable population, but they are presently severely under-resourced. For example, although in principle each district (*territoire*) or municipal center (*commune*) should have a CPS, resulting in a total of 53 centers in the three provinces selected for the cash transfer program (seven in Mongala, 15 in Kwango, and 31 in Kwilu), only 14 of these CPS are in reasonably good condition and staffing is well below required levels. The CPS will be supported to carry out the following roles: (a) assisting with the identification and registration process in accordance with the procedures described in the PIM; (b) contributing to the regular update of the beneficiary database; (c) monitoring the effective delivery and quality of accompanying measures; and (d) receiving and transmitting—and, when warranted, handling—complaints in accordance with the approved GRM system.

Component 4: Livelihood and Human Development Support

64. To avoid over-burdening the FSRDC and the PIU as well as to streamline implementation, the delivery of accompanying measures will be subcontracted to a third-party service provider. Considering the scope of the measures, the geographic coverage and the size of the budget, it is most likely that the entity selected will be an international NGO, possibly working in partnership with local NGOs, with demonstrated experience in delivering both economic and social accompanying measures and with an established presence in several provinces including some of the ones targeted by the project. While the PIU will manage the contract, payments will be made in conformity with World Bank guidelines.

B. Results Monitoring and Evaluation

65. **The implementation and results of Component 2 will be monitored through a variety of instruments.** These will include (a) the FSRDC M&E system, (b) regular field visits by the FSRDC's staff and documentation of their findings, (c) annual operational audits that will produce timely information on the compliance of all stakeholders with the procedures and responsibilities outlined in the project manuals, (d) an independent annual technical audit to check the technical quality of works, (e) World Bank supervision missions, and (f) oversight of the Project Steering Committee.

66. **The results of Component 3 and 4 will be closely monitored through the MIS developed and set up with project funding.** Monitoring will involve routine and periodic measurement of the project inputs, activities, and outputs during implementation, using indicators (largely quantitative) generated by the MIS and other indicators deducted from data analysis. The implementation of Components 3 and 4 will also include (a) the design and implementation of an M&E system under the responsibility of the PIU, (b) regular M&E missions conducted and documented by PIU staff in collaboration with CPS, (c) spot checks carried out by CPS staff or hired consultants, (d) World Bank supervision missions, (e) annual process evaluations to verify compliance with procedures, and (f) oversight of the Project Steering Committee. Other monitoring tools will include financial auditing as well as stakeholder and community operational questionnaires.

67. **The PIM will provide detailed descriptions of how the project activities will be monitored.** In addition, a rigorous impact evaluation of the cash transfers program will be designed to provide information on the changes in the beneficiaries' behavior, including changes in their eating habits, the nutritional status and school enrollment of their children, the adoption of essential family practices and early childhood stimulation practices, and the initiation/improvement of productive activities. The evaluation will also compare the impact of cash transfers versus CFW on household welfare.

68. **The project M&E would encourage strong citizen engagement,** particularly in the targeting of beneficiaries and planning of public works, to ensure transparency and accountability in program delivery at local levels. For instance, beneficiary selection will be validated by the communities, who will also be involved in the selection/prioritization of public works. Notice

boards (where available), local meetings, and the vernacular radio will be used for community-level information dissemination. To guarantee timely and objective treatment of those who might have a grievance, a responsible appeals system would be introduced and included in the PIM.

C. Sustainability

69. **The proposed project aims to initiate a transition to a more sustainable and development-oriented approach to SP in the Democratic Republic of Congo.** To date, the delivery of non-contributory SP services in the Democratic Republic of Congo has largely been done through short-term humanitarian and emergency assistance. As such, the potential impact on the structural causes of poverty is limited. The proposed design adopts a longer-term horizon that reflects international evidence about the importance of regular and predictable social transfers to households.

70. **The PIP will devote resources to gathering evidence of success to motivate further investments in cash transfers and CFW.** The design focuses on sustainability as follows:

- **Capacity building of local institutions:** Component 1 allocates significant resources to building the material, financial, and technical capacity of MINAS. It is expected that by managing a project of such scale, the ministry will strengthen its operating systems, build its credibility with other donors, and eventually be in a position to effectively carry out its mandate or and/or manage other donors' resources.

- **Fiscal sustainability:** Findings from the impact evaluation will be used by MINAS and the PNPS to (a) promote the adoption of safety net programs as an effective poverty reduction tool, and (b) mobilize national resources for cash-based interventions. An increasing number of countries (for example, Republic of Congo, Cameroon, Niger) are making an annual or multiannual budget allocation to safety nets interventions. The Democratic Republic of Congo will also explore this path based on the impact of the proposed intervention, as well as findings from a public expenditure review that is being carried out under the Human Development Systems Strengthening Project, and policy dialogue will be conducted to pursue this objective.

- **Project impact on beneficiaries:** Through Component 4, the project includes substantial investments in activities to support livelihoods and human development to achieve a transformational impact on welfare and resilience beyond the temporary increase in income associated with Components 2 and 3. In addition, Component 2 addresses a key bottleneck in poverty reduction by investing in the rehabilitation of socioeconomic infrastructure (especially roads) and building community capacity to manage these infrastructures.

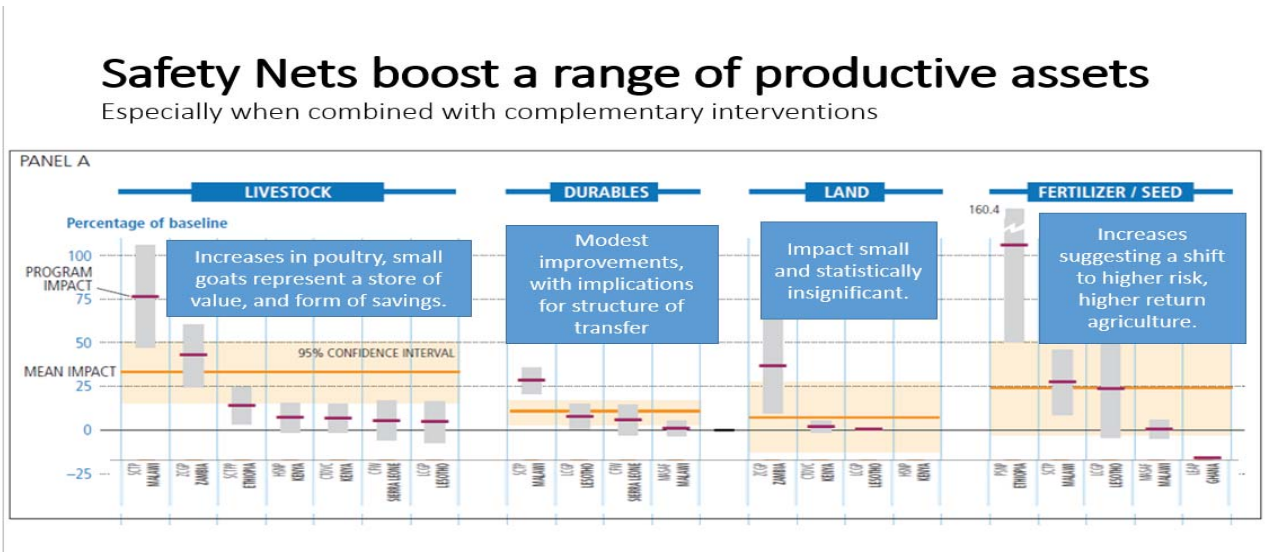
- **Setting up systems:** As mentioned in paragraph 22, the project is integrated into the Government's ongoing efforts to implement its National Social Protection Strategy. Component 1 is specifically designed to establish the building blocks of a safety net system. It will also build the capacity of the PNPS to coordinate social protection interventions and implement the SP policy and strategy. This will include transfer of capacity and knowledge to enable the partners to manage social interventions more effectively in the future.

IV. PROJECT APPRAISAL SUMMARY

A. Economic and Financial Analysis

71. **There is growing international evidence that safety nets interventions, if well implemented, can have positive welfare outcomes.** Safety nets can also support resilience, equity, and opportunities. A meta-analysis was conducted by the World Bank in 2017 to pool evidence across an estimated 22 impact evaluations focusing on Africa.[13] The final report confirms the overall positive impact of safety nets on households' consumption, welfare, and food security as defined by expanded dietary diversity, higher food scores, improved anthropometric measures of children, and reduction in reported food insecurity (P157113). Existing evaluations also note a positive multiplier effect on the economy, with a US$1 equivalent transferred generating between US$0.03 and US$0.8 in the real income of non-beneficiaries.[14] Finally, evidence suggests that safety net transfers boost investments in productive assets, especially livestock holdings (livestock ownership raised by 34 percent across seven programs) and, to a lesser extent, in tools and other equipment for farms and businesses (10 percent increase relative to the baseline).

Figure 1.: Safety Nets and Investments in Productive Assets



72. **The proposed cash transfer program is expected to yield sizeable net benefits to beneficiary households.** Assuming that the budget is split proportionally to the number of

[13] Beegle, Kathleen, Aline Coudouel, and Emma Monsalve (eds). Forthcoming. *Realizing the Full Potential of Social Safety Nets in Africa*. Washington, DC: World Bank.

[14] In particular, for each US$1.00 equivalent transferred to beneficiaries, real income increases among non-beneficiaries were as follows: US$0.26–US$0.83 in the Ethiopia Social Cash Transfer Pilot Program, US$0.39 in Livelihood Empowerment Against Poverty in Ghana, US$0.03–US$0.16 in the Orphan and Vulnerable Children program in Kenya, US$0.33 in the Lesotho Child Grants Program, US$0.30 in the Zambia Child Grant Program, and US$0.36 in the Zimbabwe Harmonized Social Cash Transfer Program.

households among the three concerned provinces, the program would reach approximately 36,670 households over the life of the project, equivalent to about 5 percent of the total population in these provinces. While overall impact on poverty levels at the provincial level will be negligible because of the limited coverage, the impact on the income of beneficiary households will be substantial. In fact, yearly transfers represent 20–24 percent of the extreme poverty gap and about 14–16 percent of the moderate poverty gap. Considering the possible positive repercussions on food security and the synergy with the World Bank-financed health project, the project net benefits have been estimated anywhere between US$2.3 and US$23 million, with an internal rate of return of above 6.3 percent in every scenario.

73. **As for the CFW program, it is estimated that the total number of beneficiary households during the life of the project would be about 200,000 households.** This is equivalent to over 1,200,000 people over the life of the project. While benefits will accrue to participating households only for about four months, their size will be considerable, representing between 36 percent and 53 percent of the extreme poverty gap and between 31 percent and 42 percent of the moderate poverty gap in the concerned provinces. Assuming that (a) 50 percent of the budget for Component 2 is allocated to beneficiary wages, (b) participating workers incur an opportunity cost of around 20 percent, and (c) about 80 percent of the enrolled are poor, a cost-effectiveness analysis reveals a cost-benefit ratio of 0.32, meaning that it would cost over US$2 per net dollar received by a poor beneficiary. This compares favorably to a large number of high profile and successful public works programs that have been extensively studied, notably in Bangladesh, India, Liberia and Niger. If the project becomes more labor intensive, the cost-benefit ratio increases substantially, peaking at 0.57, meaning a cost of only US$0.76 per net dollar transferred to a poor beneficiary. This compares favorably to the largest safety nets project in Africa, the Ethiopia Productive Safety Nets Project (P113220), which has a cost-effectiveness of .51.

74. **The above calculations provide a conservative and very partial estimate of the project's expected benefits, as they only focus on the transfers.** In addition to providing income support, the LIPW activities will facilitate the rehabilitation of rural roads in production basins and near urban centers, increasing access to markets. The livelihood support activities are also expected to increase the capacity of beneficiaries to generate income, while the human development activities will have a positive impact on the early years and human development beyond what can be captured through this analysis.

75. **There is a rationale for Government intervention with safety nets as the market alone fails to help people escape the poverty trap.** There is no commercial credit available to the risk profile of the beneficiaries, large enough size and long term enough to allow them to improve their welfare and human capital.

76. **The World Bank is strategically placed to work with other development partners to support DRC in strengthening its safety nets and SP systems.** The institution has accumulated over two decades of technical experience supporting national social protection strategies as well as building and supporting safety nets programs world-wide. The WB's financial resources, its convening power, and its focus on long-term poverty reduction goals provide the institution with

a comparative advantage in DRC, where the majority of donors still invest in emergency programming. Likewise, the World Bank's focus on building government capacity through direct support to Ministry counterparts adds a unique value. The overall goal of the Bank's SP support in Africa over the next ten years is to build national capacity to manage and where appropriate, deliver effective SP services within a broader system in close coordination with its development partners.

B. Technical

77. **The proposed project design and implementation arrangements are based on ongoing/previous experiences with social projects in the Democratic Republic of Congo.** In particular, the STEP, which includes a component on livelihoods and employment creation, provided useful lessons for this intervention. Key conclusions of an impact evaluation of a cash-transfers-for-nutrition program funded by UNICEF in the Democratic Republic of Congo also informed the design of the PIP (see section on Lessons Learned). In addition, best international practices on early childhood development and nutrition programs have been taken into consideration while designing the cash transfers component. For instance, targeting focuses on children ages 0–2, the age bracket at the highest risk of malnutrition and where maximum impact on stunting can be achieved, and there is a strong complementarity with ongoing supply-side interventions.

78. **The CFW and the cash transfer programs will leverage other sectors --such as infrastructure, agriculture, rural development, health, transport and education-- to address key development challenges in the country in a comprehensive way**. For example, considering the huge infrastructure deficit and the high levels of underemployment faced by the country, CFW arguably represents the most appropriate type of safety net for the Democratic Republic of Congo in that they combine income transfer with the production of public goods for the community at large. On the other hand, cash transfers will boost the income of nutritionally insecure households, increasing their purchasing power and promoting behavior change in early parenting, nutrition and health care to improve prospects for human capital development. Both programs will be delivered through the core building blocks of the safety nets systems that will be put in place: a targeting system to identify project beneficiaries based on poverty levels, a registry that will promote greater efficiency in the delivery of social services, a payment system to deliver social benefits effectively, and a GRM.

C. Financial Management

79. **A financial management (FM) assessment of the implementing units has been carried out.** The objective of the assessment was to determine whether these units have adequate FM arrangements to ensure that (a) project funds will be used for the intended purposes in an efficient and economical way; (b) the project financial reports will be prepared in an accurate, reliable, and timely manner; and (c) the project assets will be safeguarded. The FM assessment was carried out in accordance with the FM Practices Manual issued by the FM Sector Board on November 3, 2005, as revised in March 2010. In this regard, a review of the FM existing system (budgeting, staffing,

financial accounting, financial reporting, funds flow and disbursements, internal and external audit arrangements) of the FSRDC and MINAS has been carried out during preparation.

80. **Assessment of MINAS.** The assessment concluded that this ministry has very limited experience working with development partners and has not been exposed to World Bank fiduciary procedures. It has therefore been decided that Components 1, 3, and 4 will be under the responsibility of a PIU, anchored to MINAS, which will have the overall coordination of administrative and fiduciary aspects of the project. In addition, it will oversee FM reporting, ensure the smooth flow of funds to different agencies, and institutions for activities funded under Components 1, 3 and 4, and be in charge of managing one Designated Account. Going forward, to mitigate fiduciary risks to the extent possible, the following actions will need to be implemented: (a) recruiting project fiduciary staff including one financial management specialist (FMS), one accountant, and one procurement specialist; (b) preparing the Project Implementation Manual and the Manual of Administrative, Accounting, Financial and Procurement Procedures (MGAFCP); (c) acquiring and configuring a suitable project software; and (d) preparing the interim financial report (IFR) format for quarterly reports.

81. **Assessment of the Social Fund.** Currently, the FSRDC in Kinshasa is staffed, on the FM side, with (a) one experienced FM officer in charge of the overall coordination of all FM activities, (b) an experienced accountant, and (c) a treasurer. Fiduciary staff at the provincial level comprise only one accountant for each province. The FSRDC has good experience in implementing World Bank-financed projects, including the now-closed Emergency Social Action Project (P086874) as well as the ongoing STEP (P145196) and the Great Lakes Women Health and Empowerment Project (P147489). Considering the increased workload with the proposed project, the assessment has identified the need to recruit additional fiduciary staff, who will be selected through competitive process and will focus on the PIP. The existing Manual of Administrative Financial, Accounting, and Procurement Procedures will be updated to accommodate this new project; the project FM software (TOM2PRO) will also be upgraded to take into consideration the specificities of PIP.

82. **Conclusions of the FM Assessment.** The overall residual FM risk at preparation is considered Substantial. The proposed FM arrangements are considered adequate to meet the World Bank's minimum fiduciary requirements under OP/BP 10.00.

D. Procurement

83. **Procurement of goods, works, non-consulting, and consulting services for the project will be carried out in accordance with the procedures specified in the 'World Bank Procurement Regulations for IPF Borrowers'** (Procurement Regulations), dated July 2016 and revised November 2017 under the New Procurement Framework; the World Bank's Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants (dated July 1, 2016); and the provisions stipulated in the Financing Agreement.

84. **The procurement activities under this project will be carried out at two levels: (a) at the level of the PIU to be set up within MINAS, and (b) at the level of the FSRDC.** At the PIU

level, a Procurement Unit will be created and will be staffed with qualified and experienced procurement specialists recruited on a competitive basis. Regarding the FSRDC, the procurement units at the Kinshasa level and at the provincial level need to be reinforced by the recruitment of additional qualified and experienced procurement specialists. Given (a) the country context and associated risk, (b) the unproven experience of the Procurement Unit because it has to be set up and staffed within the PIU to be created, (c) the fact that the FSRDC needs to be reinforced by newly recruited procurement specialists, and (d) the fact that this project will be implemented in the Democratic Republic of Congo under the World Bank New Procurement Framework, the procurement risk is rated High.

E. Social (including Safeguards)

85. **Overall, no major negative social impacts are expected from the proposed project**. Planned activities focus on providing improved access to cash for chronically poor households either through temporary employment or through regular transfers to increase income and tackle child malnutrition, with the creation of public goods as an additional benefit of the public works program. Because not all households in a given community will benefit directly from the project, a communication campaign will be conducted to explain to both local authorities and the population at large the objectives and procedures of the project, to prevent social tensions.

86. **OP 4.10 on Indigenous Peoples** is triggered as the preliminary assessment confirms there is the presence of indigenous communities who meet the requirements of OP 4.10 in some of the provinces targeted by the project, namely, Mongala, Mai-Ndombe, South and North Ubangi. The project has complied with the requirements of OP 4.10 by ensuring that the principle of a free, prior, and informed consultation leading to broad community support for the proposed project by the indigenous peoples was adopted during the preparation of the Indigenous Peoples Policy Framework (IPPF) which was prepared and has been disclosed (in-country and on the World Bank's external website) on May 31, 2018. The IPPF provides a framework for the preparation of one or multiple Indigenous Peoples Plans in accordance with OP 4.10.

87. **OP 4.12 on Involuntary Resettlement** is also triggered as activities under Component 1 will include physical works which might cause temporary disruption to the economic activities of people living along the rural roads to be rehabilitated or in the proximity of the semi-urban and urban areas where works will take place. While land is still in abundance in the Democratic Republic of Congo, sections of available land that are accessible have shrunk, especially in semi-urban and urban areas where the project will be implemented. The project will, to the extent possible, avoid financing activities which would induce land acquisition and physical or economic displacement; however, a Resettlement Policy Framework (RPF) has been prepared and has been disclosed (in-country and on the World Bank's external website) on May 31, 2018 if temporary or permanent resettlement should be required. The RPF will provide a framework for the preparation of site-specific Resettlement Action Plans to be prepared, in accordance with OP 4.12.

88. **To ensure that capacity needs are met**, the FSRDC will hire two additional safeguards staff and one environmental and one social safeguards staff to implement the environmental and

social measures as agreed in the safeguards instruments. Safeguards assistants will be recruited and based in the provinces to provide support with screening.

89. **GRMs are proposed in the RPF and the IPPF to manage complaints.** The GRMs were prepared in consultation with the communities and indigenous people groups that were consulted during the preparation of the safeguards instruments. Possible negative impacts could be envisaged for Component 2 where physical works might cause temporary disruption to the economic activities of people living along the rural roads that will be rehabilitated or in the proximity of the semi-urban and urban areas where works will take place. Among the provinces selected, there is a presence of indigenous people in the provinces of Mai-Ndombe, South Ubangi, North Ubangi, and especially Mongala (Bongandanga territory). As the specific sites for implementation are yet to be determined, the project has prepared the following social safeguards instruments that have been disclosed (in-country and on the World Bank's external website) before appraisal: an Environmental and Social Management Framework (ESMF), an RPF, and an IPPF. The FSRDC will hire additional environmental and social safeguards staff to implement the environmental and social measures as agreed in the safeguards instruments.

F. Environment (including Safeguards)

90. **Overall, there are no major negative environmental impacts expected from the proposed project as the proposed activities mainly deal with accompanying measures and cash transfers to poor households**. However, activities to be financed under Component 2, such as rural road rehabilitation, agricultural land protection/development (for example, protection from soil erosion, terracing, small-scale irrigation), and other investments in urban areas, may have potential negative environmental impacts. In addition, in view of some of the physical characteristics of the targeted provinces (for instance, Mai-Ndombe is a highly forested zone), the project triggered OP/BP 4.04 (Natural Habitats); OP/BP 4.36 (Forests); and OP/BP 4.11 (Physical and Natural Resources). OP. 4.01 (Environmental assessment) and OP 4.09 (Pest Management) were also triggered given the nature of the proposed activities.

91. **To mitigate these impacts, the project has prepared an ESMF during preparation, consulted upon and disclosed in the country on June 4, 2018**. The ESMF will provide guidance on managing environmental and social risks related to the implementation of activities with specific attention to labor influx, environment health and safety issues, and worker conditions during road rehabilitation, and the PMP will ensure that environmentally friendly methods for pest control are applied in the development of agricultural lands. The ESMF will also contain (a) guidelines for agricultural good practices—cash transfers are used to invest in small-agriculture activities, and (b) guidelines on waste management (regarding sanitation work activities). Specific safeguards instruments (ESMP or simplified Environmental and Social Impact Analysis) will be prepared for certain activities if required by the results of the screening process. As mentioned earlier, additional safeguards staff will be hired by the FSRDC to implement the environmental and social measures in accordance with the safeguards instruments; a social safeguards specialist will also be hired for the PIU/MINAS.

World Bank Grievance Redress

92. **Communities and individuals who believe that they are adversely affected by a World Bank supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS)**. The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

V. KEY RISKS

Overall Risk Rating and Explanation of Key Risks

93. **The overall high-risk rating is related to the country environment including the fragility of the political situation and governance risks (High), and macroeconomic challenges (Substantial).** Presidential elections should have been held at the end of November 2016, but this has not happened, resulting in political uncertainty and social unrest. Although the underlying drivers of fragility will not be addressed as part of this intervention, the project is expected to contribute to shifting these drivers, by improving community trust in the Government to deliver basic social services and reducing poverty.

94. **The risk for Institutional Capacity for Implementation and Sustainability is rated Substantial as is the Fiduciary risk.** The capacity constraints of the counterpart ministry represent a significant risk to achieving key outcome indicators related to Components 1, 3, and 4. They also present a significant fiduciary risk. An organizational audit conducted in 2014 highlighted substantial weaknesses at all levels, including human and material resources as well as a lack of clarity on roles and responsibilities within the ministry. Fortunately, there has been considerable stability at upper technical echelons, which have also benefitted from small-scale capacity-building initiatives financed by USAID, UNICEF, and the World Bank. This risk will be mitigated by setting up a PIU to implement Components 2, 3, and 4. As described in the relevant section of this PAD, the PIU will be staffed by personnel selected on a competitive basis in line with agreed TOR and qualifications, including two competitively recruited international experts. In addition, the implementation of Component 3 (on accompanying measures) will be subcontracted to a specialized international entity with extensive expertise on the proposed activities.

95. **The risk associated with the technical design of the project is Substantial.** Cash transfers as designed under Component 3 have never been implemented on this scope and scale in the country. In addition, four out of the six targeted provinces (Mai-Ndombe, Mongala, North and

South Ubangi) are difficult to access. The risk to achieving the PDO is mitigated by splitting the management of different components between two main institutions and subcontracting the implementation of Component 4 to a specialized international entity. The fact that the FSRDC has demonstrated its capacity to carry out CFW interventions (Component 2), manage World Bank-funded projects, and operate in logistically difficult environments mitigates the risk related to the technical design of the project. The capacity of both implementing agencies will be reinforced to make sure that they can carry out the activities under their responsibility. The cash transfers will first be piloted in one province before scaling up to the other two targeted provinces. The midterm review will present a key opportunity to learn lessons from the first two years of implementation and modify arrangements as needed.

96. **Environment and social risks are rated Substantial** mainly because of the risk of exclusion or inequity related to the different population groups and GBV, as well as the risk of political interference in the targeting process. These risks will be mitigated by: (i) putting in place dynamic and solid GRMs; (ii) relying on a participatory, inclusive and transparent validation of the beneficiary selection processes; and (iii) GBV activities and mitigation measures mainstreamed throughout project activities (see paragraph 54 on managing GBV risks).

97. **Stakeholders risks are Substantial**, given the multiplicity of actors involved in SP in the Democratic Republic of Congo, their different approaches to delivering social assistance, and their often-competing agendas. In particular, efforts toward the establishment of a unique social registry may create tensions over the most appropriate technical approach to identify beneficiaries and over the question of long-term institutional anchorage.

VI. RESULTS FRAMEWORK AND MONITORING

Results Framework

Project Development Objectives(s)

The project development objective is to establish the core building blocks of a safety net system and improve the access of poor households to productive safety nets interventions.

PDO Indicators by Objectives / Outcomes	DLI	CRI	Unit of Measure	Baseline	End Target
Establish the building blocks of a safety nets system					
Beneficiaries registered in the social database, as a measure of systematic approach			Number	0.00	236,600.00
Share of safety net beneficiary households living under the poverty line, as a measure of efficient targeting			Percentage	0.00	70.00
Improve access of poor households to productive safety nets interventions					
Beneficiaries of social safety net programs		Yes	Number	0.00	1,419,600.00
Beneficiaries of social safety net programs - Female		Yes	Number	0.00	600,000.00
Targeted households who invest in productive assets			Percentage	0.00	80.00

Intermediate Results Indicators by Components	DLI	CRI	Unit of Measure	Baseline	End Target
Component 1: Institutional Development and Capacity Building					
Staff trained (of whom 30% women)			Number	0.00	300.00
Grievances addressed in accordance with set procedures			Percentage	0.00	80.00
SP Coordination meetings held			Number	0.00	20.00
Component 2: Community Based Cash for Work Program					
Direct beneficiaries of temporary employment programs (of which 40% women)			Number	0.00	1,200,000.00
Days of labour generated			Number	0.00	20,000,000.00
Component 3: Cash Transfers					
Direct beneficiaries of cash transfers			Number	0.00	219,600.00
Transfers paid following planned frequency			Percentage	0.00	80.00
Beneficiaries complying with conditionalities			Percentage	0.00	90.00
Component 4: Livelihood and Human Development Support					
Beneficiaries of human development support activities			Number	0.00	300,000.00
Households benefiting from livelihood support activities			Number	0.00	236,600.00
Village Savings and Loans Associations functioning			Percentage	0.00	80.00
Cash transfer beneficiaries complying with soft conditionalities			Percentag	0.00	95.00

			e		

Monitoring & Evaluation Plan: PDO Indicators	
Indicator Name	Beneficiaries registered in the social database, as a measure of systematic approach
Definition/Description	Number of beneficiary households registered in the database
Frequency	Bi-annually
Data Source	Administrative data (SIG project)
Methodology for Data Collection	
Responsibility for Data Collection	FSRDC + MINAS + PNPS

Indicator Name	Share of safety net beneficiary households living under the poverty line, as a measure of efficient targeting
Definition/Description	
Frequency	Annually
Data Source	Survey
Methodology for Data Collection	
Responsibility for Data Collection	MINAS

Indicator Name	Beneficiaries of social safety net programs
Definition/Description	
Frequency	Quarterly
Data Source	MIS system
Methodology for Data Collection	Data source
Responsibility for Data Collection	PIU

Indicator Name	Beneficiaries of social safety net programs - Female
Definition/Description	
Frequency	Quarterly
Data Source	MIS
Methodology for Data Collection	
Responsibility for Data Collection	PIU and Social Fund

Indicator Name	Targeted households who invest in productive assets
Definition/Description	
Frequency	
Data Source	

Methodology for Data Collection	
Responsibility for Data Collection	

Monitoring & Evaluation Plan: Intermediate Results Indicators	
Indicator Name	Staff trained (of whom 30% women)
Definition/Description	Number of people working for the Social Funds, MINAS, PIU/MINAS, PNPS and other keystakeholders benefiting from capacity building opportunities
Frequency	Quarterly
Data Source	Administrative data (SIG project)
Methodology for Data Collection	
Responsibility for Data Collection	MINAS
Indicator Name	Grievances addressed in accordance with set procedures
Definition/Description	
Frequency	Quarterly
Data Source	Administrative data (SIG project)
Methodology for Data Collection	
Responsibility for Data Collection	MINAS

Indicator Name	SP Coordination meetings held
Definition/Description	Meetings held to coordinate the implementation of safety nets programs
Frequency	4 per year
Data Source	MIS
Methodology for Data Collection	
Responsibility for Data Collection	PNPS; UGP/MINAS

Indicator Name	Direct beneficiaries of temporary employment programs (of which 40% women)
Definition/Description	Number of people living in households that benefit from the CFW (number of workers multiplied by 6 (average household size)
Frequency	Quarterly
Data Source	Administrative data (MIS project)
Methodology for Data Collection	
Responsibility for Data Collection	FSRDC

Indicator Name	Days of labour generated
Definition/Description	Number of person day of work created
Frequency	Quarterly
Data Source	Administrative data (SIG project)

Methodology for Data Collection	
Responsibility for Data Collection	FSRDC

Indicator Name	Direct beneficiaries of cash transfers
Definition/Description	Number of people living in households benefiting from the cash transfers (cash transfer households est. 36,600 *6)
Frequency	Quarterly
Data Source	Administrative data (SIG project)
Methodology for Data Collection	
Responsibility for Data Collection	MINAS

Indicator Name	Transfers paid following planned frequency
Definition/Description	
Frequency	Quarterly
Data Source	Administrative data (SIG project)
Methodology for Data Collection	
Responsibility for Data Collection	MINAS

Indicator Name	Beneficiaries complying with conditionalities
Definition/Description	
Frequency	
Data Source	
Methodology for Data Collection	
Responsibility for Data Collection	

Indicator Name	Beneficiaries of human development support activities
Definition/Description	People participating in trainings on human development, or exposed to communication campaigns (including CFW worker; beneficiary of cash transfers; and community members)
Frequency	Quarterly
Data Source	Administrative data (SIG project)
Methodology for Data Collection	
Responsibility for Data Collection	MINAS; Service provider

Indicator Name	Households benefiting from livelihood support activities
Definition/Description	Number of households benefiting from the livelihoods support activities
Frequency	Quarterly
Data Source	SIG
Methodology for Data Collection	Administrative data

Responsibility for Data Collection	Service provider
Indicator Name	Village Savings and Loans Associations functioning
Definition/Description	
Frequency	
Data Source	
Methodology for Data Collection	
Responsibility for Data Collection	
Indicator Name	Cash transfer beneficiaries complying with soft conditionalities
Definition/Description	
Frequency	
Data Source	
Methodology for Data Collection	
Responsibility for Data Collection	

ANNEX I: IMPLEMENTATION ARRANGEMENTS AND SUPPORT

COUNTRY: Democratic Republic of Congo
Productive Inclusion Project

Project Institutional and Implementation Arrangements

1. **The proposed implementation arrangements aim at promoting Government ownership and building its capacity to coordinate and manage effectively a safety net system.** At the same time, they are also mindful of the considerable technical and organizational limitations of most government institutions and therefore try to strike a compromise between long-term institution building and short-term service delivery. In this perspective, the implementation arrangements have been tailored by component, to build on the competitive advantage of different actors within the operational context of each component.

Component 1: Institutional Capacity and System Building

2. As mentioned earlier, the PIU will have both technical and fiduciary responsibilities for the implementation of this component. As such, it will procure the consultant services needed for the conception and establishment of the various administrative subsystems of a safety net system (targeting, identification, registration, monitoring, and so on) and ensure that relevant stakeholders are informed, consulted, and trained in accordance to their role in the system implementation. In collaboration with the PNPS, FSRDC, and MINAS, it will identify efficient ways to strengthen all Government entities called to play a role in the operation of a safety net system. The PIU will also operate a modular MIS that will link different types of information and databases, facilitating the integration of administrative subsystems and programs as well as the production of reports needed for global oversight.

Component 2: Community-based CFW Program

3. This component will be under the primary responsibility of the FSRDC. The FSRDC is an autonomous public organization under the Presidency created in 2002 to improve the living conditions of the poor. This entity has over 15 years of experience managing World Bank-funded projects in social protection and social development, having started in 2005 with responsibility for the successful Emergency Social Action Project, realized in all provinces under very challenging circumstances. The FSRDC is currently implementing the STEP and is familiar with World Bank fiduciary guidelines and procedures as well as with safeguards requirements and instruments.

4. The FSRDC will be specifically responsible for (a) identifying and registering beneficiaries in accordance with the targeting and registration procedures established in the PIM, (b) identifying the labor-intensive works in collaboration with local stakeholders and in compliance with the PIM, (c) contracting and supervising construction companies and NGOs for day-to-day management of work sites, (d) entering into collaboration agreements with the government entities in charge of urban and rural roads, *Office de Voirie, OVD,* and *Direction des Voies de Desserte Agricole*,

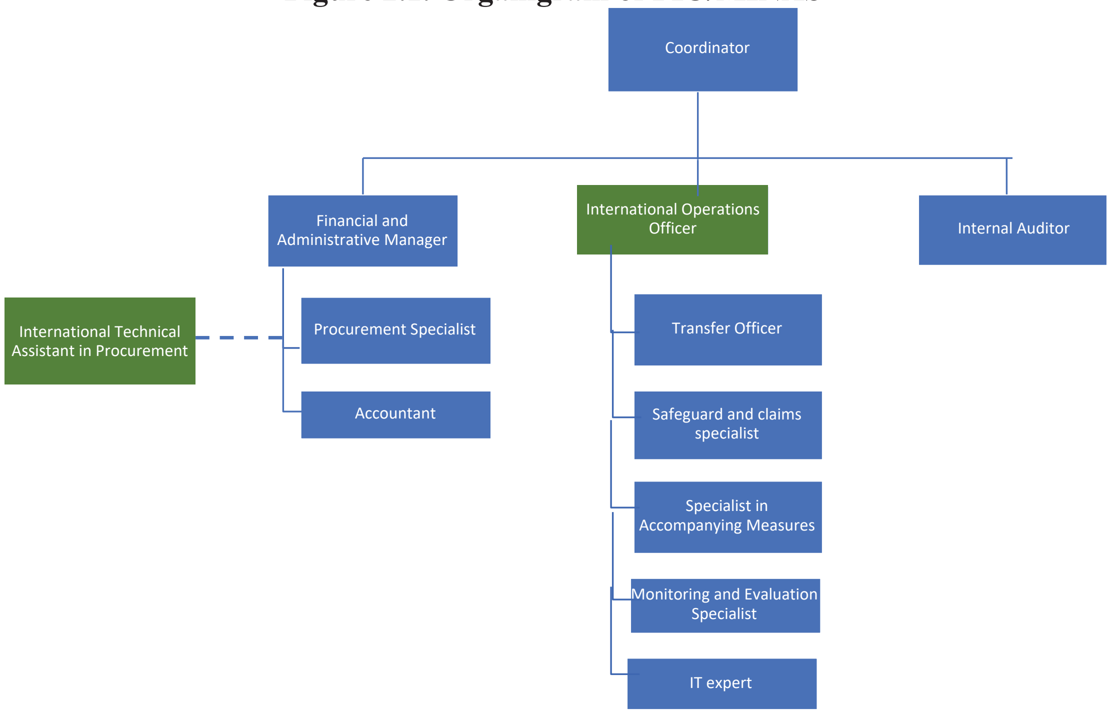
DVDA, respectively, (e) setting up and managing an appropriate GRM for the component, (f) ensuring that safeguards instruments are in place and used, and (g) establishing a rigorous M&E system for the component. For project needs, the FSRDC would have to open offices in Mongala, Kwango, south Ubangi, North Ubanghi, and Mai-Ndombe as well as revamp its office in Kwilu (historically, the FSRDC has only been represented in the old 11 provinces). This will imply hiring additional staff with the required technical and fiduciary expertise. For the needs of the project, it is envisaged that each provincial office will be staffed with personnel including an Office Chief, two engineers, a project officer, an accountant, a procurement specialist, a safeguards assistant, and an M&E specialist.

5. Provincial and local authorities (CLD) as well as local stakeholders will be involved in the selection of works. Deconcentrated government services, such as OVD and DVDA, will be involved in monitoring the technical quality of works and, possibly, in actually managing the works (this will depend on their technical level and presence).

Component 3: Cash Transfers

6. The Government has very little experience with cash transfers and MINAS, the ministry with the mandate for non-contributory social protection, is not familiar with World Bank fiduciary requirements. It has therefore been decided that Components 1, 3 and 4 will be under the responsibility of a PIU anchored to MINAS but enriched by international expertise, with field support from the CPS. The PIU will be staffed by personnel selected on a competitive basis with TOR and qualifications acceptable to the World Bank; in cases where the proposed person is a public servant, he/she will have to be freed from all responsibilities not directly related to project implementation. Two international experts will support the PIU in key areas—overall management assistance and procurement. A national level FMS will be recruited. The PIU will be staffed as described in the organigram in figure 2.1.

Figure 2.1. Organigram of PIU/MINAS



7. The PIU will manage a Designated Account established for the three components. It will recruit a payment agency for each province with a cash transfers program (it could be different agencies or the same agency for all three provinces, depending on the results of the procurement process), which will be charged with cash transfers delivery in line with the procedures established in the PIM. A number of entities are active in the Democratic Republic of Congo and, collectively, they have proven able to reach the most remote areas. They include the NGO Caritas, which is in charge of paying elementary teacher salaries throughout the country, telephone companies (for example, Orange, Vodacom), microfinance institutions, and money transfer companies (for example, Soficom, Ami Fidel).

8. Identification and registration of beneficiaries will be carried out under the PIU responsibility with support from the relevant CPS as well as other technical partners as needed (for example, NGOs, United Nations agencies, consulting companies). The beneficiaries' database would initially be set up and managed by the PIU with a view to transfer gradually such responsibility to the PNSP or other appropriate Congolese entity (for example, the National Statistics Institute), as the database should eventually evolve into a unique social registry accessible to all government entities with programs targeting vulnerable individuals. Finally, the PIU will have general oversight on the GRM described in the PIM and will operate the portion of the mechanism related to the cash transfers program with support from the CPS.

9. The CPSs represent the main government interface with its vulnerable population, but they are presently severely under-resourced. For example, although in principle each district (*territoire*) or municipal center (*commune*) should have a CPS, resulting in a total of 53 centers in the three provinces selected for the cash transfers program (seven in Mongala, 15 in Kwango, and 31 in

Kwilu), only 14 of these CPS are in reasonably good conditions and staffing is well below required levels. The CPS will be supported to carry out the following roles: (a) assisting with the identification and registration process in accordance with the procedures described in the PIM; (b) contributing to the regular update of the beneficiary database; (c) monitoring the effective delivery and quality of accompanying measures; and (d) receiving and transmitting—and, when warranted, handling—complaints in accordance with the approved GRM system.

Component 4: Livelihood and Human Development Support

10. To avoid over-burdening the PIU and to streamline implementation, the delivery of measures to support livelihoods and human development will be subcontracted to a third party. Considering the scope of the measures, the geographic coverage and the size of the budget, it is most likely that the entity selected will be an international NGO with an extensive network and demonstrated experience carrying out these types of activities, possibly working in partnership with local NGOs. While the PIU will manage the contract with the selected entity, payments to such entity will be made directly by the World Bank.

11. Although accompanying measures will be under the responsibility of one entity, it is expected that a number of actors will have a role to play in the definition and delivery of the measures. Thus, the National Nutrition Program (PRONANUT) will be consulted to determine the details of the information package and help identify competent local NGOs, while collaboration with UNICEF will facilitate sessions focusing on essential family practices by providing access to training material and competent trainers. Similarly, locally based NGOs will be called upon to act as relays in the cascading approach envisioned.

Financial Management

12. As part of the Democratic Republic of Congo Productive Inclusion Project preparation, a FM assessment of the implementing units has been carried out. The objective of the assessment is to determine (a) whether these units have adequate FM arrangements to ensure that project funds will be used for purposes intended in an efficient and economical way; (b) project financial reports will be prepared in an accurate, reliable and timely manner; and (c) the project's assets will be safeguarded. The FM assessment was carried out in accordance with the FM Practices Manual issued by the FM Sector Board on November 3, 2005, as revised in March 2010. In this regard, a review of the FM existing system (budgeting, staffing, financial accounting, financial reporting, funds flow and disbursements, internal and external audit arrangements) of the FSRDC and MINAS have been carried out during project preparation.

Assessment of MINAS

13. The assessment concluded that this ministry has very limited experience in working with development partners and therefore it has not been exposed to World Bank fiduciary procedures. It has therefore been decided that Components 1, 3 and 4 will be under the responsibility of a PIU anchored to MINAS; this PIU will have the overall coordination of administrative and fiduciary aspects of the project. In addition, it will oversee FM reporting and ensuring smooth flow of funds

to different agencies and institutions for activities funded under Components 1, 3 and 4. The unit will be in charge of managing one Designated Account.

14. Going forward, to mitigate the fiduciary risk to the extent possible, the following actions will need to be implemented: (a) recruitment of project fiduciary staff including one FMS, one accountant, one procurement specialist; (b) preparing the section on financial and accounting procedures of the PIM; (c) acquiring and configuring a suitable project software; and (d) preparing the IFR format for the project's quarterly reports.

Assessment of the Social Fund

15. Currently, the Social Fund in Kinshasa is staffed, on the FM side, with (a) one experienced FM Officer in charge of the overall coordination of all FM activities of the projects, (b) an experienced accountant, and (c) a treasurer. Fiduciary staff at the provincial level comprise only one accountant for each province. The FSRDC has good experience in implementing World Bank-financed projects; they have executed the Emergency Social Action Project (P086874) and are also managing the ongoing STEP (P145196) as well as the Great Lakes Women Health and Empowerment Project (P147489). However, the assessment has identified the need to have the project managed by a separate fiduciary team, these new staff will be selected through a competitive process. The existing Manual of Administrative, Accounting, Financial and Procurement Procedures will be revisited and updated to accommodate this new project, the project FM software (TOM2PRO) will be also be upgraded to take into consideration the specificities of this project.

Country Issues

16. The Democratic Republic of Congo is gradually emerging from a decade of political instability, conflict, and mismanagement of public finances. Recently, structural reforms have been launched in the areas of economic governance, public expenditure management, and transparency. The ongoing Public Financial Management and Accountability Project (P151960) as well as the Establishing Capacity for Core Public Management (P117382) are helping the country to strengthen capacity in both public and private administration and tackle corruption and mismanagement.

17. Although there is cause for cautious optimism and significant improvements have been made in public finance management during recent years, it will take a long time for these reforms to yield substantial improvement in the management of public funds. Given the fragility of the fiduciary environment, the Government has requested the use of a ringfenced approach to implement this project, like the other World Bank-financed projects in the country.

Risk Assessment and Mitigation

18. The following risk identification worksheet (table 2.1) summarizes the significant risks with the corresponding mitigating measures.

Table 2.1. Risks

Risk	Risk Rating	Risk Mitigating Measures Incorporated into Project Design	Conditions for Effectiveness (Y/N)	Residual Risk
Inherent risk	**MI**			**MI**
Country level Congo, Dem. Rep. is still a high-risk country from the fiduciary perspective. The PER, PEFA, as well as the UCS reports outlined PFM weaknesses at the central and decentralized Government levels as well as sector ministries level in terms of governance and public funds management.	H	The Government is committed to a reform program that includes the strengthening of the PFM, an ongoing IDA-financed PRCGAP (P117382), and the PFMAP (P145747) that will strengthen the PFM system both at the central level and in some provinces, but is unlikely to yield results quickly enough to impact the proposed project. Use of IDA FM procedures is required for this project.	N	**H**
Entity level The assessment of some ministries during the PEFA and UCS, particularly the Ministry of Finance revealed internal control weaknesses and weak fiduciary environment. The new assessment of MINAS has also revealed serious fiduciary weaknesses.	S	A new fiduciary team will be recruited for this project both at the FSRDC and MINAS. Use of World Bank's fiduciary procedures will be critical for mitigating the fiduciary risk of this project.	N	**S**
Project level This is a project which will be implemented across different levels that will face coordination challenges. Ensuring funds are used for purposes intended will be a bottleneck.	S	Training on fiduciary procedures will be conducted for all FM staff throughout the life of the project. Clear TORs for each staff will be agreed and included in the Manual of Administrative, Accounting, Financial and Procurement Procedures. Ex ante and ex post control will be strengthened by ensuring clear separation of duties. The scope of external auditors and FM supervision will include review of expenditures incurred at all levels.	N	**S**
Control Risk	**S**			**S**
Budgeting The budgeting process is complex. Inputs are required from all implementing entities which could result in delays in the preparation of the budget, weak budgetary execution and control, risk that the institutions to which funds are sent do not spend all their funds in a timely fashion and do not report on what they have spent.	S	The Manual for Administrative, Financial, Accounting and Procurement Procedures will define the arrangements for budget preparation and execution as well as annual detailed disbursement forecasts. IFRs will provide information on budgetary control and analysis of variances between actual and budget. The annual work plans and budgets will be prepared by the Social Fund and MINAS. The PIU within MINAS will consolidate before submission to the World Bank.	N	**M**

Risk	Risk Rating	Risk Mitigating Measures Incorporated into Project Design	Conditions for Effectiveness (Y/N)	Residual Risk
Accounting This project will use the accounting software as for all other World Bank-financed projects in Congo, Dem. Rep. The existing software (TOM2PRO) might be adapted and used to accommodate financial information of this project. **The risks will be the following:** Poor policies and procedures, delay in keeping reliable and auditable accounting records, and risk of increasing the workload leading to some delays in submitting the reports**.**	S	The project will adopt the OHADA accounting system. Accounting procedures will be documented in the Manual of Procedures; the FM functions will be carried out by qualified consultants (individuals); additional accountants will be recruited on competitive basis where need be; and the existing software will be customized to take into consideration the need for this new project. The fiduciary staff will be trained in the use of the software at all levels.	N	**S**
Internal Control Insufficient safeguards and controls may result in misuse of funds and affect the implementation of the project. A new Manual of Procedures will be prepared by the PIU for Components 1, 3 and 4. The existing Manual of FSRDC will be updated to accommodate this new project.	S	Revision and adoption of the Manual of Administrative, Accounting, Financial and Procurement Procedures and training on the use of the manual by all fiduciary staff recruited for this purpose. It is expected that they will be in place before project effectiveness. Strengthen the internal audit units to ensure that the project complies with fiduciary procedures.	N	**M**
Funds Flow **(**a) Risk of misused funds, (b) delays in disbursements of funds to implementing entities and beneficiaries, and (c) delay of replenishment of Designated Accounts at the central level.	S	The following are the mitigating measures: (a) Payment requests will be approved by the FM Officer before disbursement of funds; (b) the TORs of the external auditors will include physical verification of goods, services acquired; and (c) the Steering Committee will approve the consolidated annual budget of the project.	N	**S**
Financial Reporting The risk will be to have inaccurate and delayed submission of IFRs to the World Bank due to delays from implementing entities.	S	(a) A computerized accounting system will be used and IFRs format will be customized, (b) IFR and financial statements formats and content will be discussed during project negotiations. IFR template will be included in the Manual of Administrative, Accounting, Financial and Procurement Procedures.	N	**M**

Risk	Risk Rating	Risk Mitigating Measures Incorporated into Project Design	Conditions for Effectiveness (Y/N)	Residual Risk
Auditing The national audit capacity is weak and not reliable. Qualified external auditor will be appointed to audit all projects including the World Bank-financed project. The risk would be the delay in submission of audit reports or qualified opinion and delays in the implementation of audit report recommendations. Lack of coordination between implementing entities for the selection of external auditor and acceptation of audit reports.	S	(a) The project's institutional arrangements allow for the appointment of adequate external auditors and the TORs will include field visit and physical verification of project assets. (b) Annual auditing will be carried during the project implementation period in accordance with International Standards on Auditing. (c) Auditor's recommendations will be monitored during project supervision missions.	N	**S**
Governance and Accountability Possibility of circumventing the internal control system with colluding practices as bribes, abuse of administrative positions, mis-procurement, and so on is a critical issue.	M	(a) The TOR of the external auditor will comprise a specific chapter on corruption auditing. (b) Manual of Administrative, Accounting, Financial and Procurement Procedures approved before project effectiveness. (c) Robust FM arrangements (qualified individual FM staff recruited under TORs acceptable to IDA, quarterly IFRs, including budget execution and monitoring. (d) Measures to improve transparency such as providing information on the project status to the public, and encouraging participation of civil society and other stakeholders are built into the project design.	N	**M**
OVERALL FM RISK	**S**			**S**

Note: H = High; M = Moderate; MI = ; S = Substantial; OHADA = *Organisation pour l'Harmonisation en Afrique du Droit des Affaires*; PER = Public Expenditure Review; PEFA = Public Expenditure and Financial Accountability; PFM = Public Financial Management; UCS = .

19. The overall residual FM risk rating is deemed Substantial.

Planning and Budgeting

20. The Annual Work Plan (AWP) and budget along with the disbursement forecast will be prepared by the FSRDC for Component 2 and the PIU for Components 1, 3 and 4. The PIU within MINAS will consolidate into a single document; the consolidated document will then be approved by the National Steering Committee and submitted to the World Bank no later than December 31 of the year preceding the year the work plan should be implemented.

21. The implementing entities will monitor its execution with the accounting software in accordance with the budgeting procedures specified in the Manual of Procedures and report on variances along with the quarterly IFR. The budgeting system needs to forecast for each fiscal year the origin and use of funds under the project. Only budgeted expenditures will be committed and incurred to ensure the resources are used within the agreed-upon allocations and for the intended purposes. The quarterly IFRs will be used to monitor the execution of the AWP.

Information and Accounting System

22. The Democratic Republic of Congo is now a member of OHADA and hence adheres to its accounting standards (SYSCOHADA), in line with the international accounting standards. Hence, SYSCOHADA accounting standards will apply to this project. Integrated financial and accounting systems are already in place and being used by the fiduciary units (SUCCESS at the central level, TOMPRO at the decentralized levels). The project code and chart of accounts will be developed to meet the specific needs of the project and documented in the Manual of Procedures. These software programs should be upgraded for the proposed project. The upgraded system is expected to include a general diary, auxiliary diaries, general balance, cash record, and fixed assets record. The chart of accounts should be prepared according to the wording used in tables for sources and uses of funds for the accepted eligible expenditures as agreed during negotiations of the project. These diaries and records should be maintained with the support of FM software that should be operational no later than three months after project effectiveness. Newly recruited fiduciary staff should also be trained in the use of the software by the same date.

Internal Control and Financial, Administrative, and Accounting Manual

23. The FSRDC has an FM Manual which details out key internal control procedures from transaction initiation, review, and approval recording and reporting. The manual must be updated within three months after effectiveness to take into consideration any specific concerns relating to this project. The PIU will also prepare a Manual of Procedures for the fiduciary management of Components 1, 3 and 4. There should be clear separation of duties within the FM units. The TORs of the internal auditors at all levels will be revisited to consider the specificity of this project; the internal auditors will report directly to the coordinator of the PIU and to the General Coordinator of the FSRDC.

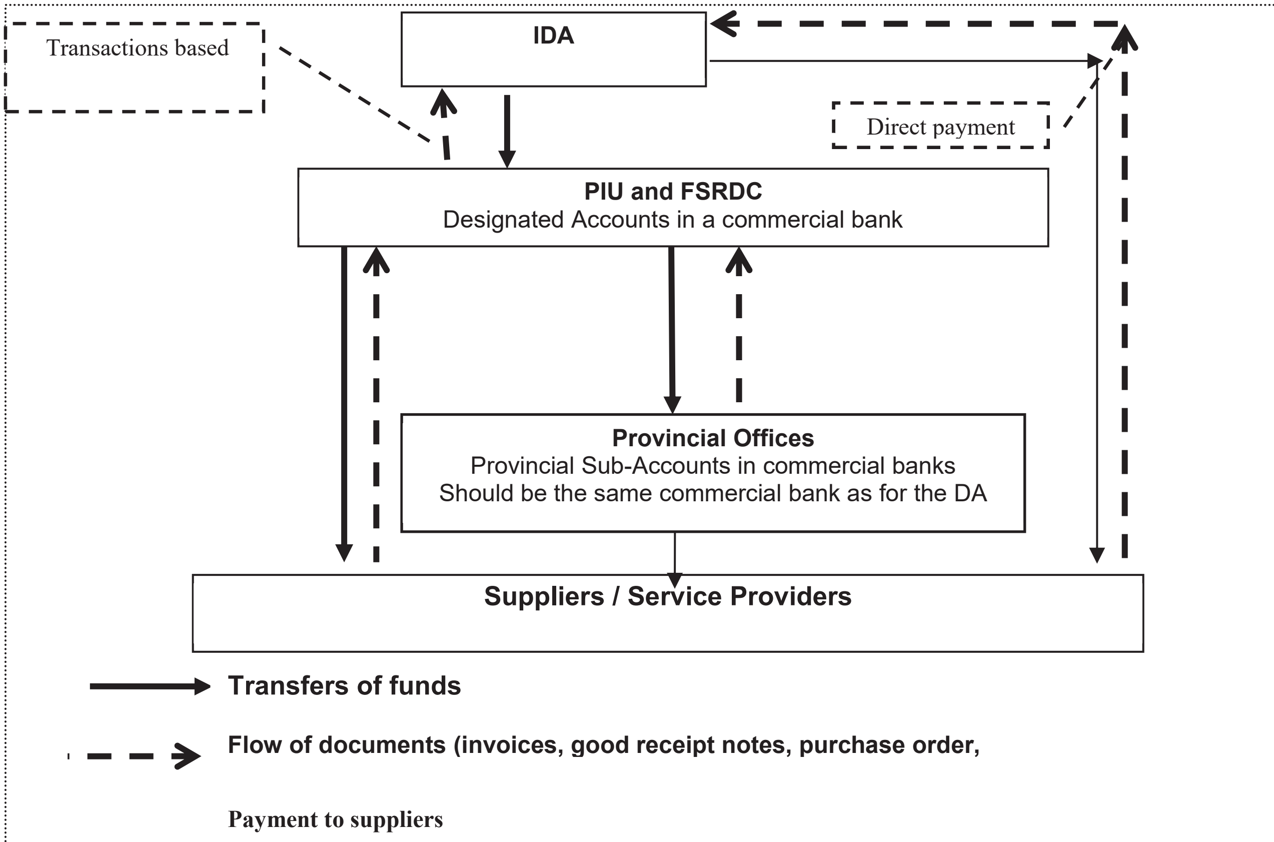
Funds Flow Mechanism

24. **Funds flow and disbursement arrangements**. Two Designated Accounts will be opened in a commercial bank on terms and conditions acceptable to IDA, one under the fiduciary responsibility of the Social Funds, the other under the fiduciary responsibility of the PIU anchored in MINAS The ceiling of the Designated Accounts will be set at US$9,500,000 million for the Social Fund, and US$3,600,000 for the PIU, equivalent to four months expenditures forecast and will become effective upon grant effectiveness. These Designated Accounts will be used to finance all eligible project expenditures under the different components. Payments will be made in accordance with the provisions of the PIM (for example, two authorized signatures will be required for any payment). The FSRDC will open subaccounts at the provincial level; these subaccounts will be used to pay all expenditures at the decentralized level. Replenishment of these accounts will be done at least once a month by the project upon submission of acceptable expenditures recap. Payments from the subaccounts will be subject to acceptable arrangements for the World Bank. The Designated Account will be replenished against withdrawal applications supported by statements of expenditures and other documents evidencing eligible expenditures as specified in the Disbursement Letter. All supporting documents should be retained at the project and readily accessible for review by periodic IDA implementation support missions and external auditors.

Disbursement Arrangements

25. **Disbursement method.** Upon grant effectiveness, transaction-based disbursements will be used during the first year of the project implementation. Thereafter, the option to disburse against submission of quarterly unaudited IFR (also known as the report-based disbursements) could be considered subject to the quality and timeliness of the IFRs submitted to the World Bank and the overall FM performance as assessed in due course. In the case of the use of the report-based disbursement, the Designated Account ceiling will be equal to the cash forecast for two quarters as provided in the quarterly unaudited IFR. The option of disbursing the funds through direct payments to suppliers/contractors for eligible expenditures will also be available for payments equivalent to 20 percent or more of the Designated Account ceiling. Another acceptable method of withdrawing proceeds from the IDA grant is the special commitment method, whereby IDA may pay amounts to a third party for eligible expenditures to be paid by the recipient under an irrevocable Letter of Credit. The funds flows diagram for the Designated Account is in figure 2.2.

Figure 2.2: Flow of Project Funds



26. **Disbursement of funds to other service providers and suppliers.** Both the FSRDC and the PIU will make disbursements to service providers and suppliers of goods and services in accordance with the payment modalities; payments will be facilitated by microfinances companies on a quarterly basis as specified in the respective contracts/conventions as well as the procedures described in the Project Administrative, Accounting, Financial and Procurement Manual.

27. **Disbursements by category.** Table 2.2 sets out the expenditure categories to be financed out of the grant. This table considers the prevailing country financing parameter for the Democratic Republic of Congo in setting out the financing levels. In accordance with the World Bank standard procurement requirements, contracts will continue to be approved "all taxes included" for local expenditures. The project will, however, claim invoiced amounts excluding taxes. The Government will take appropriate steps to cover the tax portion of contracts signed by the project with contractors and suppliers of goods and services.

Table 2.2: Expenditure Categories

Category	Amount of the Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Operating Costs and Training under Parts A, C and D of the Project	28,200,000	100%
(2) CFW Programs under Part B of the Project	98,800,000	100% of amounts disbursed under the respective CFW Program
(3) CT under Part C of the Project	9,200,000	100% of amounts disbursed under the respective CT
(4) Refund of Preparation Advance	2,900,000	Amount payable pursuant to Section 2.07 (a) of the General Conditions
TOTAL AMOUNT	139,100,000	

Financial Reporting

28. For the proposed project, the fiduciary teams of the Social Fund and the PIU will be required to prepare monitoring financial reports. These reports will be consolidated by the PIU and submitted to IDA on a quarterly basis within the 45 days following the end of each quarter. This report will include (a) a table with sources and use of funds, (b) a table with use of funds per activity, (c) a table regarding use of funds according to procurement methods and thresholds, and (d) a table with M&E or physical advance of activities. Financial statements will be prepared for each financial exercise covering in general 12 months. Interim financial statements will also be prepared considering (a) certified status of expenditures, and (b) an analysis of Designated Account management. The format of such reports has been discussed and agreed during project negotiations.

29. It is expected that one single monitoring report will be prepared which will consolidate all levels before submission to the World Bank.

External Audit

30. The financial statements for the proposed project should be the object of an external audit prepared by an independent firm which should be selected according to procedures acceptable to the World Bank and other donors. Audit reports produced by this auditor should be submitted to IDA six months after the end of each fiscal year before June 30. These reports should include (a) a report on the financial statements, (b) a report on the special accounts and certified statements of expenditure, and (c) a report on the internal control procedures or letter of recommendation. The TOR for the selection of the external auditor should be prepared by the FM team of the PIU and submitted to IDA for comments.

31. **Governance and accountability.** The risk of fraud and corruption within project activities is high given the country environment as well as the project design. In the context of the project, the effective implementation of the fiduciary mitigation measures should contribute to strengthen the control environment. Also, the appropriate representation and oversight of the Steering Committee involving key involved actors, as well as the transparency in both operation implementation and dissemination to stakeholders and the public should constitute a strong starting point to tackle governance and corruption issues during project implementation.

Financial Management Action Plan

32. The FM Action Plan described in table 2.3 has been developed to mitigate the overall FM risks.

Table 2.3. Financial Management Action Plan

Issue	Remedial Action Recommended	Responsible Entity	Completion Date	FM Conditions
FM staffing	Recruitment of fiduciary team both at the FSRDC and the PIU within the MINAS	Respective implementing entities	Three months after approval	N
Accounting software	Upgrade the existing software and train the fiduciary staff on the use of that software at the FSRDC; acquiring one software for the PIU at MINAS	Implementing entities	Three months after effectiveness	N
FM and accounting Manual of Procedures	Prepare a project Manual of Procedures which will include FM and accounting aspects for the PIU at MINAS; update the existing Manual of Procedures at the FSRDC	Respective implementing entities	By effectiveness	N
Reporting (IFRs)	Agree on the format and content of unaudited IFRs	PIU/MINAS	Before approval	N
External auditing	Selection of external auditor	PIU/MINAS	Six months after effectiveness	N

Implementation Support Plan

33. Supervision missions will be conducted over the project's lifetime. The project will be supervised on a risk-based approach. It will comprise, among others, the review of audit reports and IFRs and advice to task team on all FM issues. Based on the current risk assessment which is Substantial, the project will be supervised at least twice a year and may be adjusted when the need arises. The Implementation Status and Results Report will include an FM rating of the project. An implementation support mission will be carried out before effectiveness to ensure the project

readiness. To the extent possible, mixed on-site supervision missions will be undertaken with procurement M&E and disbursement colleagues.

34. Based on the outcome of the FM risk assessment, the Implementation Support Plan is proposed in table 2.4.

Table 2.4. Implementation Support Plan

FM Activity	Frequency
Desk reviews	
IFRs review	Quarterly
Audit report review of the program	Annually
Review of other relevant information such as interim internal control systems reports	Continuous as they become available
On-site visits	
Review of overall operation of the FM system	Annually (implementation support mission)
Monitoring of actions taken on issues highlighted in audit reports, auditors' Management Letters, internal audit, and other reports	As needed
Transaction reviews (if needed)	As needed
Capacity building support	
FM training sessions by World Bank FM team	Before project start and thereafter, as needed

35. The objectives of the Implementation Support Plan are to ensure that the project maintains satisfactory FM systems throughout the project's life.

List of Conditionality and Covenants

36. **There are no FM effectiveness conditions**. Other FM Standard Covenants apply as follows:

- IFRs will be prepared on a quarterly basis and submitted to the World Bank 45 days after each quarter.
- Annual detailed work program and budget, including disbursement forecasts, will be prepared each year by end of December.
- The overall FM system will be maintained operational during the project's entire life in accordance with sound accounting practices.

37. **Conclusions of the FM assessment.** The overall residual FM risk at preparation is considered Substantial. The proposed FM arrangements for this project are considered adequate to meet the World Bank's minimum fiduciary requirements.

Procurement

38. **Applicable procurement regulations.** The procurement of goods, works, and non-consulting and consulting services for the project will be carried out in accordance with the procedures specified in the 'World Bank Procurement Regulations for IPF Borrowers' (Procurement Regulations), dated July 2016 and revised November 2017, under the New Procurement Framework; the World Bank's 'Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants' (dated July 1, 2016); and the provisions stipulated in the Financing Agreement.

39. All goods, works, and non-consulting services will be procured in accordance with the requirements set forth or referred to in Section VI. Approved Selection Methods: Goods, Works, and Non-Consulting Services of the Procurement Regulations, and the consulting services will be procured in accordance with the requirements set forth or referred to in Section VII. Approved Selection Methods: Consulting Services of the Procurement Regulations, the Project Procurement Strategy for Development (PPSD), and the Procurement Plan approved by the World Bank.

40. A PPSD has been prepared with the World Bank support and aims to ensure the procurement activities are packaged and prepared in such a way that they expedite implementation taking into account (a) the market analysis and the related procurement trends and (b) the procurement risk analysis. The PPSD provides the basis and justification for procurement decisions, including the recommended procurement approaches to market and selection methods that will be reflected in the approved Procurement Plan covering the first 18 months of the project implementation. Table 2.5 summarizes the various procurement methods to be used for main activities financed by the proposed IDA credit.

Table 2.5. Procurement Methods

Type of Procurement	Selection Methods
1. Goods	Request for Proposals, Request for Bids, Request for Quotations, and Direct Selection
2. Non-Consulting Services	Request for Proposals, Request for Bids, Request for Quotations, and Direct Selection
3. Works	Request for Proposals, Request for Bids, Request for Quotations, and Direct Selection
4. Consulting Services	Quality- and Cost-Based Selection, Fixed-Budget Based Selection, Least-Cost-Based Selection, Quality-Based Selection, Consultant's Qualification Based Selection, Direct Selection, and Selection of Individual Consultants.

41. **Procurement Plan.** The Procurement Plan, including its updates, shall include for each contract (a) a brief description of the activities/contracts, (b) the selection methods to be applied, (c) the cost estimates, (d) time schedules, (e) the World Bank's review requirements, and (f) any other relevant procurement information. The Procurement Plan covering the first 18 months of the project implementation has been prepared and submitted for the World Bank's approval before the project negotiations. Any updates of the Procurement Plan shall be submitted for the World Bank's

approval. The recipient shall use the World Bank's online procurement planning and tracking tools (Systematic Tracking of Exchanges in Procurement) to prepare, clear, and update the Procurement Plans and manage all procurement transactions and related documentation.

42. **Institutional arrangements for procurement.** The procurement activities under this project will be carried out at two levels: (a) at the level of the PIU to be set up within MINAS and (b) at the level of the FSRDC. At the PIU level, a Procurement Unit will be created and will be staffed with qualified and experienced recruited procurement specialists. At the FSRDC level, the Procurement Units at the central level and at the provincial level need to be reinforced by the recruitment of additional qualified and experienced procurement specialists. The PIU and the FSRDC will be responsible for ensuring that the fiduciary aspects of the project are managed appropriately. The procurement staff of both entities will be trained on procurement regulations.

43. **Procurement risk assessment.** The procurement risk is rated High in light of (a) the country context and associated risk, (b) the unproven experience of the Procurement Unit because it has to be set up and staffed within the PIU to be created, (c) the fact that the FSRDC needs to be reinforced by newly recruited procurement specialists, and (d) the fact that this project will be implemented in the Democratic Republic of Congo under the World Bank's New Procurement Framework.

44. The prevailing risk can be improved to Substantial provided that the following corrective measures are implemented.

Table 2.6. Procurement Action Plan Corrective Measures

Ref. No.	Tasks	Responsibility	Due Date
1	Recruit a well-qualified and experienced staff for the Procurement Unit within the PIU.	MINAS	Before effectiveness
2	Recruit a well-qualified and experienced staff to reinforce the FSRDC Procurement Units at the central and provincial level.	FSRDC	Before effectiveness
3	Train the new recruited procurement staff on the World Bank's New Procurement Framework (online courses and face-to-face courses) and on the use of Systematic Tracking of Exchanges in Procurement tool, which will be used to manage all procurement transactions and related documentation.	PIU and FSRDC	Three months after effectiveness
4	Prepare a PIM that will include procurement procedures and arrangements for the project along with the standard and sample documents to be used.	PIU and FSRDC	By effectiveness
5	Organize a launch workshop involving all stakeholders.	PIU and FSRDC	Three months after effectiveness
6	Develop a contract management system to ensure that all contracts under the project are effectively and efficiently managed.	PIU and FSRDC	Continuously

45. **Frequency of procurement supervisions.** In addition to the prior review to be carried out by the World Bank, at least two implementation support missions will be carried out annually, including field visits to be carried out for post review of procurement actions. As agreed with the Government, contracts will be published on the web. Annual compliance verification monitoring will also be carried out by an independent consultant and will aim to (a) verify that the procurement and contracting procedures and processes followed for the project were in accordance with the Financing Agreement; (b) verify technical compliance, physical completion, and price competitiveness of each contract in the selected representative sample; (c) review and comment on contract administration and management issues as dealt with by the PIU and the FSRDC; (d) review capacity of the PIU and the FSRDC in handling procurement efficiently; and (e) identify improvements in the procurement process in light of any identified deficiencies.

Environmental and Social (including safeguards)

46. **As mentioned earlier, the subprojects under Component 2 are not expected to have negative or irreversible impacts on communities or the environment.** As the sites where the rehabilitation works, agricultural activities and sanitation works have not yet been identified, the project will initially develop framework documents setting forth the measures to be applied during implementation. The safeguards framework instruments currently being prepared include an ESMF, a PMP, an RPF, and an IPPF. Beyond the standard environmental and social policy issues, the frameworks will include assessments of issues such as conflict, GBV, potential labor standards, and influx issues and associated issues such as workers and communities' health and safety, GBV and sexual exploitation and abuse. In view of the activities considered under component 2, OP 4.01 (Environmental assessment), OP 4.09 (Pest Management), and OP 4.12 (Involuntary Resettlement) were triggered. In addition, given some of the physical characteristics of the targeted provinces (for instance, Mai-Ndombe is a highly forested zone), OP. BP 4.04 (Natural Habitats), OP/BP 4.36 (Forests), OP 4.10 (Indigenous Peoples), and OP/BP 4.11 (Physical and Natural Resources) were also triggered. The ESMF proposes appropriate mitigation measures and provisions for the abovementioned if the risks exist in the areas of implementation or if the project activities risk having impacts of that nature. The RPF and IPPF have been the object of consultations and have been disclosed by the World Bank on May 31, 2018 and in-country on May 31, 2018. The ESMF has been disclosed by the World Bank on June 4, 2018, and in country on June 4, 2018. During the preparation of all the safeguards instruments, there will be an emphasis on the consultation process, which will be conducted in a gender-sensitive manner, and specifically for the IPPF, in a way that ensures the active participation of indigenous peoples.

47. **In terms of capacity in safeguards management and implementation, the FSRDC will assume responsibility for implementing the safeguards measures pertaining to Component 2 (that is, all but the IPPF, which will also be applicable to other Components) and the PIU/MINAS will hire a social safeguards specialist.** The FSRDC has experience in safeguards implementation from previous and ongoing World Bank-financed projects, namely the Emergency Social Action Project (now closed), the STEP, and the Great Lakes Emergency Sexual and GBV Project. For the new proposed project, the FSRDC will increase its staffing to avoid an excessive burden on the current social and environmental safeguards specialists. The new environmental and social specialists will be supported by the current environmental and social safeguards specialists

who are monitoring the implementation of safeguards measures under the ongoing World Bank-financed projects and have collectively benefitted from several World Bank safeguards capacity-building initiatives. As for safeguards management under Component 3, the staff of the PIU/MINAS will include a social safeguards specialist who will also be responsible for the GRM.

Monitoring and Evaluation

48. **The implementation and results of Component 2 will be monitored through a variety of instruments.** These include (a) the Social Fund M&E system, (b) regular field visits by the FSRDC's staff and their documentation of their findings, (c) annual operational audits that will produce timely information on the compliance of all stakeholders with the procedures and responsibilities outlined in the project manuals, (d) the World Bank's supervision missions, and (e) the oversight of the Project Steering Committee. The project manuals for the different components will provide detailed descriptions of how the project activities will be monitored.

49. **The results of Component 3 will be closely monitored by MINAS's MIS setup under the project.** Monitoring will involve routine and periodic measurement of the project inputs, activities, and outputs during implementation, using indicators (largely quantitative) generated by the MIS and other indicators deducted from data analysis. Monitoring of Components 3 and 4 will require the design and implementation of an M&E system as well as the training of both the PIU and MINAS staff in its use; these activities will be supported by Component 1. Monitoring tools will also include (a) in-depth field M&E missions, (b) regular World Bank supervision missions, (c) independent financial auditing, (d) process evaluation, and (e) spot checks. In addition, a rigorous impact evaluation of the cash transfers will be designed to provide information on the changes in the behavior of beneficiaries, including changes in their eating habits, nutritional status of children, school enrollment, adoption of essential family practices, and early childhood stimulation practices and productive activities.

50. The project M&E would encourage strong citizen engagement, particularly in the targeting process and in the selection of public works to ensure transparency and accountability in program delivery at the local levels. Notice boards (where available), information boards, local meetings, and the vernacular radio would be used for community-level information dissemination. To guarantee timely and objective treatment of those who might have a grievance, a responsible appeals system would be introduced and included in the project Operation Manual.

Strategy and Approach for Implementation Support from the WB

51. The proposed Implementation Support Plan (ISP) is informed by lessons learned from past World Bank-funded SP projects in the Democratic Republic of Congo and the risk profile of the project. The ISP aims at ensuring an effective and timely implementation of the mitigation measures designed to address key risks that are related to the operating environments. These include: limited physical access to some of the areas of intervention; high costs of conducting supervision; substantial risks of GBV; risks of error, fraud, corruption and political interference in the beneficiary identification process; and overall political fragility. In the provinces of North and South Ubangi, security concerns related to proximity with the Central African Republic may come

into play. The team is aware of the implementation risks faced, and consequently of the need for enhanced supervision, and it will endeavor to have in place adequate staffing for strong implementation support. In addition to ensuring the proper implementation of the project as designed, the ISP also focuses on building the capacity of the client and project implementation partners.

52. The strategy focuses on providing close technical guidance to the client during project preparation and after the grant becomes effective. This guidance will span across all aspects of the project including safeguards and fiduciary. The strategy will periodically be reviewed and revised as needed and rely on approximately four comprehensive supervision missions per year.

Implementation Support Plan and Resource Requirements

53. The World Bank's task team has members in both the World Bank's headquarters and the local office in Kinshasa who are working closely together to ensure that potential bottlenecks are identified early and that corrective actions are taken to manage any risks that might prevent the achievement of the project's development objectives. Implementation support missions from the World Bank will be conducted regularly throughout the project implementation. These missions will rigorously monitor progress toward achieving project results as listed in the results framework. These support missions will also ensure that any necessary corrective actions are agreed upon and taken to counter any emerging problems. In addition, experienced World Bank staff and/or consultants will visit in between missions to provide technical assistance and implementation support to the Government and other stakeholders to address emerging technical issues. Specific technical assistance and capacity building skills will be mobilized by the World Bank project team in key areas that are considered critical for the project's implementation. These include but are not limited to:

- Rural development and livelihood support;
- Early childhood development and nutrition;
- Targeting and beneficiary identification;
- Impact evaluation;
- Operations and implementation management; and
- ICT and information management for safety nets.

54. In addition to conducting "traditional" supervision missions and capacity building, the task team and the implementing agencies will consider the following:

- **Working with competent service providers** in areas where access is limited or severely constrained.

- **Recruiting an independent verification agency** (NGO or firm) that will provide support in objectively evaluating project implementation progress in hard to reach areas, and double-checking results as needed. The TORs of such independent verification agency would be similar to those of a third-party monitor in terms of data collection and analysis, and they will include a requirement for simultaneous submission of reports to both the implementing agencies and the World Bank to allow for enhanced monitoring by the Client and remote supervision by the task team of project activities in areas where physical access is constrained.

- **Leveraging ICT to monitor implementation progress remotely**. In cooperation with the Country Management Unit and the FCV Group similarly to the proposed Kasai Emergency project, the PIP will consider establishing a customized architecture for M&E as well as supervision, based on the geo-enabling methodology. In this regard, select M&E officers of the PIU/MINAS and FSRDC will be provided with training and access to dedicated software accounts for statistical and spatial M&E data analysis. Moreover, a project-specific architecture could be created that will include customized digital forms and questionnaires as well as protocols for data collection and back-office analysis. The project task team will have direct access to the analytical systems, which will allow the team to supervise in-field activities remotely.

55. Implementation Support Plan

Time	Focus	Skills Needed	Resource Estimate	Partner Role
First 12 months	Ensuring operational readiness to implement	Operational and implementation support; technical input to validate all Operation Manuals	US$250,000	Ensure that all offices are operational and consultants recruited; sign Memorandum of Understanding and contracts with implementing partners; launch technical studies, baseline surveys, and pilot cash transfers; setting up the building blocks of safety nets interventions
12–24 months	Finalizing the 'test' cash transfers; scaling up cash transfers, LIPW activities as well as accompanying measures	Operational and implementation support to ensure compliance with World Bank fiduciary requirements; technical support to address potential capacity gaps	US$250,000	Implementing activities
24–36 months	Midterm review	Assess progress toward achieving the PDO and restructuring technical design as needed to address bottlenecks	US$250,000	Implementing activities
36 months and beyond	Ensure all components are implemented; action plan from the midterm review is implemented; discussions on 'next	Operational and implementation support	US$250,000	Implement project activities; launch advocacy efforts to secure Government financial contribution to

Time	Focus	Skills Needed	Resource Estimate	Partner Role
	phase' in the establishment of a safety nets system ongoing.			the project
Other	—	—	—	—

Skills Mix Required

Skills Needed	Number of Staff Weeks	Number of Trips	Comments
Operational systems and ICT	35	20	Average of 10 days per mission per year; 4 missions per year during project implementation
Support to LIPW, livelihoods and rural development	17	10	Average of 10 days per mission per year; 2 missions per year during project implementation
Economist (impact evaluation)	15	5	1 mission per year during implementation (average)
Nutrition and early childhood	17	10	Average of 10 days per mission per year; 2 missions per year during project implementation
Cash transfers	17	10	Average of 10 days per mission per year;2 missions per year during project implementation
Social safeguards	35	20	Country based
Environmental safeguards	35	20	Country based
FM	35	20	Country based
Procurement	25	20	Country based
Overall operations and implementation management	—	—	A full-time country-based SP specialist who is also an expert on gender and a Washington, DC-based task team leader is assigned to the project.

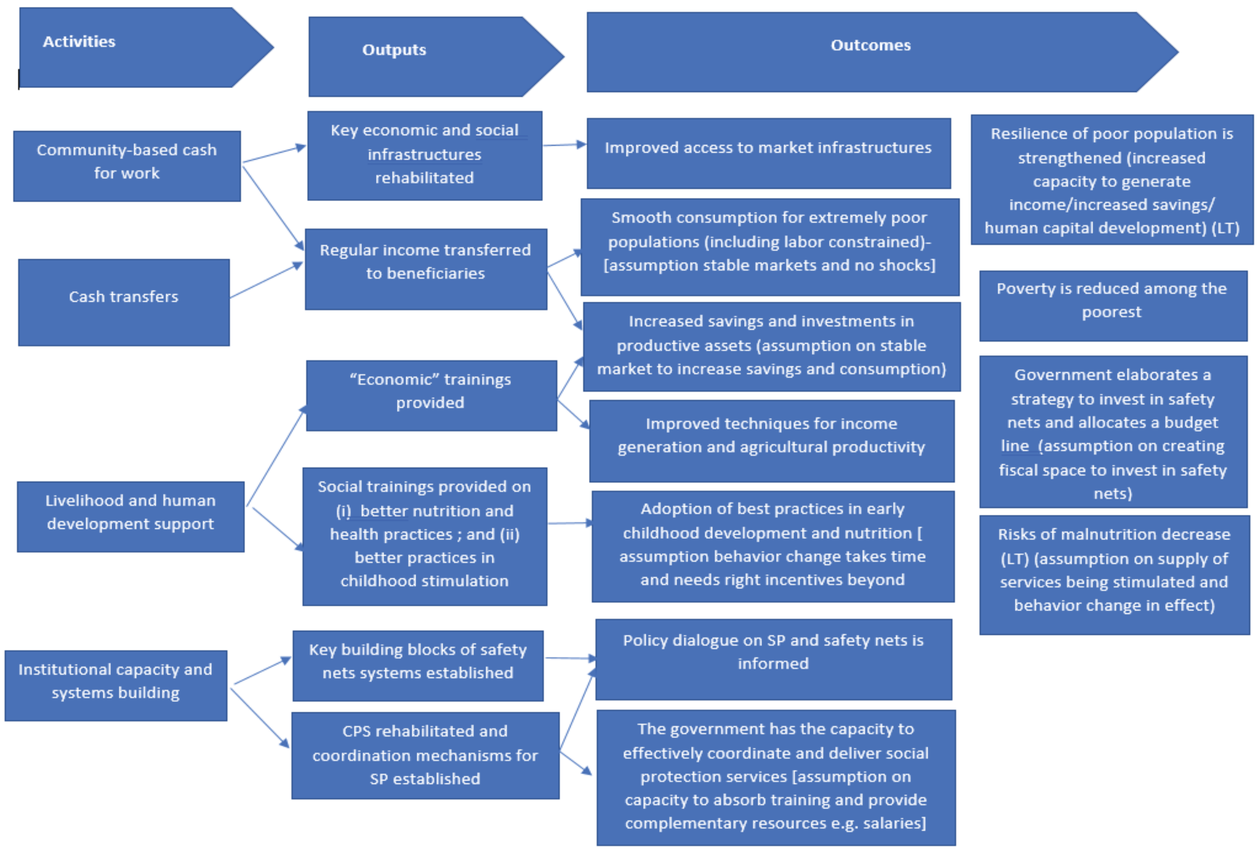
ANNEX II: DETAILED PROJECT DESCRIPTION

COUNTRY: Democratic Republic of Congo
Productive Inclusion Project

Overall Project Design

1. **The project sets out to address three key constraints to poverty reduction: (**a) limited earnings and low productivity for poor populations, (b) deficiencies in the early years that negatively impact prospects for human capital development and future earnings, and (c) limited capacity to deliver social protection services effectively. Two safety nets instruments will be implemented: CFW and cash transfers. These cash-based interventions will provide regular—albeit temporary—income to poor households to smooth consumption, protect assets, and encourage productive investments. A package of economic and social accompanying measures will be delivered to maximize the impact of both types of safety net on earnings, productivity, and young children's welfare. To foster sustainability, the project will help the Government set up systems and strengthen its capacity to manage and coordinate the delivery of non-contributory SP services. Long-term outcomes of the intervention include building resilience of poor populations, promoting human development, and reducing poverty. A summary of the theory of change underlying the project is presented in figure 1.1.

Figure 1.1. Theory of Change



2. **The project will be implemented in six provinces: Mai-Ndombe, Kwango, Kwilu, Mongala, South and North Ubangi.** These provinces were selected based on the following criteria: poverty rate, number of poor people, vulnerability to malnutrition, absence of interventions financing similar activities, and opportunity for synergies with other projects. In particular, the international poverty rate in the targeted provinces ranges from 88 percent to 96 percent, thus well above the national average of 73.3 percent. Multi-dimensional poverty rates are above 90 percent for Mongala and South Ubangi, above 80 percent for Kwilu, Mai-Ndombe and Kwango, and at 78 percent in North Ubangi. In addition, Kwango has frequent nutritional alerts and is known for the prevalence of konzo, a rare and incapacitating disease related to malnutrition. There are opportunities for synergies with World Bank-funded health, agriculture and transport projects in in all six provinces. Provinces in which World Bank-funded safety nets interventions are ongoing (Tanganyika, South Kivu, North Kivu and Haut-Uélé) or planned (Bas Uélé, Kasai Central, Kasai Oriental) or where limited access meant excessively high implementation costs for a marginal impact were not selected, regardless of the poverty levels (this is the case of Lomami and Sankuru, for example).

3. **In three provinces (Kwilu, Kwango, and Mongala), the project will finance two types of safety nets—CFW and cash transfers, while in the three remaining provinces only CFW will be financed.** The first type of safety net aims at offering beneficiary households the opportunity to earn a substantial amount of cash, which would make it possible for them not only to increase consumption temporarily and get out of debt (a frequent problem for poor people) but also, with the help of the public goods created and accompanying measures offered, set up sustainable livelihoods. The second type of safety net aims at improving the nutritional and developmental outcomes of children in their first 1,000 days by giving to their chronically poor mothers/caregivers a steady access to small cash amounts (equivalent to US$15) coupled with accompanying measures that include information and training on ways to avoid malnutrition and encourage the development of young children. Training, sensitization and other measures will complement the transfers in both types of safety net to maximize project impact on livelihood support and human capital development with an emphasis on early childhood development.

4. **Project activities will be implemented essentially on the basis of geographic targeting.** As funding does not allow for the full coverage of the six provinces, the project will focus on the districts (*territoires*) with the highest poverty rates and reasonable accessibility. Within these districts, villages will be covered either with CFW or cash transfers (as noted earlier, the cash transfer option will only be available in Kwilu, Kwango and Mongala). The provincial allocation of the available resources will be based on a combination of the provinces' total population and their global level of poverty. CFW will be the 'default' safety net because its characteristics are the most appropriate to the Congolese situation—high underemployment, huge infrastructure needs, and low productivity. Cash transfers will be offered in villages with low production potential, too far from markets, and/or with limited opportunities for cost-effective CFW activities. Universal targeting will be used in districts with poverty rates above 75 percent. In the provinces where some of the poorest districts have poverty rates lower than 75 percent, the use of a poverty score card will be tested; a basic poverty score card has already been developed using data from

the 2012 household survey (*Enquête* 1-2-3) and can be adapted for project needs.[15] An additional targeting criterion for cash transfers will be the presence in the household of a pregnant woman or a child under two years of age.

5. **Institution and system building will be an integral part of project activities, as the long-term objective is to assist the Government in establishing a national social safety net system.** Given the considerable logistical, technical, and political challenges, a modest start on six provinces out of 26 will offer the opportunity to refine approaches and instruments with a view to extend them gradually to the rest of the country. This is particularly true for cash transfers, as the Government experience is limited to a pilot program that ran for just six months and covered only 2,000 households. For this reason, the cash transfers component will not be implemented in Mai-Ndombe, South and North Ubangi whose sparse population and difficult access would represent a formidable obstacle. On the other hand, at least one government entity, the FSRDC, has considerable experience with CFW interventions, so extending them to remote areas seems less risky.

Component 1: Institutional Capacity and System Building (US$18 million equivalent)

6. This component will consist of three main interrelated blocks: (a) the establishment of the main elements necessary for an efficient and transparent social safety net system; (b) the strengthening of national capacity, both technical and organizational, to ensure that the system elements developed are understood, used and maintained properly; and (c) project management, which will include the coordinating and M&E arrangements that would facilitate the integration of different project aspects for a smooth implementation and also provide timely feedback to make needed adjustments.

Subcomponent 1.a: Support to Social Protection System (approximately US$4 million equivalent).

7. This will include a targeting system, basic elements for the creation of a unique social registry, a reliable payment mechanism, and a GRM. Support will also be provided to set up a sound M&E system as well as relevant implementation manuals. These instruments will be tested on a first batch of at least 5,000 cash transfer households, assessed, adjusted as needed, and applied to the remaining households to be covered by the project. IDA will finance goods, information technology, and consultant services for developing and operationalizing these elements. A World Bank-executed RSR grant is contributing to the objective of this component by supporting analytical work (together with ILO) and technical assistance for a targeting system. At the same time, the Human Development Systems Strengthening Project has financed a study to revamp the CPSs, which represent the interface of MINAS with the public.

[15] Schreiner, M. 2018. *Simple Poverty Scorecard Tool Democratic Republic of the Congo*. www.simplepovertyscorecard.com/COD_2012_ENG.pdf.

Subcomponent 1.b: Institutional Capacity Building and Learning (approximately US$6 million equivalent).

8. As the intended government entry point to deliver services to vulnerable households in need of public assistance, the MINAS-run CPSs will need to be strengthened both materially (equipment, supplies, connectivity, construction/rehabilitation) and technically (training and technical assistance) to be able to play a significant role in the implementation of safety net programs. In particular, they will be called to support the targeting and registration processes, the monitoring of service delivery, and the operation of the GRM. On the other hand, the PNPS (anchored to the Ministry of Employment, Labor, and Social Security) will be supported in its coordinating role of SP interventions in accordance with its official mandate, while the FSRDC will receive training to strengthen its capacity to implement CFW activities and comply with World Bank safeguards requirements.

9. **This project provides a unique opportunity to build evidence and knowledge on the impact of cash-based interventions on livelihood and resilience in the Democratic Republic of Congo.** A rigorous impact evaluation will be designed and carried out with technical support from the World Bank. The evaluation will measure and compare impact, effectiveness, and cost-effectiveness of both types of safety net on a broad set of households and individual outcomes such as consumption, assets, health, nutrition (including anthropometric measurements), education, and employment among children and adults. The evaluation will study outcomes among participating households but will also attempt to measure spillover effects among non-participating households.

10. **This evaluation will include a baseline household survey conducted before the launch of Components 2, 3 and 4 as well as an end-line household survey.** The evaluation will rely on random assignment of eligible localities into three groups: a first intervention group participating into the CFW Component, a second intervention group participating in the cash transfer Component, and a control group in which none of the two components will be introduced for the duration of the test phase. An analysis and power calculation will determine the number of localities to be included in the impact evaluation sample, whether the impact evaluation will take place in all three provinces with both types of safety net and the geographical level at which the localities will be randomized into the three groups. To guarantee the comparability of results between the two intervention groups, the impact evaluation will be focused on rural areas. However, a more limited and nimble evaluation might also focus on the urban CFW participants taking advantage of the randomization offered by the lottery process used to select beneficiaries. Given the limited experience with targeted cash transfers with accompanying measures in the country, such an exercise should provide valuable findings to inform future scale-up as well as policy dialogue on the sustainability of safety net programs.

Subcomponent 1.c: Project management (approximately US$8 million equivalent).

This component would entail support to the PIU to ensure that (a) all project activities and tasks are executed in line with implementation manuals and annual plans, (b) a communication strategy is in place and executed, (c) coordination among all actors involved in project implementation is effective, (d) safeguard and fiduciary requirements are satisfied, and (e) project outcomes and intermediary results are monitored and evaluated.

Component 2: Community-Based CFW Program (US$142 million equivalent)

11. This component will finance the following activities:

- **Project management costs of the social funds**, estimated at $20 million equivalent. This will include support to ensure that (a) all project activities and tasks are executed in line with implementation manuals and annual plans, (b) a communication strategy is in place and executed, (c) coordination among all actors involved in project implementation is effective, (d) safeguard and fiduciary requirements are satisfied, and (e) project outcomes and intermediary results are monitored and evaluated.

- **Urban CFW activities implemented in the main cities of the six provinces.** Works will be selected in collaboration with local stakeholders and will likely focus on sanitation (for example, street and ditch cleaning, drainage, and garbage collection) and the rehabilitation or maintenance of existing local infrastructure such as gardens, green spaces, and markets.

- **Rural CFW activities implemented in districts with the highest poverty rates and the best productive opportunities.** Works will focus on the rehabilitation of transport infrastructure (rural road rehabilitation and maintenance, improving access to markets, and social services are a national priority), and collective productive investments that both provide immediate employment opportunities and create/improve sustainable income-generating activities (e.g., small-scale irrigation).

12. **Targeting.** For urban CFW activities, beneficiary selection would be either on the basis of MINAS databases of vulnerable households (if they are determined to be reliable) or through a public lottery process (for adults above 18 years) to ensure a transparent and equitable selection of beneficiaries, possibly with a separate lottery for men and women to achieve an adequate gender balance; this method has already been used in the east with good results. For rural CFW activities, targeting will be essentially geographic with the opportunity to work offered to all households, to share available jobs equitably, with only one adult per household participating. In the case of districts with poverty rates lower than 75 percent, a poverty scorecard will be used to target rural beneficiaries, while the salary level offered for urban employment will work as a self-selection tool.

13. **Benefits.** In line with prevalent salaries for non-skilled labor, daily salaries will be US$3, though in some urban areas they may need to be raised to US$4 per day. The duration of employment will depend on the nature of selected activities/investments and be for approximately 100 days (four to six months) on average, which would provide beneficiaries with about US$300 or the equivalent of approximately 70 percent of the country's average GDP per capita, a level of assistance meaningful enough to make a lasting difference in concerned households' welfare. Households directly benefiting from income opportunities generated by the collective productive

infrastructures established under the project (for example, bottomlands, small-scale irrigation) will participate in the execution of the necessary works but be paid at a reduced daily rate of US$1.50 per day for their labor. Their sustainable use of the concerned infrastructures will be negotiated with holders of the customary rights to the natural resources in question.

14. **Results.** It is estimated that, over the project period, the component will create about 20 million days of work and provide temporary employment to about 200,000 households. Through the establishment of productive infrastructure, it will also increase opportunities for sustainable income-generating activities to targeted beneficiaries and, through the rehabilitation of rural roads of other public infrastructures, provide indirect benefits to the entire population of local communities.

15. **Implementation modalities.** The FSRDC will be in charge of component implementation, through a delegation (*maîtrise d'ouvrage déléguée*) from the provincial and communal governments. It will be strengthened with appropriate staffing (in particular for environmental and social safeguards as well as for fiduciary management) and responsible for (a) selecting urban and rural CFW activities in collaboration with provincial/local governments and other relevant stakeholders; (b) selecting, subcontracting, and supervising local executing agencies (small and medium enterprises, NGOs, service providers) for the implementation of the works; (c) selecting and contracting consultants to carry out related technical, environmental, and/or social studies and evaluations; (d) ensuring environmental and social safeguards compliance; (e) managing financial and procurement processes in accordance with World Bank rules; and (f) monitoring overall component implementation and reporting on it as appropriate.

16. CFW activities will be chosen in collaboration with provincial and local authorities (communal and local governments/local development committees (*Comités Locaux de Développement,* CLD) as well as local stakeholders, based on (a) development plans and community preference and (b) a minimum labor ratio (unskilled labor to the total cost of the investment/activity) expected to be over 60 percent, except for rural road rehabilitation and the rehabilitation of public infrastructures (35 percent). Rural roads for rehabilitation will be selected based on their impact on economic activity (links to markets or areas of important production potential). In rural areas, CFW will be primarily implemented during the agricultural off-season, to avoid interfering with agricultural employment/livelihoods.

17. Also, as the often physically demanding nature of the works to be performed may lead to discrimination against women, care will be taken to include tasks that are more suited to women's abilities. In the same vein, work may be paid *per task* to facilitate women attending their other obligations.

18. **Capacity building.** Based on a detailed assessment of existing capacities, the component will provide assistance (limited equipment and training) to urban communes, CLD, and technical/implementing agencies to build their capacity to support the effective implementation of the component activities. If necessary, specific training (*chantiers–écoles*) will be organized during the first year of implementation to establish an adequate pool of contractors technically competent in labor-intensive techniques. At the same time, the capacity of local governments and

communities to manage the social and environmental aspects of CFW activities will be strengthened through training and the establishment of an appropriate GRM.

19. **Safeguards.** The component will establish a comprehensive mechanism for ensuring adequate management of environmental and social aspects of the activities, in accordance with the relevant IDA safeguards. All activities will be subjected to a pre-implementation screening, and feasibility studies will include appropriate mitigation measures for their implementation.

20. **Monitoring and evaluation.** A detailed M&E system will be established at the start of the component to (a) provide feedback on implementation and make timely adjustments as necessary, and (b) gather the information necessary for evaluating its impact on beneficiaries' resilience and livelihoods. A GRM will be established, annual technical audits carried out, and beneficiary surveys conducted regularly.

Component 3: Cash Transfers (US$20 million equivalent)

21. **Targeting and enrollment.** Given the large number of poor households and the limited resources available, geographic targeting will be complemented by a second level of targeting, with eligibility limited to households with a child in his/her first 1,000 days, that is, with a pregnant woman or at least one child under 2 years. As mentioned earlier, in districts with poverty rates lower than 75 percent additional means-based criteria will have to be used.

22. In each selected village, an initial assembly will be held to inform the community about the program and all its processes. This will be followed by the registration of households complying with the criteria. Formal enrollment in the program will be a separate process involving (a) identifying who will collect the transfer (normally the mother) and an alternative receiver; (b) completing the information required by the transfer agency; (c) correcting or updating the information collected during targeting; (d) informing households about the rights and expectations of the program, the transfer system, and how to complain, claim or make updates; and (e) signing a 'contract' between the program and the household.

23. **Benefits.** Each household will receive a basic transfer of US$15 equivalent per month, resulting in US$180 equivalent per year. This amount represents 44 percent of per capita GDP and is therefore quite a substantial contribution to a poor household's welfare. It is estimated that the available budget envelope will make it possible to reach a total of about 36,600 households, including pregnant women and their children ages 0–2, during the life time of the project.

24. **Program duration and exit policy.** To keep procedures as simple as possible, the program will use a two-year fixed cohort approach, that is, a first cohort of beneficiaries is enrolled for a two-year period, and the second cohort is enrolled at the beginning of the third year of cash distribution for another two-year period. Households with children older than 21 months at the time of enrollment will not be allowed to enroll in the program. There will be no exit policy related to compliance with participation to training sessions and other accompanying measures (see Component 4 in the following paragraphs).

25. **Implementation modalities.** This is a multisectoral program requiring collaboration across various government and nongovernment agencies. While the overall responsibility will lie with MINAS through the PIU, delivery of the training, sensitization and other measures to support human development will require collaboration with the National Nutrition Program (PRONANUT), UNICEF, and NGOs (see Component 4 in the following paragraphs). Such collaboration will be formalized through either collaboration agreements or contracts. MINAS's CPS will also have an important role to play in supporting registration and enrollment, monitoring the delivery of accompanying measures, and participating in the GRM. Payments will be the responsibility of a payment agency.

26. **Grievance system.** As part of the project, an efficient and cost-effective grievance management system will be designed, implemented, and maintained. Its main purpose is to improve accountability in the safety net system, but it should also contribute to adjust targeting and enhance implementation.

27. **Communications and outreach.** Communication activities will play a crucial role in supporting the whole program, and in particular, the implementation of the soft-conditionalities. The objective of the program would need to be widely communicated to make sure that the public at large, and especially local authorities, understand it. Second, the targeting criteria and process would need to be disseminated in a way that ensures that households in the selected communities are aware of the program benefits and have the chance to register. Third, the rights, transfers, and case management processes would have to be clearly explained to beneficiaries during the enrolment process.

28. **Monitoring and evaluation.** A detailed M&E system would be established at the start of the component to (a) provide feedback on implementation and make timely adjustments as necessary and (b) gather the information necessary for evaluating its impact on the adoption of essential family practices, and on nutritionally-relevant behaviors.

Component 4: Livelihood and Human Development Support (US$20 million equivalent)

29. **The same basic package of accompanying measures will be offered to all safety net beneficiaries.** However, the content of the modules and delivery mechanisms will be adapted to the targeted audience. These measures will be of two sorts: 'economic' measures supporting sustainable livelihoods and 'social' measures supporting human capital development. Both categories of measures are meant to provide benefits beyond the duration of the project by building beneficiaries' assets in a durable way.

- **Livelihood Support.** These measures will include three types of mutually reinforcing interventions. The first will be an aid to building up savings by retaining 30 percent of the daily pay of CFW beneficiaries (generally US$1 per day), so that they will have a small capital available to invest at the end of the employment period. Initial feedback from a similar approach used in the eastern provinces, as well as international experience, suggests that beneficiaries do use this money for productive investments, such as buying animals or land. Note that this measure will only be available to CFW beneficiaries in light of their higher temporary earnings. The second measure will be assistance to organize and operate village savings and loans associations as a means to encourage savings (in the case of CFW beneficiaries, this will encourage savings beyond the end of the employment period), provide access to microloans, and build social capital. A number of international NGOs and humanitarian actors have been supporting similar approaches in the Democratic Republic of Congo (for example, CARE international, Catholic Relief Services, UNICEF) with promising results. The third type of intervention will be training in basic financial literacy, entrepreneurship principles, and other topics relevant for income-generating activities. In specific cases, technical trainings of short duration would be offered to learn a trade for which there is a demonstrable market opportunity, such as drying fish in the proximity of rivers.

- **Human Development Support.** These measures will include community campaigns as well as information sessions aimed at promoting the adoption of proper health and nutrition practices and the prevention of risky behavior, in line with essential family practices and the community-based essential newborn and child feeding that have been adopted by the country. Specific training will complement the community campaigns and information sessions, including classes on early childhood stimulation and cooking demonstrations. In the case of cash transfers, sessions will be introduced as beneficiaries' co-responsibilities that the beneficiary household will have to accept in writing (see 'contract' mentioned earlier).

30. **Participation in training sessions and other accompanying measures will be a soft conditionality for cash transfer beneficiaries**, who will also be expected to bring their children to the health centers for regular check-ups. Compliance will be monitored at the health centers, through close links with the PDSS. Beneficiaries who do not comply will receive a warning. Those who comply will be eligible to participate in a lottery that will be publicly held to award prizes to households whose children are on track in terms of anthropometrics for age.