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Investing in rural people

Republic of the Congo

Country Strategic Opportunities Programme

2019 – 2024

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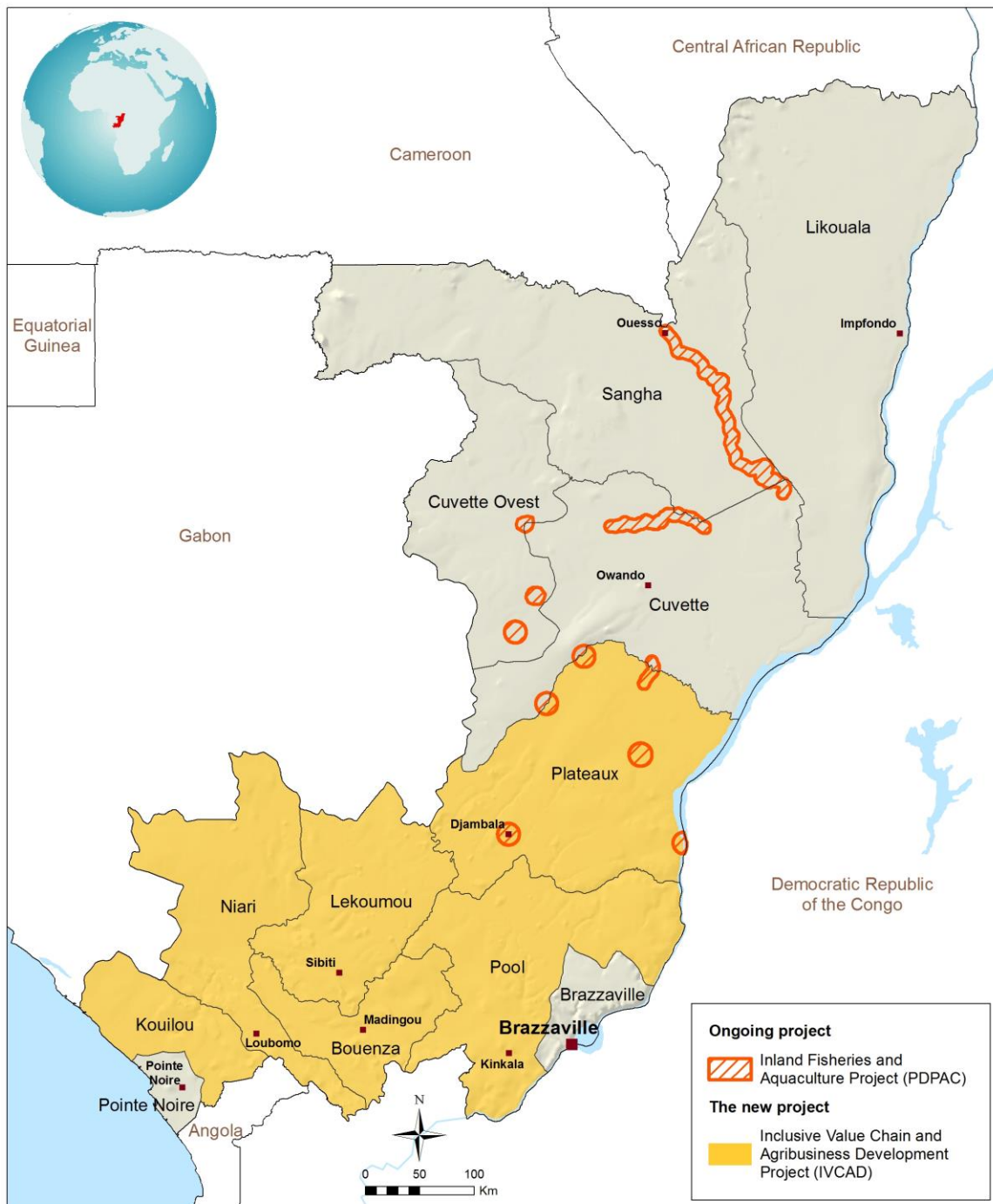
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Abbreviations and acronyms

| | |
|---------|--|
| AfDB | African Development Bank |
| CMEC | Mutual Savings and Credit Facilities |
| COSOP | country strategic opportunities programme |
| ECF | Extended Credit Facility |
| FAO | Food and Agriculture Organization of the United Nations |
| FO | Farmers' Organization |
| GCF | Green Climate Fund |
| IMF | International Monetary Fund |
| IVCAD | Inclusive Value Chains and Agribusiness Development Project |
| M&E | monitoring and evaluation |
| MAEP | Ministry of Agriculture, Livestock and Fisheries |
| MFI | Microfinance Institution |
| MSME | micro, small and medium-sized enterprise |
| MUCODEC | Congolese Savings and Credit Scheme |
| PADEF | Value Chain Support Programme |
| PD-PAC | Inland Fisheries and Aquaculture Project |
| PMU | Programme Management Unit |
| PND | National Development Plan 2018-2022 |
| PRODER | Rural Development Project |
| RBAs | Rome-based agencies |
| SECAP | Social, Environmental and Climate Assessment Procedures |
| SO | Strategic Objective |
| SSTC | South-South and Triangular Cooperation |
| TFP | technical and financial partner |
| UNDAF | United Nations Development Assistance Framework (2014-2019) |
| UNSDCF | United Nations Sustainable Development Cooperation Framework (2020-2024) |
| WFP | World Food Programme |

Map of IFAD-funded operations in the country



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD | 14-10-2019

Executive summary

1. The Government of the Republic of the Congo and IFAD have jointly prepared the Country Strategic Opportunities Programme (COSOP) 2019-2024. The COSOP 2010-2014, prepared in 2009, ended in 2014 without an official extension.
2. The Congo exhibits many aspects of fragility despite its middle-income status. Roughly 70 per cent of the rural population is impoverished, women face discrimination in many aspects of their lives, institutional capacity is weak and the financial control environment is extremely challenging.
3. The overall goal of this COSOP is to achieve sustainable and inclusive development of agricultural production and agribusiness while supporting the Government in its effort to achieve Sustainable Development Goals (SDGs) 1, 2, 3 and 8. This COSOP differs from past strategies in that it goes beyond production and focuses on the entire agricultural value chain, aiming to stimulate pro-poor investment and growth by enabling buyers, processing enterprises, fishers and smallholders to engage in inclusive, profitable and sustainable relationships, while prioritizing the needs of rural and peri-urban youth and women. It will also contribute to identifying needed reforms and strengthening sector institutions and capacity for good governance in the sector.
4. Its three strategic objectives (SOs) are:

Strategic objective 1: Strengthen the capacity of small-scale stakeholders and their organizations to create inclusive market linkages and agribusiness models and derive economic benefits from value chains with high economic potential.

Strategic objective 2: Increase access by small-scale producers and other value chain stakeholders to financing and financial services.

Strategic objective 3: Improve the policy and regulatory environment for micro, small and medium-sized enterprise development in the agriculture and food sector.
5. The four themes of the Eleventh Replenishment of IFAD's Resources will be addressed, namely: (i) climate change; (ii) gender mainstreaming; (iii) food and nutrition security; and (iv) youth.
6. The theory of change builds on four key elements: (i) agricultural productivity increases, driven by the demand for agricultural products; (ii) value chain development, with an enhanced focus on entrepreneurship and employment for youth and women; (iii) financial services that offer targeted solutions to different market segments (especially, but not exclusively, smallholder producers and small-scale processors), as well as capacity-building for all value chain participants and service providers; and (iv) institutional innovation and capacity-building for effective horizontal and vertical value chain governance and coordination.
7. The COSOP will use innovative ways to deploy IFAD's comparative advantage in supporting smallholders by focusing on the three most promising value chains, namely cassava, fruits and vegetables, and cocoa. The strategy will: (i) capitalize on increased cassava production by directly supporting processing and value-addition activities; (ii) integrate smallholder producers and small-scale processors in commercial value chains through public-private-producer partnerships (4Ps); and (iii) leverage value chain finance to help small-scale operators gain access to formal financial services.
8. At the same time, IFAD, in partnership with other financial and technical partners, and through collaboration with the other Rome-based agencies and South-South and Triangular Cooperation, will invest in helping the Government meet its governance and business climate improvement objectives through the identification of, and dialogue on, specific agribusiness policy and regulatory reforms.

The Republic of the Congo

Country Strategic Opportunities Programme 2019–2024

I. Country context and rural sector agenda: key challenges and opportunities

1. **Macroeconomic context.** Since 2014, the Republic of the Congo has been suffering one of its worst economic crises, including an economic recession, large fiscal and current account deficits and an erosion in confidence associated with weak governance. Although a middle-income country, the Congo exhibits significant fragility due to weak institutions and vulnerability to shocks and will benefit from the Special Programme for Countries with Fragile Situations (see Appendix VI). In 2018-19, the Government took decisive policy action to address the economic challenges, including an ambitious structural reform focusing on governance improvements, supported by an International Monetary Fund Extended Credit Facility.
2. The Congolese economy is dependent on oil and highly vulnerable to external shocks. Agriculture's contribution to GDP has declined from over 30 per cent in the 1970s to 3.6 per cent in 2017, and food imports have soared, reaching a value of roughly US\$1 billion in 2017, or nine per cent of GDP.¹ As recognized by the National Development Plan (PND), there is an urgent need for economic diversification to reduce vulnerability to shocks, generate employment and create more sustainable sources of wealth. Under the base case for the COSOP, real GDP growth is projected at 5.4 per cent in 2019 but will decelerate to an average of 1.4 per cent over the remaining five years due to fiscal consolidation.
3. **Poverty context, gender and youth.** In 2018, the Congo had an estimated total population of 5.2 million, 70 per cent of it currently residing in cities and towns, mainly Brazzaville and Pointe Noire. Inequality remains high,² and the rural poverty rate is roughly 70 per cent.³ Despite constitutional guarantees, women face discrimination in many aspects of their lives, especially in rural areas where they are often discouraged from obtaining paid employment and education at the high school level. Some 42 per cent of young people aged 15-29 and 19 per cent of women are unemployed.⁴ Every year, an estimated 180,000 rural youth enter the labour market.
4. **Agriculture and aquaculture.** The urbanisation trend and availability of arable land offer major economic opportunities for farmers and fishers when they have greater access to urban markets through upgraded road infrastructure, improved transport and more structured agricultural value chains.
5. The Congo has three types of agricultural production systems:
 - (i) Subsistence agriculture: small-scale (1–2 ha), accounting for 90 percent of agricultural output of primarily staple crops.
 - (ii) Urban and peri-urban agriculture: producers with small gardens, as well as semi-modern commercial farms producing for urban consumption.
 - (iii) Agro-industrial production systems: monocultures destined for export markets or urban niche markets.

¹ National Development Plan (PND 2018-2022).

² The Congo has a Gini coefficient of 0.46, ranking it 90th out of 105 countries.

³ IFAD Country Profile <https://www.ifad.org/en/web/operations/country/id/congo>.

⁴ In 2015 (PND 2018-2022).

6. With the exception of sugarcane, the production of traditional export and cash crops (coffee, cocoa, palm oil and rice) has collapsed over the past couple of decades. Industry is currently limited to a handful of enterprises in sugarcane processing, a wheat flour mill, beer brewery and soft drink production, as well as yogurt and juice production. While these are beginning to generate some upstream impacts for local farmers, many of their inputs (e.g. wheat, maize, malt, hops, etc.) are imported. Aquaculture remains limited primarily to family fishponds.
7. **Agricultural value chain development.** The virtual absence of processing activities at all levels offers an opportunity for the growth and development of micro, small, and medium-sized enterprises (MSMEs), given adequate support such as an improved business environment and financing. Currently, such small-scale initiatives, spearheaded by young entrepreneurs, remain informal and small.
8. According to the World Bank,⁵ access to finance is cited as the second most important constraint by businesses. Women, young entrepreneurs and start-up companies are virtually excluded from the financing market due to their lack of capital, collateral and banking history. Credit to agricultural accounts is focused primarily on the forestry industry. Microfinance institutions (MFIs) are focused mainly on short-term commerce, and agriculture, including processing, accounts for only two per cent of the portfolio of the Congolese Savings and Credit Scheme (MUCODEC) - the largest MFI.
9. Market access and value chain linkages are also major challenges. The physical and business disconnect between urban markets and rural producers is a key reason for slow agriculture sector growth. This is exacerbated by the Congo's fragile nature. While currently transitioning from fragility to resilience, governance structures remain weak, particularly at the local level, due to the inability of localities to live up to their responsibilities under the Decentralization Law of 2003.
10. In large part due to its fragile nature, the Congo presents a challenging investment environment that needs to be improved in order to stimulate economic diversification and youth entrepreneurship and reduce poverty and gender inequality. Improving the MSME business climate would lower the cost of entering the formal sector and improve access to credit. The strategy to address these issues should be developed in consultation with the business community, both formal and informal, so that it adequately prioritizes and targets the elimination of the most significant barriers.

II. Government policy and institutional framework

11. To address the economic crisis, the PND emphasizes three areas: (i) human resources, stressing the development, effective deployment and preservation of human capital; (ii) economic transformation, focusing on private sector-led agriculture, tourism and industry; and (iii) cross-cutting elements, primarily the strengthening of governance and improvement of the quality of infrastructure and social services. In addition, the PND commits the country to sustainable management of its natural resources as the basis for the agricultural sector.
12. The Congo signed the Paris Agreement and developed its National Determined Intended Contribution, which is anchored in the PND. Its long-term national goal is a 48 per cent reduction in greenhouse gas emissions from a baseline scenario by the target year (2025) and a 55 per cent reduction by the target year 2035. Agriculture, livestock, forestry, energy and land use change are the main target sectors for mitigation and adaptation measures.
13. The Government recognizes agriculture as a key growth sector, with high potential for wealth and job creation and poverty reduction. The agricultural development strategy will be based on: (i) an integrated rural development and value chain

⁵ WB Project Appraisal Document at <http://projects.worldbank.org/P159979?lang=en>.

approach; (ii) support to the private sector and rural finance; and (iii) institutional capacity strengthening.

III. IFAD engagement: lessons learned

14. IFAD projects have had significant positive impacts on agricultural productivity and food security. However, market linkages have been neglected; thus, there has been no corresponding impact on rural incomes. The country programme reached 54,466 of the 75,000 households targeted – or 73 per cent - under the four projects, the Rural Development Project (PRODER) 1, 2 and 3 and the Value Chain Support Programme (PADEF).
15. Crop productivity has significantly improved, especially under PADEF, which obtained impressive per hectare yield increases.⁶ Other aspects of project performance were less successful: there were major implementation delays due to lack of competent service providers, non-disbursement of the OPEC Fund for International Development (OFID) cofinancing, and the PRODER projects had limited success in promoting agricultural diversification.⁷
16. The majority of the 800 common economic interest groups (GIEC) established by PADEF remain small, informal and poorly organized, and only three of the recommended 20 GIEC unions have been established. Ten out of the 30 mutual savings and credit facilities (CMEC) established under successive IFAD projects are still operational, but none of them have been formally recognized as microfinance institutions, and their relevance to agriculture is limited, since farm credit represents just 10 per cent of their portfolio.
17. The main reason for these institutions' lack of sustainability has been the lack of tangible benefits for local producers, who have been unable to translate crop productivity increases into major income increases without market linkages and smallholder-adapted financial services. The new COSOP's focus on integrating smallholders into value chains where service providers exist or can be mobilized is a direct response to these lessons learned.
18. The fiduciary environment presents challenges that have impacted projects negatively in the past and will require strengthened oversight and capacity-building over the COSOP period.

IV. Country strategy

A. Comparative advantage

19. **Comparative advantage.** IFAD's comparative advantage is based on a 36-year track record of working directly with producers and micro and small enterprises, focusing on creating farmers' organizations (FOs) and microfinancing groups and addressing the needs of emerging rural entrepreneurs.

B. Target group and targeting strategy

20. **Target group.** The target group includes: (i) as primary beneficiaries – poor rural and peri-urban small-scale producers and formal and informal agricultural MSMEs, focusing on youth entrepreneurs and women; and (ii) as secondary beneficiaries - private sector representative bodies, civil society organizations, central and provincial decision makers who will be engaged in public-private policy dialogue and financing institutions willing to develop a new agribusiness financing portfolio with pro-poor, pro-youth and pro-women impacts.
21. Special efforts will be made to reach:

⁶ Yield increases of 217 per cent, 200 per cent, 67 per cent, 37.5 per cent and 25 per cent for yam, soybean, cassava, banana and maize, respectively

⁷ For more details, see appendix III, Lessons Learned and Strategic Implications.

- (i) Women and youth engaged in informal or formal agricultural and agribusiness activities who are particularly disadvantaged in terms of obtaining support to develop their activities;
 - (ii) Indigenous peoples, a marginalized group almost exclusively dependent on resources from the land for its livelihood;
 - (iii) Refugees and persons displaced internally due to conflict and instability; and
 - (iv) Persons with disabilities, with the objective of supporting the exercise of their human rights.
22. **Targeting strategy.** The first project under this COSOP will target the southern Departments of Pool, Plateaux, Bouenza, Lekoumou, Niari and Kouilou, where current agribusiness activities are concentrated, and build on the achievements of previous projects. The second project may focus on the central and northern provinces, where the lessons and models from the south can help to address agriculture and agribusiness development challenges, and where the results of the ongoing Inland Fisheries and Aquaculture Project (PD-PAC) may need to be consolidated.
23. To ensure that interventions are fully inclusive, the targeting strategy will rely on a combination of: (i) direct targeting, entailing a transparent process with eligibility criteria and community participation; (ii) categorization of stakeholders and the nature, scale and potential for economic development of their activities; and (iii) facilitation, awareness and empowerment measures for the most vulnerable groups to reduce the risk of exclusion and elite capture. Targeting will be improved with relevant indicators disaggregated by sex, age and ethnicity.
24. The targeting of smallholder farmers and microentrepreneurs, particularly the poor, will be achieved through a similar combination of mechanisms: (i) self-identification; (ii) direct referral through business partners and customers; (iii) through FOs and other value chain groups. The entrepreneurs and organizations identified will be categorized to track for gender and youth representation.

C. Overall goal and strategic objectives

25. The overall goal of this COSOP is to achieve the sustainable and inclusive development of agricultural production and agribusiness. The COSOP aims to stimulate investment and growth by enabling buyers, processing enterprises, fishers and smallholders to engage in inclusive, gainful and sustainable relationships. It will also contribute to identifying needed reforms and strengthening sector institutions and capacity for good governance. In so doing, it will contribute to Outcome 4 of the United Nations Sustainable Development Cooperation Framework (UNSDCF) 2020-2024 for the Congo⁸ and SDGs 1, 2, 5, 8, 9, 13 and 16. The COSOP will have three strategic objectives (SOs).
26. **Strategic objective 1: Strengthen the capacity of small-scale stakeholders and their organizations to create inclusive market linkages and agribusiness models and derive economic benefits from value chains with high economic potential.**
27. This SO will build on existing smallholder capacities and improve and align them with market demand. It will improve the quality of raw and processed agricultural products by facilitating productive partnerships and “win-win” business relationships, such as contract farming, between responsible agribusiness entrepreneurs and smallholder producers and their organizations. It will promote young entrepreneurs and start-ups that bring innovation and a fresh dynamic to

⁸ See pp. 18-19 of UNSDCF 2020-2024 for the Congo, https://www.unicef.org/about/execboard/files/Congo_UNDAF-2020-2024.pdf.

the sector. It will do so by facilitating the creation of business linkages and “inclusive and decentralized business models” that structure the currently dispersed and modular agribusiness activities. This will be done in parallel with continued support to FOs and enhancement of their bargaining and business management capacity.

28. **Strategic objective 2: Increase access by small-scale producers and other value chain stakeholders to financing and financial services.**
29. This SO will focus on activities needed to facilitate the design and implementation of financial services that target the specific needs of different market segments and provide creative financing solutions, as well as risk mitigation along agricultural value chains. Special attention will be given to designing products accessible to young entrepreneurs and start-ups. This will be done in two ways: (i) by building partnerships between agribusinesses and microfinance institutions, with farming contracts and purchase guarantees leveraging financial services for smallholder producers and their organizations; and (ii) by building vertical and horizontal business linkages that will build trust for engaging in value chain financing mechanisms to eliminate existing bottlenecks (efficiencies and volumes) to the flow of goods and services.
30. SO2 will also focus on the creation of business support services, delivered by the Ministry for Small- and Medium-sized Enterprise (SME) Development or financing institutions such as MUCODEC, that help entrepreneurs, especially youth, with the development of business plans and provide training that will enable them to identify and mitigate business risks and benefit from financing mechanisms.
31. **Strategic objective 3: Improve the policy and regulatory environment for MSME development in the agriculture and food sector.**
32. This SO will focus on identifying policy and regulatory reforms necessary for MSME development in the agriculture and food sector and facilitate multi-stakeholder dialogue in this regard. IFAD will take advantage of its recently renewed focus on country-level policy engagement and of the Government's determination to improve the business environment, bolster public and private investment and diversify the economy.
33. It will do so by facilitating and supporting the establishment of multisector working groups to identify and propose solutions to existing constraints and barriers to sector investment. The above multisector working groups will feed into an evidence-based and a results-based decision-making process at the policy level to shape the sector and boost investor confidence.
34. The theory of change builds on four key elements: (i) agricultural productivity increases, driven by the demand for agricultural products; (ii) value chain development, with an enhanced focus on entrepreneurship and employment for youth and women; (iii) financial services that offer targeted solutions to different market segments, as well as capacity-building for all value chain participants and service providers; and (iv) institutional innovation and capacity-building for effective horizontal and vertical value chain governance and coordination. As markets increasingly look to local suppliers to meet demand, farmers can invest in productivity-enhancing processes, which will boost incomes, improve food security and reduce poverty. Enterprise development in urban, peri-urban and rural areas will ensure that strong business linkages are established across the value chain, and youth and women are employed productively.

35. **Mainstreaming themes.** The four IFAD11 mainstreaming themes will be addressed as follows:
- (i) **Youth.** Youth will be targeted with a strong focus on the poorest; the expected percentages for each category will be defined at the individual project level. The development of value chains and associated activities for the creation of modern agricultural enterprises and rural micro and small enterprises will reduce rural youth unemployment.
 - (ii) **Gender mainstreaming.** During project design, the gender-sensitive poverty and livelihood analysis methodology will be applied. For women, beyond economic empowerment, projects will seek to increase their voice and create a more balanced workload and sharing of benefits. This will improve women's access to resources and economic opportunities and support their leadership in rural organizations.
 - (iii) **Climate change.** Measures to address climate change will be built into project activities; they will include: (i) the development of sustainable and climate-resilient value chains; (ii) the promotion of renewable energy and water management; (iii) capacity-building for sustainable natural resource and climate risk management; and (iv) support for the restoration of degraded land through climate-resilient agroforestry systems, including shade cocoa.
 - (iv) **Food and nutrition security.** Food and nutrition security will be improved through: (i) increased production and productivity of basic foods; (ii) marketing of nutritionally enriched and diversified food products (including fruit and vegetables, fish); (iii) nutrition education; and (iv) training to improve women's skills and knowledge so that they can provide a more balanced diet for children.

D. Menu of IFAD interventions

36. **Loans and grants.** In addition to the ongoing PD-PAC, the COSOP will strengthen IFAD's operations in the country through two new investment projects: a proposed Inclusive Value Chain and Agribusiness Development Project (IVCAD) and another project that is in the pre-conceptual phase.
37. **Country-level policy engagement (CLPE).** Policy discussions with the Government will focus on support for rural transformation through decentralization and capacity-building and on addressing specific policy and regulatory constraints to the achievement of the COSOP objectives. IFAD will help to further agricultural sector reform through country dialogue at two levels: the technical level (funded by loans) to prepare economically and technically sound reform proposals (e.g., on value chain structuring, MSME tax incentives, rural financial services) based on experience gained from investments by IFAD and other technical and financial partners (TFPs); and the policy level (funded by grants) to create momentum for the adoption of key reforms.
38. IFAD, alongside other TFPs, will also engage in high-level policy dialogues with the Government to enhance smallholder and youth empowerment and financial inclusion and improve the overall business climate.
39. The policy agenda will be informed by the policy products of the Committee on World Food Security and the Global Action Plan for the United Nations Decade of Family Farming 2019–2028, and involve forming alliances with like-minded organizations in order to speak with a unified voice.
40. **Capacity-building.** The COSOP will work to develop the capacity of government institutions, FOs and civil society organizations in the agricultural sector. Strengthening FO managerial, financial, marketing and technical capacities will be

a priority, and it will be coupled with comprehensive assistance to other stakeholders, including the private sector, to create sustainable long-term linkages.

41. **Knowledge management.** With the Government, IFAD will develop data collection and analysis tools and improve knowledge management. Given the Congo's current challenges in promoting economic diversification and the need to support agribusiness development, documentation on successful and unsuccessful interventions and practices will be shared domestically and internationally through communication channels targeting key stakeholders and government officials.
42. **South-South and Triangular Cooperation (SSTC).** Potential areas of interest for SSTC include: (i) the sharing of successful experiences and good practices related to IFAD-supported agribusiness (4P) initiatives in countries that have successfully transformed their agrifood sector, (ii) innovative agricultural extension models and knowledge related to the development of high-priority food value chains for the country, particularly cassava, fruit and cacao; and (iii) the establishment of sustainable rural financial services. Further to this, regional integration offers opportunities to expand the country's production and export base.
43. **Communication and visibility.** This COSOP, with its heightened emphasis on linking agricultural value chain actors and on CLPE will require a much more proactive approach to communication than before – in relation to both lending and non-lending activities. This will help to increase IFAD's visibility but will also require some investment in terms of a strategy and the deployment of human resources. The IVCAD Project will reflect this.

V. Innovations and scaling up for sustainable results

44. **Innovations.** The COSOP envisages three innovations: (i) a single programme management unit (PMU) will be established for all IFAD projects at the ministry level, supported by departmental coordination units (DCU); (ii) the establishment of a multisector technical group to identify specific agribusiness policy and regulatory reforms; and (iii) the selection of "champions" from different value chains – from producers to off-takers – that partner in inclusive, sustainable, replicable and scalable business models that integrate smallholders into the market and upgrade their capacities without undue reliance on public extension mechanisms.
45. **Scaling up.** Scaling up will be achieved by a demand-driven approach to production and improvement of value chain efficiencies that allow for a greater volume and value of trade and an increase in the number of trade participants. IFAD-financed activities will provide a model and serve as the catalyst for developing similar demand-driven business partnerships to link small-scale producers, MSMEs and larger off-takers in other subsectors (livestock, fisheries etc.) nationwide.

VI. COSOP implementation

A. Financial envelope and cofinancing targets

46. IFAD resources for the Congo during the IFAD11 replenishment cycle amount to US\$7.9 million and – under a base case – are projected at US\$7.9 million during IFAD12. Factoring in a potential US\$8 million in domestic cofinancing and US\$56 million in international cofinancing, a total investment programme of US\$79.8 million is planned (see Table 1 below).
47. In terms of financial instruments, the country is a prospective user of the Faster Implementation Project Start-up facility to finance project start-up activities as part of project design. Other potential instruments include the Facility for Refugees, Migrants, Forced Displacement and Rural Stability to deal with the presence of

internally displaced persons and refugees in project areas, and the Global Environment Facility and the Adaptation for Smallholder Agriculture Programme to improve smallholder adaptation to climate change and environment risks.

Table 1

IFAD financing and cofinancing of ongoing and planned projects

(Millions of United States dollars)

| <i>Project</i> | <i>IFAD financing</i> | <i>Cofinancing</i> | | <i>Cofinancing ratio</i> |
|---|-----------------------|----------------------|-----------------|--------------------------|
| | | <i>International</i> | <i>Domestic</i> | |
| Ongoing projects approved during the previous COSOP period (2009-2019) | | | | |
| Inland Fisheries and Aquaculture Development Support Project (PD-PAC) | 7.70 | - | 2.46 | 1: 0.32 |
| Subtotal | 7.70 | | 2.46 | 1: 0.32 |
| Projects planned under this COSOP (2019-2024) | | | | |
| IVCAD Project in 2019 (PBAS 2019-2021 allocation) | 7.9 | 28.0 | 4.00 | 1:4 |
| Second Project or Additional Financing from PBAS 2022-2024 | 7.9 | 28.0 | 4.00 | 1:4 |
| Subtotal | 15.8 | 56.0 | 8.0 | 1:4 |

B. Resources for non-lending activities

48. This COSOP places considerable emphasis on policy dialogue, which will be essential for improving the business climate and supporting the Government's economic diversification strategy. While the technical dialogue on policy and institutional reforms will be addressed under the IVCAD Project, the high-level political dialogue will be a non-lending activity in coordination with other TFPs. This will require resources that include in-kind contributions by partner institutions receiving IFAD funds, in-kind contributions from the Government, funds from the private sector, and SSTC. IFAD will also seek dedicated grant resources to improve data availability on agribusiness, including livestock, fisheries, aquaculture and climate change.

C. Key strategic partnerships and development coordination

49. IFAD has been an active participant in the Food and Nutrition Security Results Group under the UNDAF 2014-2019,⁹ which was co-chaired by the Ministry of Agriculture, Livestock and Fisheries (MAEP) and the Food and Agriculture Organization of the United Nations (FAO) to harmonize United Nations assistance in the country.
50. The COSOP results framework is aligned with the UNSDCF Results and Resources Framework. The COSOP has been shared with the United Nations Resident Coordinator (see appendix XIII for additional information).
51. The key cofinancing partners are the African Development Bank (AfDB), Arab Bank for Economic Development in Africa and the Development Bank of the Central African States (BDEAC). IFAD will also seek cofinancing from both the Green Climate Fund to support climate change adaptation and the Global Environment Facility. The World Bank and bilateral cooperation agencies are making important complementary investments in smallholder agriculture and MSMEs but are unlikely to provide cofinancing.

⁹ Agriculture is one of the strategic pillars of the United Nations Sustainable Development Cooperation Framework (UNSDCF) 2020 – 2024.

52. Collaboration among the Rome-based agencies (RBAs) will intensify thanks to a major new initiative in the Department of Bouenza supporting a public-private partnership to build a cassava mill.¹⁰ The project will involve the IFAD South-South Cooperation Fund, FAO, the World Food Programme (WFP), Power China, the Agricultural Company of Congo (SACO) and the Chinese Academy of Tropical Agricultural Sciences. The European Union-funded RBA collaboration supporting smallholder bean producers in the Department of Bouenza will continue.¹¹

D. Beneficiary engagement and transparency

53. **Beneficiary engagement.** All projects under this COSOP will integrate transparency and civil society participation in their implementation to give citizens a role in decision-making and monitoring and evaluation (M&E). It will require engaging more systematically with civil society to enhance demand-side governance. This will be achieved through the local clusters and their links with national, technical and decision-making bodies.
54. **Transparency.** In addition to the systematic consultation of all stakeholders, citizen engagement will catalyse change through: (i) a participatory third-party M&E system that will give beneficiaries the opportunity to provide feedback during programme implementation; and (ii) mechanisms for handling complaints and the use of sanctions and the settlement of any claims by third parties. The capacity of FOs, other civil society actors and the Government to optimize these mechanisms will be strengthened.

E. Programme management arrangements

55. Given past problems, programme oversight will be extremely robust. The COSOP will be placed under the umbrella of MAEP, IFAD's lead implementation partner, with the assistance of the Ministry of Planning. These two ministries, along with other relevant ministries (SMEs, Promotion of Women, and Environment) and partners will be members of the Steering Committee that conducts the annual review of the country programme.
56. IFAD will establish a PMU for all IFAD projects at the ministry level, supported by DCU, in order to optimize oversight across operations as well as human resource deployment. Systematic annual reviews of portfolio results will be undertaken at the highest ministerial levels. At the local level, projects will be implemented by members of the DCUs, with technical support from the departmental directorates of agriculture, along with other partners, including agricultural research institutes. The IFAD Country Office based in Kinshasa will:
- (i) Convene regular meetings – in-person or virtual – with the PMU and DCU (at least three per quarter) based on action plans and agreed milestones;
 - (ii) Ensure that representatives of the Ministry of Planning participate in implementation support and supervision missions; and
 - (iii) Conduct an intensive follow-up programme involving at least one supervision mission and two implementation support missions per year for each project.
57. An annual joint portfolio review will be conducted by IFAD and the Government. Civil society organizations responsible for third-party monitoring will share findings during these reviews. The Congo will be a country of focus for the dedicated transparency and integrity adviser in the West and Central Africa Division of IFAD.

¹⁰ This will make affordable fortified cassava products available to the public while supporting smallholder cassava growers.

¹¹ Under this project, IFAD provides monitoring and evaluation support, FAO furnishes equipment and training to boost production, and WFP provides organizational support and purchases beans produced by local smallholders for its food assistance operations.

F. Monitoring and evaluation

58. Monitoring the COSOP and evaluating progress toward meeting the SDGs is constrained by lack of institutional capacity and poor data, especially on agricultural processing and trading, much of which takes place in the informal sector. IFAD will seek dedicated grant resources to increase the availability of data on agribusiness, including crops, livestock, fisheries and aquaculture. It will also benefit from the "50 by 2030" initiative.¹² The ongoing Agricultural Census, funded by the World Bank and executed by FAO, will improve the baseline data for IFAD's investments over the coming years.
59. For project monitoring, this COSOP will pay particular attention to the new corporate commitments under IFAD11, including: (i) the monitoring of youth employment; (ii) differentiated monitoring of young men and young women among beneficiaries; (iii) measurement and disaggregation of private sector resource mobilization; (iv) efforts to support transparency in-country; and (v) monitoring of greenhouse gas emissions avoided/sequestered.
60. IFAD's COSOP is fully aligned with the United Nations Sustainable Development Cooperation Framework (UNSDCF) 2020-2024 (see Appendix XIII). The IFAD Country Office will ensure a strong and regular coordination of the COSOP's implementation with the United Nations country team (UNCT) by: (i) sharing the draft COSOP document with all UNCT members; (ii) convening a meeting with the UN Resident Coordinator to present the document; (iii) inviting the UNCT to attend the national validation of the COSOP; (iv) attending the most important UNCT planning meetings and workshops; (v) sharing future draft project documents with UNCT for comment; and (vi) ensuring articulation with the strategic planning of WFP and FAO in particular.

¹² An initiative from the Global Donor Platform for Rural Development. See <https://www.donorplatform.org/news-agenda-2030/donors-announce-50-by-2030-initiative-for-data-to-end-hunger.html>.

VII. Risk management

Table 2

Risks and mitigation measures

| <i>Risk category</i> | <i>Risk rating*</i> | <i>Mitigation measures</i> |
|---|---------------------|--|
| Political/governance (Resurgence of conflict and insecurity) | L | Flexibility in response to changing situation, as necessary. |
| Macroeconomic (Government counterpart funds are not provided) | L | Do not depend on government counterpart contributions and focus on other sources of domestic cofinancing. |
| Sector strategies and policies (Changes negatively impact IFAD interventions) | L | Encourage adherence to IMF programme and provide support for policy dialogue and the design of agriculture sector policy and regulatory reform. |
| Institutional capacity (Lack of government capacity) | M | Collaboration with private sector and TFPs reduces reliance on government. |
| Portfolio (Suspension) | M | Continuous capacity-building of single project implementation units in project management, safeguards, fiduciary, M&E. |
| Fiduciary – financial management (Mismanagement) | H | Timely preparation of financial management manuals, assessment of the capacity of implementing entities, their capacity-building needs and progress monitoring. Common PMUs/DCUs, focused capacity-building and oversight. |
| Fiduciary – procurement (Misprocurement) | M | Timely preparation of procurement manuals. Assessment of capacity of implementing entities, their capacity-building needs, and progress monitoring. Common PMUs/DCUs, focused capacity-building and oversight. |
| Environment and climate (Negative impacts on natural resources) | L | Value chains have been selected to reduce environmental risks and optimize climate change mitigation and adaptation benefits. |
| Social (Elite capture) | M | Careful targeting of vulnerable people, women, youth and persons with disabilities and monitoring of specific disaggregated impacts. Embed systematic beneficiary feedback in all operations. |
| Other COSOP specific risks-specific risks (Lack of private sector and producer interest) | M | Flexibility in the selection of value chains where private sector partners are available and interested. Objectives of FO capacity-building will be clearer and benefits more immediate because of the direct link to commercial value chains. |
| Overall | M | |

*Risk rating is based on combined evaluation of risk probability and impact.

COSOP results management framework (2019-2024)

| Country Strategy Alignment | Related SDG UNSDCF outcome | Key Results for COSOP | | | |
|--|--|---|--|---|---|
| | | COSOP's Strategic objectives | Lending and non-lending activities for the COSOP period | Outcome Indicators | Milestone indicators |
| <p>National Development Plan 2018-2022 (PND)</p> <p>Overall objective:</p> <p>Economic diversification in order to generate employment and create more sustainable sources of wealth</p> <p>Priority areas</p> <p>PA 1: human resources: emphasizing the development, effective deployment and preservation of human capital;</p> <p>PA 2: economic transformation: focusing on agriculture, tourism, industry, all driven by private sector investment;</p> <p>PA 3: cross-cutting elements: strengthening of governance, improvement of the quality of infrastructure and social services.</p> <p>The agricultural development strategy under PND will be based on:</p> <p>(i) an integrated value chain approach;</p> <p>(ii) Government support to the private sector;</p> <p>(iii) Institutional capacity strengthening.</p> | <p>SDG 1</p> <p>SDG 2</p> <p>SDG 5</p> <p>SDG 8</p> <p>SDG 9</p> <p>SDG 13</p> | <p>COSOP overall objective</p> <p>Achieve sustainable and inclusive development of agricultural production and agribusiness as part of the economic diversification effort.</p> | | <ul style="list-style-type: none"> 35,600 rural and peri-urban household reached¹³ representing 180,000 people (of which 50% women and 30% youth) employment indicator - agriculture and agribusiness (disaggregated by gender and youth) agriculture (agribusiness) contribution to GDP policy and regulatory reforms proposed policy and regulatory reforms adopted | <p>50% increase in active agribusiness registration</p> <p>30% of agribusiness led by youth</p> <p>20% of agribusiness led by women</p> <p>Agriculture and agribusiness contribution to GDP increased by 5%¹⁴</p> <p>ROC improves Business Climate ranking</p> <p>Food insecurity reduced by 25% in project area</p> <p>Share of households with improved nutritional status</p> |
| | <p>SDG 1</p> <p>SDG 2</p> <p>SDG 5</p> <p>SDG 8</p> <p>SDG 9</p> <p>SDG 13</p> | <p>SO 1</p> <p>Strengthen the capacity of small-scale stakeholders and their organizations to create inclusive market linkages and agribusiness models and derive economic benefits from value</p> | <p>Lending/investment activities</p> <ul style="list-style-type: none"> Project 1: Inclusive value chain development and business climate improvement Project 2: Consolidation and replication of PDPAC investments in smallholder fisheries and aquaculture <p>Non-lending/non-project activities</p> | <ul style="list-style-type: none"> Income indicator – increase in agriculture and agribusiness derived income (disaggregated by gender and youth) Increased value and volume of national produce sales Increased value and volume of food products Inclusive supply/business linkages – how many sourcing agreements signed with FOs and individuals | <p>20% overall increase in volume of trade in targeted value chains</p> <p>20% overall increase in value of trade in targeted value chains</p> <p>10 number of formal and 25 number of informal regular supply relationships established between rural producers</p> |

¹³ Many poor small-scale food processors and trader will also benefit from the project

¹⁴ NB the CAADP target that Congo signed on to is 50%

| Country Strategy Alignment | Related SDG UNSDCF outcome | Key Results for COSOP | | | |
|----------------------------|-------------------------------------|---|--|---|--|
| | | COSOP's Strategic objectives | Lending and non-lending activities for the COSOP period | Outcome Indicators | Milestone indicators |
| | | chains with high economic potential | <ul style="list-style-type: none"> High-level dialogue with government and TFP re lifting constraints to economic empowerment of smallholder producers, processors and their organizations and MSMEs | <ul style="list-style-type: none"> Outcome indicator for economic empowerment dialogue? | and off-takers supported by the project |
| | SDG 8 SDG 9 | SO 2 Increase access by small-scale producers and other value chain stakeholders to financing and financial services. | <p>Lending/investment activities</p> <ul style="list-style-type: none"> Project 1: Inclusive value chain development and business climate improvement, financial services component <p>Non-lending / non-project activities</p> <ul style="list-style-type: none"> High-level dialogue with Congo government and Financial Institutions as well as TFP re lifting constraints to financial inclusion of smallholders, small-scale processors and their organizations and MSMEs | <ul style="list-style-type: none"> Number of agribusiness loans (disaggregated by gender and youth) Volume of agribusiness loans Number of financing institutions with an agribusiness-dedicated financing tool in place Outcome indicators for financial inclusion dialogue? | <p>50 number of loans approved for agribusiness investments (disaggregated by gender, age and size of company)</p> <p>1 million USD total value of agribusiness loans to MSMEs</p> <p>3 financing institutions with a dedicated MSME agribusiness lending portfolio leveraged by value chain financing</p> |
| | SDG 8 SDG 16 | SO 3 Improve the policy and regulatory environment for MSME development in the agriculture and food sector | <p>Lending/investment activities</p> <ul style="list-style-type: none"> Project 1: Inclusive value chain development and business climate improvement <p>Non-lending / non-project activities</p> <p>High-level dialogue with government and TFP re improving the business climate, with a specific focus on the agricultural sector and on economic opportunities smallholder producers,</p> | <ul style="list-style-type: none"> Business climate ranking improvement Policy and regulatory reforms adopted Number of formally registered agribusiness MSMEs | <p>50% of proposed reforms adopted</p> <p>25% of adopted reforms directly target agribusiness</p> |

| Country Strategy Alignment | Related SDG UNSDCF outcome | Key Results for COSOP | | | |
|----------------------------|----------------------------|------------------------------|---|--------------------|----------------------|
| | | COSOP's Strategic objectives | Lending and non-lending activities for the COSOP period | Outcome Indicators | Milestone indicators |
| | | | processors and their organizations and MSMEs | | |

Transition scenarios¹⁵

1. Overview: The Republic of Congo (ROC) possesses enormous potential wealth. Yet following a drop in international oil prices in 2014, the country sustained a prolonged economic crisis exacerbated by large fiscal and current account deficits and lack of transparency in governance matters that pushed the government to insolvency, reduced its creditworthiness, and caused the central bank to use enormous amounts of its foreign currency reserves to maintain stability in the CEMAC region. The economy contracted by 2.8 per cent in 2016 and 1.8 per cent in 2017 and GDP per capita in 2017 dropped to the lowest level in over ten years.
2. Economic growth is expected to accelerate to over five per cent in 2019 from less than one per cent in 2018, and there should also be a boost in confidence from the successful negotiation of an IMF Extended Credit Facility (ECF) program in July 2019. The reform program that the government agreed with the IMF includes a number of important elements that should lead to macroeconomic stabilization and long-term poverty reducing economic growth. These include: fiscal consolidation, strong revenue mobilization measures, and reallocation of resources toward investment and social spending.
3. The main objective of the programme is to restore non-oil growth back to its potential rate by boosting human capital and productivity through diversifying the economy with priority given to agriculture, tourism, and industry. The government has accumulated a significant amount of arrears, both to external and domestic creditors, so debt restructuring efforts are needed to restore debt sustainability. The authorities have already concluded a debt restructuring agreement with China, the largest single creditor to the ROC, and are working toward restructuring of external commercial debt. All external arrears to official creditors should be cleared by the first review of the ECF-arrangement and all domestic arrears should be cleared during the program period.
4. In light of the circumstances, we consider three possible trajectories over the 2020-2024 period:

Base case. The base case reflects the projections in the IMF ECF program document. GDP growth (real) is projected to be 5.4 per cent in 2019 but decelerate to an average of 1.4 per cent over the five years of the COSOP period. Under this scenario, the government continues to implement prudent macro policies and the external environment remains benign. Oil prices stay at current levels while production slowly declines. The fiscal consolidation will dampen economic growth due to the elimination of off-budget expenditures, but there will be an increase in pro-poor social transfers and the sizeable government debt will decline. The country remains in the lower middle-income category.

High case. Under the high case, new offshore fields preclude a decline in oil production and a favourable external environment results in higher oil prices. Increased oil revenues combined with continued implementation of the IMF program and additional measures to improve transparency and governance result in higher than expected foreign and domestic investment. The country's credit rating improves resulting in lower than expected debt financing costs. In this case, a sustained 4.0 per cent of GDP growth rate occurs.

Low case. In the low case, the ROC is hit by a number of shocks. Most significantly, there is a sustained decline in oil prices due to weak global growth.

¹⁵ Data are from IMF Country Report No. 19/244, the April 2019 IMF World Economic Outlook, and the WB Databank. Projections are the authors' own estimates based on the IMF data. This appendix was written on 28 July 2019.

Moreover, there is a lack of commitment to policy reforms resulting in growing fiscal deficits and increased debt, discouraging foreign investors. This is reflected in pressure on the currency due to similar challenges in other CEMAC countries and increased doubts by foreign investors in the long-term economic prospects for the ROC.

Table 1: Projections for key macro-economic and demographic variables

| Case | Base | High | Low |
|--|---|-------|-------|
| Average Real GDP growth (2020-2024) | 1.4 | 4.0 | 0.0 |
| GDP/capita (2024) ppp 2011 \$ | 5 880 | 6 700 | 5 475 |
| Gross government debt (% of GDP) (2024) | 60.0 | 50.0 | 70.0 |
| Debt service ratio (2024) | 6.0 | 5.0 | 12.0 |
| Inflation rate (%) (2020-2024) | 2.7 | 3.5 | 5.0 |
| Rural population | 2019: 1 756 000 | | |
| | 2024: 1 865 000 | | |
| | Annual growth rate: 1.2% | | |
| Investment Climate for rural business | Rating: 2/6 The WB's 2019 Ease of Doing Business report ranked the ROC at 180 out of 190 countries, and it is particularly weak with respect to registering businesses, obtaining land titles, paying taxes and trade constraints. It is ranked 165 out of 180 countries in Transparency International's Corruption Perceptions Index 2018. The country has made significant investments in recent years to develop its infrastructure, particular roads, but significant challenges remain in communications, electricity and water. | | |
| Vulnerability to shocks | Rating: 5/6 As a significant oil exporter, the ROC is vulnerable to oil price shocks. Also, given that it is currently in debt distress, a sharp tightening of global financial conditions would cause more difficulties for fulfilling debt service and refinancing needs. With respect to climate shocks, it is the 44 th most vulnerable country in the world and the 12 th least ready country according to the Notre Dame GAIN analysis. | | |

5. Implications for IFAD's country programme

a) Lending terms and conditions

The ROC is a lower middle-income country that is currently provided loans on blend terms in accordance with the Policies and Criteria for IFAD Financing. In view of projections for its level of per capita income, it is highly unlikely to transition to less concessional terms.

b) PBAS allocation

The allocation for ROC is unlikely to change under the high case scenario, but under the low case the government may not be in a position to fully utilize the IFAD11 or IFAD12 allocation.

c) COSOP priorities and products

The COSOP is aligned with the National Program for Agricultural Investment and Food and Nutritional Security (Programme national d'investissement agricole, de sécurité alimentaire et nutritionnelle — PNIASAN), under which the government seeks to modernize family farming and promote agro-industry by helping organizations of small producers gain access to the market and/or enter into arrangements with large-scale operators. Under the low case, the Government may not have sufficient resources to implement planned capital investments such as construction and rehabilitation of rural and farm roads, which would likely have a negative spillover effect on the COSOP.

d) Co-financing opportunities and partnerships

Domestic co-financing and partnership opportunities should increase under the high scenario due to higher government revenues. Conversely, the low case would constrain co-financing opportunities, both domestically and internationally.

Lessons learned and strategic implications

| Key lessons | Strategic implications for design | Description of envisaged support |
|---|---|---|
| <i>Production increases do not automatically translate into value chain development investments</i> | A comprehensive value chain approach will be needed to sustainably increase the incomes of poor rural farmers and (peri-urban) small-scale food processors | IFAD Country Programme will support a range of agribusiness activities, ¹⁶ focusing on fewer value chains and promoting inclusion and efficiency by facilitating horizontal and vertical linkages. ¹⁷ IFAD will work with MSMEs and 'business leaders' along the chain to establish inclusive 'agricultural supply chain' models that sustainably link smallholder farmers to markets. |
| <i>Current financing opportunities through CMEC do not answer agriculture investment needs</i> | Financial services for smallholders and MSMEs will need to be scaled up through leveraging value chain linkages and developing formal targeted financing tools. | Beyond CMEC, IFAD will facilitate smallholder access to formal financial services by leveraging value chain finance (e.g. purchase guarantees under contract farming) promoted under its new loans. IFAD CP, in collaboration with other TFPs, will bring financial institutions, agriculture investors and donors to the table to improve mutual understanding and confidence and develop targeted financial and business support. |
| <i>Business policies and regulation present considerable challenges for MSME start-up and development</i> | An enabling business climate is required to unlock agribusiness sector growth, including for smallholders and MSMEs. | Effective multi-sector coordination and collaboration will be required by key sector ministries such as agriculture, transport, industry, commerce and trade to address value chain development hurdles and to remove business entry barriers, mitigate risks and provide investment incentives along the entire value chain. |
| <i>Lack of participatory mechanisms for decision-making and governance de-link results from management and increase risk of elite capture</i> | Demand-side governance in rural areas must be strengthened. | IFAD will build the capacity of representative bodies along selected agricultural value chains and embed systematic beneficiary feedback mechanisms in all operations to promote transparency and inclusion of vulnerable groups while avoiding elite capture. IFAD's CP focus on capacity building and on enhancing the resilience of the most vulnerable groups will also help to address the root causes of fragility. |
| <i>Project management inefficiencies have resulted in ineligible expenditure and delivery difficulties</i> | A robust framework needs to be put in place to avoid fiduciary problems that have negatively impacted past performance. ¹⁸ | IFAD will establish a single Programme Management Unit (PMU) for all IFAD projects at the level of MAEP, in order to optimise oversight across operations, human resources, reduce fiduciary risk. |
| <i>Geographic over-stretch has resulted in project management cost overruns and in reduced ability to deliver durable impacts</i> | In function of available resources and development goals, focus implementation on a limited geographical area to deliver visible and durable results | The IFAD CP will focus on the areas of previous interventions, which have a concentration of target groups and stakeholder representatives thus allowing for a more targeted approach. Replication and up-scaling of the lessons learned at COSP mid-term review can be considered. |
| <i>Previous investments have only marginally addressed environment and climate change considerations</i> | IFAD can and should do more to address Congo's environment and climate change objectives under its loans. | While currently Congo's deforestation is low, new investments in nitrogen-fixing cover crops and sustainable agroforestry (including shade cocoa) can make considerable contributions to climate change mitigation and adaptation objectives. ¹⁹ |
| <i>Under PADEF, small stock-and chicken raising activities had to be abandoned because they were anti-economical, or too challenging for the target group</i> | IFAD CP will eliminate activities that are not feasible from its project design document prior to Board approval. | During project preparation, IFAD CP will carry out careful ex-ante analysis of the practical and financial feasibility of project strategies and activities, and implementation arrangements. |

¹⁶ Agribusiness is the business sector encompassing farming and farming-related commercial activities. The business involves all the steps required to send an agricultural good to market: production, processing and distribution. (<https://www.investopedia.com/terms/a/agribusiness.asp>)

¹⁷ Horizontal linkages refers to linkages between actors in the value chain that perform the same function (ex: producer organisations or processor associations etc), vertical linkages refer to actors along the value chain that perform different functions but interact in a supplier-buyer relationship within the same value chain or sub-sector (for example a cassava processing plant that has entered into contractual relationship with independent smallholder producers)

¹⁸ Including the recent suspension of the portfolio in 2018 due to loan arrears and ineligible expenditure.

¹⁹ e.g. through restoration of degraded hillsides with shade cocoa and through land-sparing technologies such as the use of nitrogen-fixing cover crops, which was successfully piloted under PADEF. This may also open up opportunities for co-financing, e.g. by GCF or GEF, or by the recently established Blue Fund, which is chaired by Congo.

Agricultural and rural sector issues

The business environment

1. After the economic crisis caused mainly by instability in the price of oil since 2014 and overdependence of the economy on it, the National Development Plan of Congo (NDP) 2018-2022 focused on strengthening human capital and the diversification of the economy of which agriculture and ecotourism are priority sectors. The crisis resulted in an economic recession, large fiscal and current account deficits and an erosion in confidence associated with weak governance. The large macroeconomic imbalances have forced the Government to accumulate large external and internal arrears, leading to major difficulties in covering its debt service obligations (around eight per cent of GDP at end-2017).²⁰
2. This economic diversification effort is taking place within a political economy shaped by two key factors: i) prior to the crisis, oil production accounted for 58 percent of GDP, oil exports accounted for 78 percent of exports, and government oil revenues accounted for 74 percent of total budget revenues²¹ with very little public or private investment in sectors such as agriculture; ii) Congo's socialist past can still be felt in the virtual absence of established solid private sector presence.
3. As a significant oil exporter, the ROC is vulnerable to oil price shocks. Also, given that it is currently in debt distress, a sharp tightening of global financial conditions would cause more difficulties for fulfilling debt service and refinancing needs. With respect to climate shocks, it is the 44th most vulnerable country in the world and the 12th least ready country according to the Notre Dame GAIN analysis.
4. In an economy largely dominated by oil, agriculture, forestry, and fishing, value added represents 7 per cent of GDP in 2019, a drop from 13 per cent in the 1990. (Country at a Glance, WB 2019) In addition, the share of employment in agriculture has slightly declined in the last 5 years in relative terms, from over 37 per cent in 2014 to below 36 per cent in 2018.²²
5. Despite the recent signature of the Extended Credit Facility with the International Monetary Fund, Congo continues to face a liquidity crunch. Financial sector vulnerabilities are exacerbated as deposits-to-GDP decreased from 23.5 per cent in 2017 to 17.8 per cent in 2018. Non-performing loans were high at about 15 per cent of total loans, up from 13.4 per cent and 4.8 per cent in 2017 and 2016. Credit to the economy has also declined from 9.0 per cent of GDP in 2017 to 7.2 per cent in 2018.²³
6. According to the National Employment Policy Document of GOC (2012), the private sector continues to be weak, mainly due to the low diversification of the economy, the embryonic level of agriculture, fishing, and livestock raising, the limited development of basic infrastructure, the lack of appropriate corporate financing mechanisms, the lack of dynamic SMEs and the implementation of structural adjustment policies that in the short term have not benefited MSME growth. There is also a lack of entrepreneurship capacity? among Congolese, instability of institutions, the lack of an appropriate legal and regulatory framework, inadequate training/labour market needs, and finally, the lack of a real policy to promote private enterprise.
7. The Employment and Growth Study for the Republic of Congo (WB, June 2011) further highlights the importance of creating an enabling environment for a well-functioning labour market and private sector development before sustainable and inclusive economic diversification – including in the agricultural sector – can be achieved.
8. In WB Doing Business Report 2019, Congo was listed 180, which is a drop from 177 out of 190 countries in 2017, placing it behind Equatorial Guinea and just above the CAR. The

²⁰ This situation has tarnished Congo's credibility with donors and resulted in the downgrading of the country's rating as of July 2017 by the international rating agencies. Details in Appendix II and IMF Country Report No. 19/244.

²¹ Situation Économique De La République Du Congo WB 2018.

²² <https://globaledege.msu.edu/countries/republic-of-congo/economy>

²³ <http://pubdocs.worldbank.org/en/425451492188155513/mpo-cog.pdf>.

report attributes this largely to administrative and policy inefficiencies, corruption and infrastructure deficiencies.²⁴

9. According to the Corruption Perception Index (Transparency International), Congo's ranking has deteriorated from 154th out of 178th countries worldwide in 2010 to 165th of 180th in 2018²⁵. In addition, according to the Employment and Growth Study for the Republic of Congo, WB, June 2011, Congo also scores particularly bad regarding the legal structure and security of property rights as well as access to finance.
10. Further, Congo's Economic Freedom score is 39.7, making its economy the 176th freest in the 2019 Index. Its overall score has increased by 0.8 point, with increases in scores for government spending, monetary freedom, and business freedom exceeding drops in fiscal health and trade freedom. The Republic of the Congo is ranked 46th among 47 countries in the Sub-Saharan Africa region, and its overall score is well below the regional and world averages.
11. Within this challenging context, agribusiness is seen as a particularly high-risk sector facing multiple challenges, climatic and environmental vulnerabilities, as well as logistical constraints related to limited road connectivity, electrification, and financing for the transport and processing of perishable commodities.
12. Despite these drawbacks, in an effort to facilitate the creation of MSMEs, including in agribusiness, in 1995 the government set up a Congolese Agency for the Creation of Enterprises (ACPCE)²⁶, under the supervision of the Ministry for Small and Medium Enterprises.²⁷ ACPCE is to simplify 'red tape' through the establishment of a 'Single Window', that allows business applications to be processed in less than an hour.
13. The Chamber of Commerce, Industry, Agriculture and Trade (CCIAM) based in the Brazzaville and Pointe-Noire has also engaged business promotion by organizing fairs and events in 2018 aiming to stimulate young entrepreneurs.
14. Another initiative has been the establishment by the Agency for Promotion of Investment (API) of an electronic guide to investment in Congo, which is designed as an interface collating all relevant information for potential investors on how to do business in Congo²⁸.

The Informal Sector

15. In the 'Doing Business' Report, Congo ranks 185 in terms of tax payments, behind Cameroon and just above CAR. This in turn is directly linked to the status of 'formal' and 'informal' parts of the economy. Most agribusiness activities are estimated to be informal. This is attributed to the unclear and complex legal and regulatory requirements that leave businesses open to corruption and extortion by officials. As a result, many prefer to operate in the informal sector and remain 'small-scale'.

²⁴ <https://www.heritage.org/index/pdf/2019/countries/republiccongo.pdf>.

²⁵ https://www.transparency.org/news/feature/cpi_2018_global_analysis.

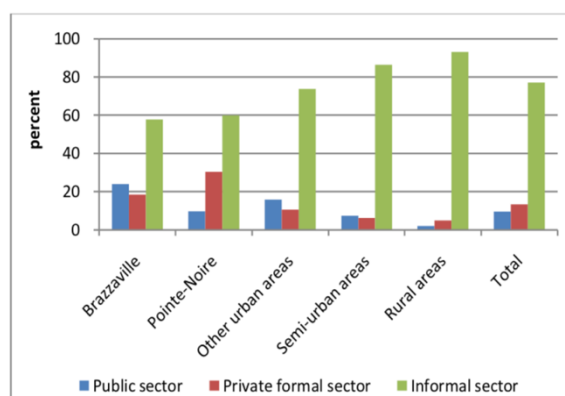
²⁶ <https://www.acpce.cg/index2.html>.

²⁷ <https://www.acpce.cg/index2.html>.

²⁸ <http://www.vox.cg/le-congo-se-dote-dun-guide-electronique-investissement/>

16. One of the implications of the informal nature of many of the agribusiness activities is their inability to access formal financial services and participate in formal food-markets, thus potentially remaining marginalized in efforts to upgrade the food industry.
17. Much of the economic activity takes place in the informal sector. According to the 2005 household survey, countrywide 77 percent of the active population works in the informal sector. This share is significantly higher in rural areas (93 percent) compared to Brazzaville and Pointe-Noire (58 percent and 60 percent, respectively). The sectoral distribution of the active population is demonstrated in Figure 1. The economic activity in the informal sector is significant. In urban areas, the turnover in the informal sector reached more than 13 percent of GDP in 2009²⁹.

Figure 1: Types of employment in key locations



Source: ECOM 2005

18. According to the above study, the informal sector is the result of the economic and regulatory framework rather than a constraint to growth and diversification. The large informal economy provides most of Congo's limited private-sector growth and processed products are the largest contributor to the very high turnover in the trade sector.
19. In the short to medium term, it will therefore be necessary to engage the dynamics in the informal sector and facilitate employment creation through informal businesses and improve the livelihood of those working in the informal sector – while aiming for increased formalization in the medium to long term, by significantly reducing the risks and increasing the advantages.

Infrastructure

Access Roads/Transport

20. Access roads and cost of transportation are major stumbling blocks to economic activities and business linkages across the country. The two largest cities and commercial hubs of the country – Brazzaville and Pointe Noire are connected by a toll road, which provides good all-year-round link between the cities, however the cost for the users is nearly prohibitive. As a result in August 2019, the Government had to review these charges which were subsequently reduced from 40,000 F. CFA for each of the four toll gates, making the total cost of a one-way trip 160,000 F. CFA (about 270 USD) per truck to a total value for the trip of 120,000 F. CFA or about 205 USD.³⁰ The implications of this transport cost are far reaching and directly affect the transport of agricultural goods around the country and towards its two largest urban markets.
21. The Republic of Congo has a very high rate of urbanization – 3.3 per cent in 2018 (*Country at a Glance, WB 2019*), with 70 per cent of the population living in the two urban centers Brazzaville and Pointe Noire, which are also the two main markets for agricultural production. In terms of spatial organization of activities, unlike other country contexts where alongside urbanization peri-urban agriculture has developed, despite small horticulture farms, the main production areas in ROC remain in the far-off rural areas where land is available and environmental production factors are more favorable. This results in the physical separation of production and markets and the need for effectively and efficiently linking the two.
22. The nature and pattern of urbanization and the depth of rural-urban connectivity (via infrastructure, roads, transport, electricity, communications, etc.) will, to a large extent, define the degree to which hoped-for opportunities from urbanization can be realized by

²⁹ Employment and Growth Study for the Republic of Congo, WB, June 2011.

³⁰ This is still a large cost to bear, especially for the transport of high-bulk, low-value agricultural commodities.

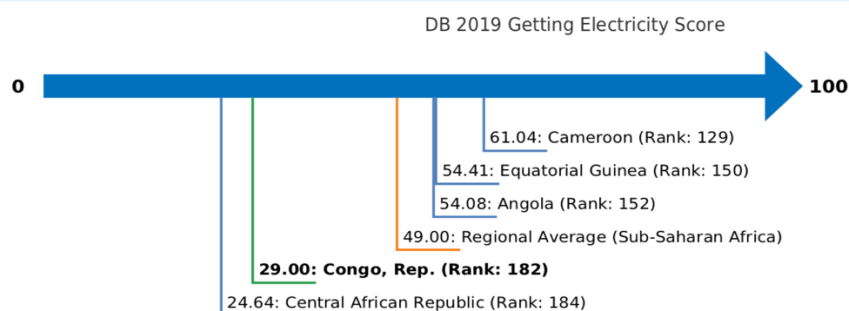
rural people. (*Karim Hussein David Suttie IFAD Rural- urban linkages and food systems in sub-Saharan Africa: The rural dimension; 2018*).

23. In the Congo context rural-urban linkages are essential in fostering inclusive and sustainable food systems.

Energy

24. One of the key enabling factors for the growth of the agrifood industry, processing and cold storage investments is access to electricity. On this indicator of the enabling environment, Congo ranks low. (*Country at a Glance, WB 2019*) This is therefore a considerable obstacle to rural industry growth. Off grid solutions for smaller scale investments in cold storage or processing businesses are not widely available or used and therefore can be an important area of intervention.

Figure - Getting Electricity in Congo, Rep. and comparator economies - Ranking and Score



25. Access to and cost of energy go hand in hand with the ability to process agricultural production, add-value and drive the development and modernization of the agricultural sector and food industry. Uninterrupted yearly supply of diverse processed national food products, as well as import substitution are all a function of the access to affordable energy for the off-taker industry.

The State of Agribusiness

26. Farmers account for 11 per cent of the total population, and for about a third of the economically active population. Women as labour force represent 65 per cent of farmers and produce 70 per cent of the locally produced food.³¹ Agribusiness is the business sector encompassing farming and farming-related commercial activities. The business involves all the steps required to put an agricultural good on the market: production, processing and distribution. By definition, agribusiness refers to economic activities that have a commercial, not simply a food security objective. Therefore, agribusiness investment decisions are based on projected economic returns and market opportunities. At the same time, efficient agribusiness can deliver good-quality food products to urban consumers at affordable prices, thus contributing to food security. Agribusinesses across the spectrum of their activities are all inter-linked in various agricultural value chains which jointly build the national food industry.
27. Uncultivated arable land is estimated to represent about one third of the country's total surface area. Only cassava is widely grown, for subsistence, and accounts for 90 per cent of food production.
28. The agriculture and food production related businesses do not represent a large part of the formal economy. Activities are mainly informal, focused on production, with market gluts and failure to shift perishable products to markets, resulting in post-harvest losses and irregular supply.
29. Agribusiness in Congo is by-and-large represented by small-scale, dispersed rural producers, whose focus on cassava production primarily for self-consumption remains mostly unchanged in large parts of the country, with some diversification towards the production of fruits, vegetables and cash-crops such as cacao.

³¹ Preliminary results of the General Farming Census (RGA), 2016.

30. The processing and distribution type of agribusiness investments are limited both in scale and presence, due to connectivity and supply, the preference of many local businesses to remain informal and therefore very small-scale with minimal investment requirements.
31. Food processing SME businesses are mostly in the peri-urban areas, majority processing cassava and fruit, as well as some maize for animal feed. However, with increasing urbanization, there is a greater demand for processed foods, meat products, and diverse fresh fruits and vegetables, which is currently not met by the local food processing sector representing an important opportunity for producers.
32. Finally, agribusiness development and the food production and processing industries are still in their infancy. The overall business environment, policy and regulatory framework, lack of financing for agriculture and agribusiness all represent major constraints that will need to be addressed. Agribusinesses at different parts of the agricultural value chain remain largely disconnected.
33. Nonetheless, there are three main types of agribusiness linkages that demonstrate how producers and producer groups engage with other types of investors:
- (a) Suppliers of critical inputs (day-old chicks, veterinary medicine, animal feed, packaging – for example, TBN in Pointe Noire - <http://www.tbn-industries.com>);
 - (b) Off-takers (tropical fruits for peri-urban fresh juice processors – for example, Bayo in Brazzaville); and
 - (c) Firms that are both input suppliers and off-takers (for example, supplying cassava cuttings, then purchasing of cassava for processing as done by Agridec in Dolisie).
34. The above examples are limited, as larger scale agribusiness champions are not widely present to drive an inclusive sector development.

Agricultural Value chains

35. As value chains should be analyzed from the demand side, which provides the economic pull for production, the demand and supply dynamic in Congo is summarized below.

Demand – Characteristics

36. Congo's population of approximately 5 million offers a relatively limited market in comparison to the production potential of the country. Despite this, currently the country is a net-importer of food products, albeit self-sufficient in the production of its main staple - cassava. Therefore, regardless of the small size of the domestic market, food and feed demand remains largely unsatisfied by domestic supplies. In fact, food imports have soared to reach a value of about US\$1 billion in 2017 or nine per cent of GDP.³²
37. There are two main types of buyers for agricultural production one is the consumers themselves, and the other is the off-taking/food processing industry, which sources raw material for value adding and the production of processed food products.
38. In terms of purchasing power the domestic market offers somewhat limited opportunities, the economic crisis has directly affected consumer demand and spending. With a highly urbanized population, which is price sensitive and dependent on purchases for food security, domestic markets in Congo offer relatively limited opportunities for premium priced products or products that compete on qualities other than price.
39. According to the Commercial Agriculture Project of the WB (2018) PAD Document, the malnutrition rate remains high (32 per cent), with a total of 1.4 million people estimated as malnourished and 31 per cent of children stunted. Food and nutrition insecurity is driven by inadequate access to quality food, poor hygiene practices and lack of awareness of food and nutrition requirements, and a lack of enforcement of food safety standards to prevent the sale of unsafe food.
40. The majority of urban and rural consumers are poor and therefore price sensitive, in this market high-cost local foods cannot compete with cheaper imports offered via the formal or informal trade networks.

³² National Development Plan (PND 2018-2022).

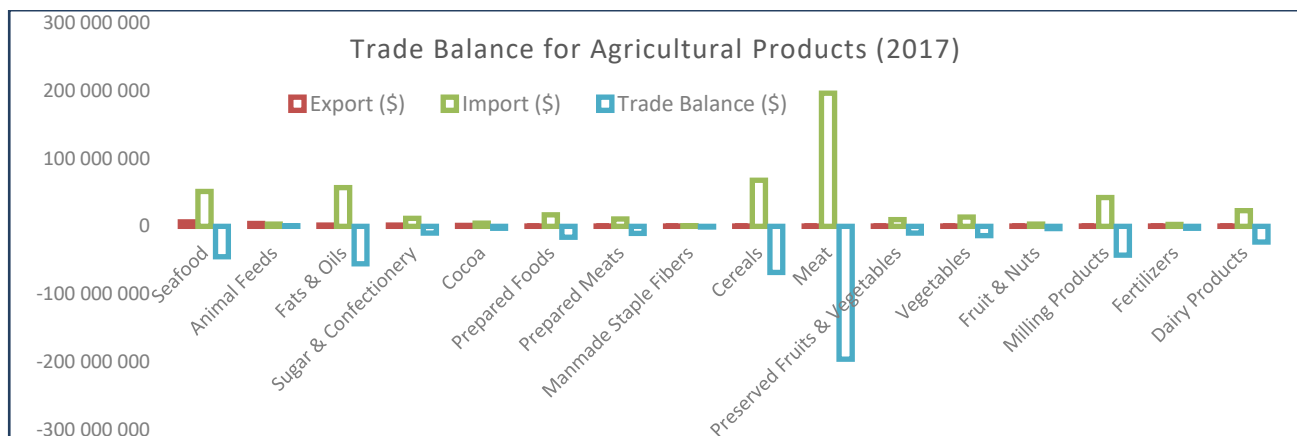
41. However, growing urban markets and the shift from production activities towards other economic sectors does result in increasing demand for agricultural products, particularly pronounced for processed and perishable goods, which is an important driver of agricultural value chain development. When smallholders can tap into these new and expanded sources of demand to a sufficient extent to increase their own spending on local goods and services, the basis for developing diversified local economies exists. (*Karim Hussein David Suttie IFAD Rural- urban linkages and food systems in sub-Saharan Africa: The rural dimension; 2018*)
42. Understanding consumer demand characteristics and market segmentation is essential for local producers to develop targeted and competitive commercial strategies and to be able to participate fully in the national food markets.
43. Understanding of consumer demand and market segments is equally important for producers and food processors, who invest in various transformation activities of value-addition. At the processing and marketing stages, upgrading storage facilities, using modern technology to distribute timely information, and addressing infrastructure challenges all help to foster inclusive and tightly linked value chains, which can bring down costs and reduce consumer prices, thus generating productive employment and benefiting the poor along the entire chain.

Supply – Characteristics and Market Reach

44. Cost of food in Congo increased 8.4 per cent in December of 2018 over the same month in the previous year. Food Inflation in Congo averaged 13.5 per cent from 2011 until 2018, reaching an all-time high of 101.6 per cent in August of 2017 and a record low of -24.3 per cent in December of 2012³³.
45. According to the *Congo Commercial Agriculture Project* of the WB (2017) agricultural production is performed in a rudimentary and inefficient manner. Most inputs are imported, expensive and with no quality assurance, resulting in low returns and making domestic production uncompetitive against imported commodities. The transport sector is informally steered by cartels that fix the transport prices, making it expensive for producers to link to markets and for processors to source primary material. There are only a few domestic agro-processing companies, meaning that most of the local produce goes directly to the consumer markets. Food distribution and retail is done mostly through formal and informal open markets, and small vendors. There are only seven registered retail outlets (supermarkets) selling mostly imported food in the cities.
46. According to the National Policy on Food Security and Nutrition document³⁴, in recent years the commerce sector has contributed to improving the diet of the Congolese people by: adopting regulations regarding the 'basic food-basket', such as price and stocks monitoring of staples, collection of consumption data on the national market, the approvals of the prices of staple foods in order to determine price ceilings, organoleptic / control of the quality of food products put on the market, the allocation of measures of sale in the various markets in order to create standardization and regulatory activities, daily import and export operations of products in general and food products.
47. As demonstrated in Figure 2, almost all food categories show a negative trade balance, with meat, cereals, fats and oils, as well as fish being the most significant imports in terms of value.

³³ <https://tradingeconomics.com/congo/food-inflation>

³⁴ Politique Nationale pour la Sécurité Alimentaire et Nutritionnelle, FAO 2018

Figure 2: Trade Balance for Agricultural Products (2017)

Source: <https://globaledege.msu.edu/countries/republic-of-congo/tradestats>

48. The negative trade balance is the result of the lack of competitiveness of the national food sector – from production to market distribution. According to the *CONGO COMMERCIAL AGRICULTURE PROJECT* the competitiveness of domestic value chains is hampered by a variety of sector-specific constraints at all levels:
- Legislative and governance constraints (seed policies, land access, food safety policies and guidelines, taxes, and legal registration procedures for cooperatives)
 - Weak producer organizations
 - Insufficient agricultural extension and veterinary services
 - Obsolete research and development (R&D) capacity
 - High costs of agricultural inputs (seeds, fertilizers, land, animal feed, credit)
 - Ageing and under-skilled workforce
 - Poor road and communication networks
 - Costly logistics and energy services
49. As a result of these constraints producers and producer groups are marginalized and excluded from higher-value markets.
50. One of the key problems that producers face is their inability to connect with markets. There is a limited number of off-takers with whom farmers can establish long-term, significant and reliable business partnerships. Therefore, even when the constraints of production have been overcome, marketing challenges dampen production efforts and investments, as is the case with cassava and fruit.
51. The role of local traders in value chains is key and frequently under-recognized, partly due to the fact that they often operate on the informal market. However, regardless of the scale or lack of formality of the transactions, local traders are often key off-takers and sole providers of value chain services, including limited financing. Production faces two key challenges:
- Reduction of production costs in order to be competitive against imports
 - Improve value chain connectivity and linkages that provide 'market-pull' and establish demand-driven production systems that underpin successful farming businesses of all scales.

Value Chain Structure and Governance

52. There is almost a complete lack of value chain structures, besides the Common Economic Interest Groups (GIEC) that were initiated and supported through various interventions and which have a mixed success. There are no other horizontal or vertical interest groups or representative bodies formed around specific value chains, sub-sectors or other points of sector development that require coordination and structuring. As a result of this, value chain governance both formal and informal is also minimal, with few rules in place to regulate transactions and provide transparency.

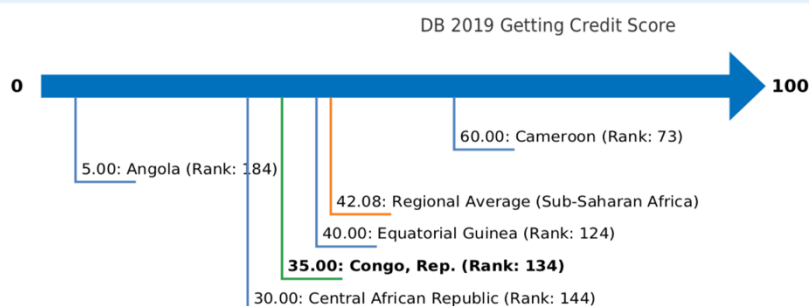
53. The EU Program for Enhancing the Commercial and Entrepreneurial Capacities II (PRCCE II), works with ESSOR³⁵ and the Project for the Support of Horticulture and Food-Processing in Congo (PAMTAC-BII) to address sector shortcomings and incentivize peri-urban food processor, mainly fruit juice producers, to coordinate and collaborate in establishing a platform of dialogue, which serves as an entry point for a wider dialogue on development needs and opportunities.
54. Overall lack of value chain structure and governance is a key hindrance to the establishment of a meaningful participatory policy process, as well as the improvement of value chain efficiencies and optimization of linkages. As private sector investment grows at all levels, support for structuring, communication and transparency will become paramount. Issues such as contract enforcement and grievance mechanisms need to be in place to protect business growth.

Support Services to Agribusiness Development

Business and Financing

55. Despite the recent signature of the Extended Credit Facility with the International Monetary Fund, Congo continues to face a liquidity crunch. Financial sector vulnerabilities are exacerbated as deposits-to-GDP decreased from 23.5 percent in 2017 to 17.8 percent in 2018. Non-performing loans were high at about 15 percent of total loans, up from 13.4 percent and 4.8 percent in 2017 and 2016. Credit to the economy has also declined from 9.0 percent of GDP in 2017 to 7.2 percent in 2018³⁶.
56. In this context, according to the *Congo Commercial Agriculture Project 2017 (PAD Document)*, access to finance is cited as the second highest constraint by businesses. Bank credit to agriculture accounts for 6 per cent of short-term credit and 17 per cent of medium-term credit and focused primarily on the forestry industry. Microfinance institutions (MFIs) are mostly focused on urban markets, and agriculture accounts for only 2 per cent of the portfolio of Congolese Savings and Credit Scheme (MUCODEC) - the largest MFI. The low penetration of financial services in rural areas, the financial institutions' limited knowledge of the agriculture sector, and collateral requirements limit access to credit for producer groups and agribusiness MSMEs.
57. According to the Doing Business Report 2019, getting credit in Congo is ranked low in the context of comparator economies, better only than its neighbours the Central African Republic and Angola. This ranking is fully backed by donor reports and literature on the access to rural finance that unanimously agree on the lack of financing for MSMEs on the whole.

Figure - Getting Credit in Congo, Rep. and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of getting credit is determined by sorting their scores for getting credit. These scores are the sum of the scores for the strength of legal rights index and the depth of credit information index.

58. In the context of agribusiness, the situation is exacerbated by the lack of confidence in the sector and poor understanding of the nature of agricultural activities and specific needs of farmers, processors and others in the food-industry. The lack of an agricultural bank or

³⁵ www.essor-ong.org

³⁶ <http://pubdocs.worldbank.org/en/425451492188155513/mpo-cog.pdf>

guarantee fund for agricultural investment is a handicap for sector support. However the unsuccessful experience with the National Fund for Agriculture Support, suggests that the role of guarantor is perhaps best played by a non-state actor.

Youth in Agribusiness

59. According to both government and donors, employment of youth in agriculture/agribusiness is one of Congo's priorities. The population under age 30 accounts for nearly 50 per cent of the total population. The last ETVA (2015)³⁷ found that 54 per cent of the aged under 20 are no longer in the education system. This survey also reflected the worrying situation for youth employment, which is characterized by mass and long-term unemployment. Youth unemployment is endemic, at a rate of 30.5 per cent those between 15 and 29³⁸.
60. However, despite lack of employment opportunities, The National Employment Policy of Congo (2012) suggest a considerable lack of professional interest in the agricultural sector. FAO has also identified the low entrepreneurial culture of young people and the lack of visibility of models of success in agricultural entrepreneurship as key constraints to engaging the young.
61. The re-branding of agriculture, as an opportunity rather than a poverty trap, and the development of successful business models for production and post-production activities are essential to the revitalization of the sector, agribusiness and the food-industry.
62. Finally, despite the difficulties, there is an emerging group of peri-urban MSMEs created by young and educated entrepreneurs, who are seizing business opportunities and starting new forms of ventures – such as the production of animal feeds, supply of inputs and mechanization services. In the absence of systemic government incentives to grow, their start-up investments are mostly developed with (limited) donor support.
63. In 2018, FAO Congo supported the creation of the Parliamentary Alliance for Food and Nutrition Security (APC-SAN) to advocate for updating of laws and monitoring of the implementation of laws in support of agricultural entrepreneurship as well as the guarantee fund for young entrepreneurs.

Women in Agribusiness

64. The ROC's gender inequality country index is 137 out of 157 countries, with 14 per cent of parliamentary seats held by women, 47 per cent of women over age 25 holding some form of secondary education, and 67 per cent over age 15 being employed – all of which ranking lower than men. Despite this, much of formal and informal production and post-production agribusiness activities are carried out by women. Women's groups in peri-urban areas are increasingly involved in simple food processing activities, such as fresh fruit juice production. Women also dominate fresh market retail.
65. According to the *IFAD Rural- Urban Linkages and Food Systems In Sub-Saharan Africa Report*³⁹, stronger urban-rural linkages can strengthen the empowerment of women and youth in terms of access to paid employment and access to services, as well as challenge gender roles. However, women are not always well placed to benefit from economic opportunities available in their destination towns and cities. A gender-sensitive approach is therefore critical in efforts to enhance the benefits that accrue to women in agriculture and their access to decent agricultural and non-agricultural job opportunities both in rural and in urban areas. Creating decent jobs for disadvantaged groups who are traditionally over-represented among the poor (particularly rural people, women, young unemployed, indigenous people⁴⁰ and migrants) is one of the most effective means of ensuring inclusive outcomes from growth and transformation.

³⁷ ETVA – Enquête Sur La Transition Vers La Vie Active.

³⁸ National Employment Policy of Congo (2012).

³⁹ Karim Hussein David Suttie IFAD Rural- urban linkages and food systems in sub-Saharan Africa: The rural dimension, 2018.

⁴⁰ «Country Technical Note on Indigenous Peoples' Issues» published by IFAD

https://www.ifad.org/documents/38714170/40224547/congo_ctn.pdf/25612f61-03f1-4cbd-a983-bc3cf0ef9154.

Summary of opportunities and constraints for agribusiness development

| Agribusiness Stakeholders Agribusiness is the business sector encompassing farming and farming-related commercial activities. The business involves all the steps required to send an agricultural good to market: production, processing and distribution. | Status overview What are general characteristics of this node in the chain in terms of structure, governance, economic activities and participation | Opportunities What are the current opportunities for development and growth of these economic activities and employment | Constraints What are the key constraints and bottlenecks identified which negatively impact development |
|---|--|--|--|
| Input suppliers | <ul style="list-style-type: none"> ➤ Few ➤ Largely peri-urban ➤ Small-scale ➤ Unclear regulation of products ➤ Unorganized | <ul style="list-style-type: none"> ➤ Create vertical value chain linkages with producers and promote input use as well as facilitate sales ➤ Provide value chain financing in kind by providing inputs on credit and stimulating increased productivity ➤ Create horizontal linkages to form a representative structure that unites input suppliers in their interaction with government and enables their participation in regulatory and policy decision-making ➤ Packaging is a major market gap currently addressed by a single company in Brazzaville | <ul style="list-style-type: none"> ➤ Small-scale businesses without a clear 'leader' to spearhead value chain organization ➤ Lack of investment capital to expand marketing outreach and pilot vertical integration models |
| Producers | <ul style="list-style-type: none"> ➤ Small-scale ➤ Rudimentary practices ➤ Disconnected from markets ➤ Mostly individual ➤ Organized in some locations ➤ Increasingly older base | <ul style="list-style-type: none"> ➤ Improve linkages with off-takers ➤ Increase market understanding and demand-driven production ➤ Increase productive investments, including in processing ➤ Learn and apply successful collaborative examples as appropriate ➤ Engage in horizontal partnerships and benefit from value chain financing | <ul style="list-style-type: none"> ➤ Limited understanding of upstream and downstream value chain ➤ Limited market knowledge and linkages ➤ Limited capacity for demand-driven production and planning ➤ Limited access to financing support for expansion, mechanization and processing |
| Processors | <ul style="list-style-type: none"> ➤ Few medium to large ➤ Many small and informal ➤ Peri-urban clustered ➤ Unorganized ➤ Involves many women and youth | <ul style="list-style-type: none"> ➤ Largely underdeveloped economic sector with large potential for diversification, value addition and import substitution ➤ Improvement of upstream value chain linkages with producers to resolve supply issues ➤ Professionalization and expansion for an infant industry | <ul style="list-style-type: none"> ➤ Lack of consistent and quality raw material supply ➤ Lack of skills among informal participants ➤ Lack of regulation and food safety ➤ Lack of access to food accreditation laboratory services needed to join formal food chains ➤ Lack of incentives and investment capital to upscale |

| | | | |
|---------------------|--|---|---|
| Transporters | <ul style="list-style-type: none"> ➤ Not professionalized ➤ Lacking in specialized transport – vehicles and packaging ➤ Collusion leading to high costs for producers and consumers | <ul style="list-style-type: none"> ➤ Improve efficiencies ➤ Reduce transport losses ➤ Reduce collusion practices | <ul style="list-style-type: none"> ➤ High cost of toll roads and transport services in general reducing demand for/viability of services |
| Wholesalers | <ul style="list-style-type: none"> ➤ Few ➤ Not professionalized ➤ Unorganized ➤ Limited storage and logistical capacity | <ul style="list-style-type: none"> ➤ Improve storage facilities and logistics ➤ Reduce losses ➤ Upgrade and upscale operations ➤ Strengthen upstream linkages | <ul style="list-style-type: none"> ➤ Lack of investment capital to upgrade operations ➤ Unpredictable supply |
| Retailers | <ul style="list-style-type: none"> ➤ Formal limited but growing in cities ➤ Informal prolific throughout the country ➤ Female dominated | <ul style="list-style-type: none"> ➤ Incrementally structure, formalize and upgrade services ➤ Improve rural presence and supply | <ul style="list-style-type: none"> ➤ Relatively small national market size |
| Consumers | <ul style="list-style-type: none"> ➤ Small affluent market purchasing imported and higher-end foods ➤ Large market with limited purchasing power, price conscious ➤ Food safety and nutrition unaware | <ul style="list-style-type: none"> ➤ Supply affordable local fresh and processed alternatives ➤ Diversify diets ➤ Meet growing urban food demand | <ul style="list-style-type: none"> ➤ Limited market in relation to country production potential ➤ Price-conscious market open to competition from cheaper imports, regardless of quality ➤ General lack of consumer awareness unlikely to reward investment in quality and food safety in the short-term |

SECAP background study

Introduction

1. The main objective of the SECAP Background Study is to strategically inform and guide the COSOP on social, environmental and climate change issues. The study includes: i) a summary of the main climate, environmental and social challenges; (ii) an institutional analysis; and (iii) key recommendations to address the challenges of targeting vulnerable groups to climate change, land degradation and other environmental and social challenges.

Part 1 - Situational analysis and main challenges

Socio-economic situation and underlying causes

2. The Republic of Congo has been suffering one of its worst economic crises in recent decades, triggered by a sharp decline in oil prices since 2014 and an inadequate policy response. The crisis resulted in an economic recession, large fiscal and current account deficits, unsustainable debt, an accumulation of a large stock of domestic arrears and an erosion in confidence associated with weak governance. In 2018-19 the government took decisive policy action, including a rigorous fiscal consolidation programme and an ambitious structural reform effort focusing on governance improvements. As a result, the country was able to agree an Extended Credit Facility (ECF) with the International Monetary Fund in July 2019. The reform programme agreed under the ECF focuses on: (i) formulating policies to generate higher and more inclusive growth, including spending on programmes that protect the poor and vulnerable groups; (ii) maintaining fiscal discipline to restore debt sustainability; and (iii) structural reforms to improve governance and transparency.⁴¹ Over the past decades, the Congolese economy has become increasingly dependent on oil, which accounted for 61.5 per cent of GDP in 2014, against 50 per cent in 2003. This makes the economy highly vulnerable to external shocks. At the same time, the contribution of agriculture to GDP declined from over 30 per cent in the 1970's to 3.6 per cent in 2017 and food imports have soared to reach a value of just over 1 billion USD in 2017.⁴² As recognized by the country's National Development Plan (PND 2018-2022), there is an urgent need for economic diversification in order to generate employment and create more sustainable sources of wealth.
3. **Population.** Congo has seen rapid urbanization over the last two decades, with 70 per cent of the population currently residing in cities and towns. This could provide major economic opportunities for rural food producers if their access to urban markets is improved through enhanced road infrastructure, improved transport and support for the organization and structuring of agricultural value chains. Farmers account for 11 per cent of the total population, and for about a third of the economically active population. Women represent 65 per cent of farmers and produce 70 per cent of all the locally produced food that is consumed in Congo.⁴³
 - a. **Poverty.** Rural people, including farmers, account for a disproportionate share of the country's poor people, with rural poverty rates reaching 70 per cent⁴⁴. In rural areas, seven out of ten people

⁴¹ For further detail see Appendix II and IMF Country Report No. 19/244, accessed on 29 July 2019 at:

<https://www.imf.org/en/Publications/CR/Issues/2019/07/23/Republic-of-Congo-Staff-Report-Press-Release-Staff-Report-Debt-Sustainability-Analysis-and-48522>.

⁴² Figures from the 2018 National Development Plan (PND 2018-2022), which estimated the value of food imports at over 600 billion FCFA in 2017.

⁴³ Based on preliminary results of the General Farming Census (RGA), 2016.

⁴⁴ IFAD Country Profile <https://www.ifad.org/en/web/operations/country/id/congo>

are poor and 57 per cent of all poor people live in rural areas. However, Brazzaville, despite a relatively low poverty incidence (22 per cent), has a big share of poor in terms of absolute numbers of people, and close to 20 per cent of all poor people live in Brazzaville. Thus, rural areas and Brazzaville put together account for 70 per cent of the overall population and 77 per cent of total poor.⁴⁵

4. **Gender.** Despite constitutional guarantees, women face discrimination in many aspect of their lives, especially in rural areas where they are often discouraged from attaining paid employment and education at the high school level. Although the Fundamental Act of the Republic of Congo states that discrimination based on race or sex is illegal and also ensures equal pay for equal work, women remain highly underrepresented in the workplace and governance. The Republic of the Congo is not currently among the 144 countries ranked in the Global Gender Gap Index (GGI) in 2017.
5. While women play an important role in agriculture, they face gender-specific barriers to landownership and access to credit, agricultural inputs and labour and are often restricted to less profitable agricultural activities.⁴⁶ Agriculture, including forestry, employs about 40 percent of the labour force. Women and girls represent 65 percent of this group but own only 25 percent of agricultural land, usually in smallholdings. In rural areas culture and traditional practices result in women focusing on subsistence farming and domestic and childcare work.
6. **Youth.** The youth are severely affected by unemployment. The unemployment rate is 32.7 percent for those who are 15 to 29 years of age. The corresponding figures for those ages 30–49 and 50–64 are 15.6 and 8.3, respectively.⁴⁷ Therefore, programs focusing on youth employment should be promoted and scaled up as much as possible, given the importance of the youth in the overall population.
7. **Indigenous peoples.** An unknown number of indigenous people live in the forests. Estimates of the indigenous population of the Congo vary widely from 2 to 10 percent of the total. Indigenous people face serious levels of discrimination and their access to public services is limited. While available statistics are incomplete, illiteracy rates are known to be high among indigenous children and, according to the Ministry of Social Affairs and Humanitarian Action, 65 percent of indigenous children aged 12 to 15 years are not enrolled in school, compared with a national average of 39 percent.⁴⁸
8. The indigenous population of the Republic of Congo (RC) include the Baka, Mbendjele, Mikaya, Luma, Gyeli, Twa and Babongo peoples. Formerly known as “Pygmies”, a term they find discriminatory and pejorative, they are now known generically as “autochthonous peoples”, as stipulated in the 2011 Law on the Promotion and Protection of the Rights of the Autochthonous Population. This law, the first of its kind in Africa— is based on the concept of “indigenous” as understood internationally and by the African Commission on Human and Peoples’ Rights (ACHPR).
9. The autochthonous are present in most of the country’s 12 departments but the largest concentrations are found in the north and northeastern part of the country and in the south. Traditionally, these peoples lived as mobile hunter-gatherers depending entirely on the forest or the savannah and the natural resources therein. Today, only a few groups follow this lifestyle; others have chosen—voluntarily or involuntarily—to become more or less sedentary, settling in fixed hamlets near

⁴⁵ Republic of Congo Poverty Assessment Report Education, Jobs and Social Protection for a Sustainable Reduction of Poverty, WB 2017.

⁴⁶ WB. 2017. Republic of Congo – Poverty assessment report.

⁴⁷ WB. 2017. Republic of Congo – Poverty assessment report.

⁴⁸ Ministry of Social Affairs.

Bantu villages. However, most remain closely attached to the forest or the savannah, which they consider as the center of their spiritual and intellectual life.⁴⁹

10. **Nutrition and food security.** The Congo continues to be characterized by pockets of acute food insecurity and a high prevalence of chronic malnutrition. The country was categorized as having “serious” hunger challenges in the 2018 Global Hunger Index. Food insecurity levels have either stagnated or increased over the past ten years. Gender inequalities, ethnicity, disability status, geographic location and income level all heavily influence food and nutrition security.
11. The Congo is a food-deficit country whose local production meets only 30 percent of national food needs. Among children under 5, global acute malnutrition has been estimated at 8.1 percent and the chronic malnutrition rate at 21.1 percent.⁵⁰ In 2014, 14 percent of the population was classified as food-insecure;⁵¹ in 2016, 15 percent of households reported poor or limited food consumption, with a significant difference between rural areas (30 percent) and urban areas (7 percent).⁵² Women-headed households are more affected by food insecurity: 15 percent are food-insecure compared with 10 percent of households headed by men. This difference is due to gender inequalities, which hinder women’s access to food and financial resources.⁵³
12. The Congo faces a triple burden of malnutrition among children under 5, with the coexistence of stunting (affecting 21.3 percent), overweight (affecting 5.9 percent) and micronutrient deficiencies of iron, vitamin A and iodine. The diets of only 6 percent of children aged 6–23 months meet requirements for minimum dietary diversity. Despite a decrease in stunting prevalence from 34 percent in 2005 to 21 percent in 2014,⁵⁴ the nutrition situation remains worrying. The prevalence rates of the main forms of malnutrition are above thresholds set by the World Health Organization (WHO) and represent a significant public health concern in the country.
13. An analysis of chronic malnutrition shows that rural areas are more affected than urban ones, that the poorest people are four times more affected than the rich, and that girls are more affected than boys.⁵⁵

Environment and climate context, trends and implications

14. **Land degradation.** Agricultural land in Congo is estimated at 10 million hectares. Unorganized farmers using mainly traditional techniques with little financial means cultivate only about 2 per cent of this land annually. However, these soils are rapidly degrading because of heavy rains with long rainy episodes on vulnerable sites. The phenomenon of erosion and degradation is a problem in both rural and urbanized areas.
15. **Forests.** According to the Poverty Reduction Strategy Paper, Congo's forest area is estimated at 22.5 million hectares (about 60 per cent of the territory), of which 80 per cent is considered commercially exploitable. Congo also has an abundant and diverse fauna and flora, consisting of 6,500 plant species, 200 mammal species, more than 700 bird species, 45 reptile species and more than 632 insect species. Nevertheless, the contribution of the forestry sector to the national economy remains low, compared to some neighboring countries such as Cameroon and the Central African Republic.

⁴⁹ IFAD. 2014. Country Technical Notes on Indigenous Peoples’ Issues – The Republic of Congo

⁵⁰ UNICEF. 2014–2015. Multiple-indicator cluster survey.

⁵¹ WFP. 2014. Comprehensive food security and vulnerability analysis.

⁵² WFP. 2016. Fortification Rapid Assessment Tool (FRAT) survey.

⁵³ WB. 2017. Republic of Congo, Poverty Assessment Report.

⁵⁴ UNICEF. 2014–2015. Multiple-indicator cluster survey.

⁵⁵ Renewed Efforts Against Child Hunger and Malnutrition in the Republic of Congo, National Implementation Plan, 2013.

16. In addition, the country has the lowest rate of deforestation in the COMIFAC area, in the decade 1990-2000 (see table below). However, these figures should not hide certain weaknesses that undermine the forestry sector. The sector faces the following problems: (i) low participation of local populations in ecosystem management; (ii) weakness in the management of forest resources; (iii) weakness in the application of the provisions of the Forest Code; (iv) fraudulent exploitation and illegal trade in forest and wildlife products; (v) low participation of nationals in the timber industry; and (vi) insufficient development of the processing sector.

Table 2: Forest area and deforestation in Congo Basin countries⁵⁶

| Country | Forest area (ha) | Total area of land (ha) | Gross deforestation rate (1990-2000) | Gross degradation rate (1990-2000) | GDP share of wood products |
|--------------|-------------------|-------------------------|--------------------------------------|------------------------------------|----------------------------|
| Cameroon | 16 876 143 | 47 544 200 | 0.14 % | 0.07 % | 6.0 % |
| CAR | 4 616 199 | 62 298 400 | 0.19 % | 0.06 % | 6.3 % |
| Congo | 18 493 992 | 34 182 100 | 0.07 % | 0.04 % | 5.6 % |
| DRC | 98 912 205 | 234 500 000 | 0.21 % | 0.19 % | 1.0 % |
| Eq. Guinea | 2 002 464 | 2 805 100 | 0.10 % | 0.00 % | 0.2 % |
| Gabon | 21 086 856 | 26 766 700 | 0.09 % | 0.09 % | 4.3 % |

17. A study conducted by the Readiness Preparation Plan (R-PP) identified several underlying factors of deforestation and forest degradation. Slash and burn agriculture, the construction of road infrastructure and the extension of agglomerations are considered as the main causes of deforestation; while the supply of cities with charcoal and firewood, coupled with unsustainable logging, justifies degradation.
18. Small rural farmers practicing slash-and-burn agriculture are identified as actors involved in deforestation and forest degradation in the Republic of Congo. They use rudimentary techniques with limited yields, and a great impact on forest ecosystems and biodiversity. According to the Poverty Reduction Strategy Paper, the number of agricultural workers fell sharply, from 500,000 in 1980 to 30,000 in 2005. The average area per farmer is about 1 ha. Producers, 65 per cent of whom are women, use inputs such as improved seeds, animal feed, phytosanitary and veterinary products on a marginal basis. Agricultural production is low and covers less than 30 per cent of the country's food requirements. However, since the beginning of the 2000s, we have seen the involvement of a new category of agricultural actors alongside traditional actors, with fairly modern means of production. They are "neo-rural", found among senior officials and economic operators looking for new sources of income. This interest in agriculture is also justified by the rise in food prices in a country that still imports 70 per cent of its food products. These new farmers mainly grow cassava and oil palm after conversion of forest lands, with the passage of large-scale destruction of biodiversity and forest degradation. Unfortunately, no official statistics indicate the actual level of this destruction.
19. **Climate.** The Republic of Congo has an equatorial climate with a bimodal rainfall pattern and temperature structure. March through May sees a rainy season as well as September through November. Mean monthly temperatures range from 23-26°C, with February through March experiencing the highest temperatures, and June through August experiencing the lowest. The length of the dry season follows a gradient from south to north, with southern locales experiencing a longer dry season than northern ones. The dry season extends for 3 to 4 months at 2°S and 1 to 2 months for the rest of the country. Mean annual precipitation for the Republic

⁵⁶ Carlos de WASSEIGE, Didier DENVERS (Ed.) 2009. Les forêts du Bassin du Congo : Etat des forêts 2008, Luxembourg, Office des publications de l'Union Européenne.

of Congo is 1,612 mm. The wettest areas of the country are between 1-3°S, with annual precipitation above 2,000 mm. The Inter-Tropical Convergence Zone (ITCZ) is also an important force in driving the rainy seasons as it migrates between the equator and the tropics throughout the year.

20. **Climate Change.** Climate change impacts in the Republic of Congo manifest in the form of impacts via three channels⁵⁷, namely precipitations, temperature and water resources, which reflect inputs from rain, groundwater and evapotranspiration. Since the 1970s, the Congo has experienced: (i) a general drop in annual precipitation countrywide with a considerably natural spatial variability whereby the most abundant rainfall occurs in the country's Southwest; (ii) a general rise in maximum temperatures of about 0.76 °C and 0.69 °C for minimum temperatures with moderate temporal variability. However, in terms of seasons, the most pronounced warming occurs in the dry season (June to September) or southern winters. Spatially, warming is more pronounced in savannah areas in the country's Centre and South. It is artificially heightened in the big cities (Brazzaville and Pointe Noire) and in the other cities of more than 10 thousand inhabitants; (iii) overall receding flows of the Ubangi-Congo rivers (+ 19 per cent to -9 per cent) and their tributaries from the 1970s.⁵⁸ Similarly, in South Congo, Kouilou and Niari flows are decreasing.
21. The impacts on the biophysical environment are manifested through increasingly extreme events such as: frequent floods in the Congo Basin (Mossaka), the low-lying part of the littoral and in a specific way in Brazzaville; siltation of the bays, necessitating constant berthing point relocations and navigation stoppages over an ever-increasing number of days (1940-1969: 1 day, 1990-1993: 103 days) and erosions in the coastal zone dating further back (with a significant annual coastline reduction in Loango Bay) and in urban hillside squatter settlements. Thus far, the climate change impacts are not highly noticeable on Congo's forests that will increasingly suffer anthropic constraints.
22. In the socio-economic sectors, the mainly rain-fed agriculture is highly sensitive to climatic variations. The instability of the "rainy-farming" seasons (October to December and March to May), either one of which may be shortened or delayed, or may even disappear, limits the range of possible crops. The noted rising trend of extreme temperatures, particularly higher minimum temperatures in the Niari Valley (20°C) could be conducive to selected oil palm cultivation. Similarly, some food legume varieties such as *Cajanus cajan* (pigeon pea) and *Vigna inguiculata* (Cowpea) will tolerate moderate rainfall and will find better weather conditions.⁵⁹
23. **Climate projections.** The projected change in monthly temperatures for 2020-2039 is expected to be around 1°C compared to the 1986-2005 period. However, no significant changes in in precipitations are projected for the same period in the high emission scenario RCP 8.5 in the Republic of Congo.

⁵⁷ 2010 report on the assessment of the effects of climate change on the progress of the MDGs of UNDP.

⁵⁸ Laraque et al., 2001.

⁵⁹ Initial National Communication. 2001.

Projected Change in Monthly Precipitation for Congo (Republic of the) for 2020-2039

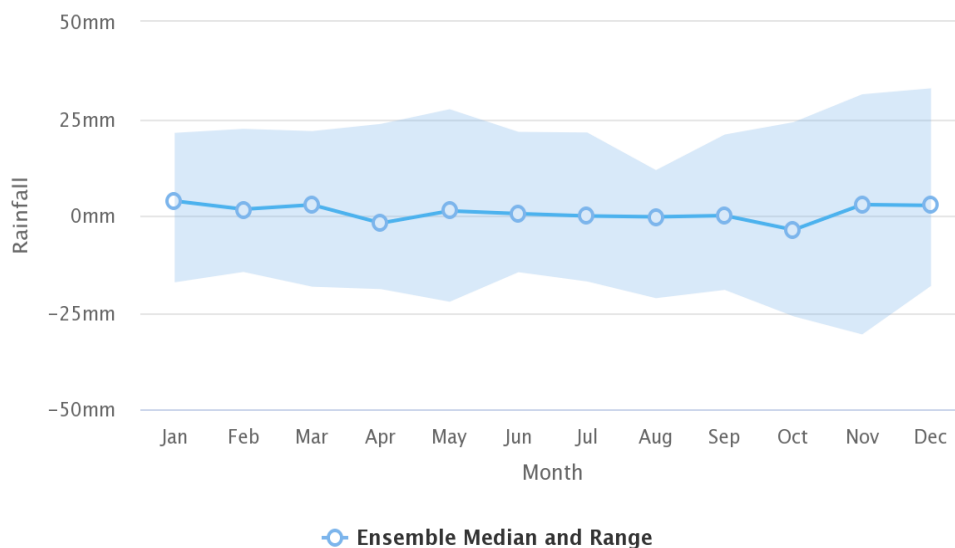


Figure 3: Projected Change in Monthly Precipitation of Congo (Republic of the) for 2020-2039 (Compared to 1986-2005) (Source : WB Climate Change Knowledge Portal)

Projected Change in Monthly Temperature for Congo (Republic of the) for 2020-2039

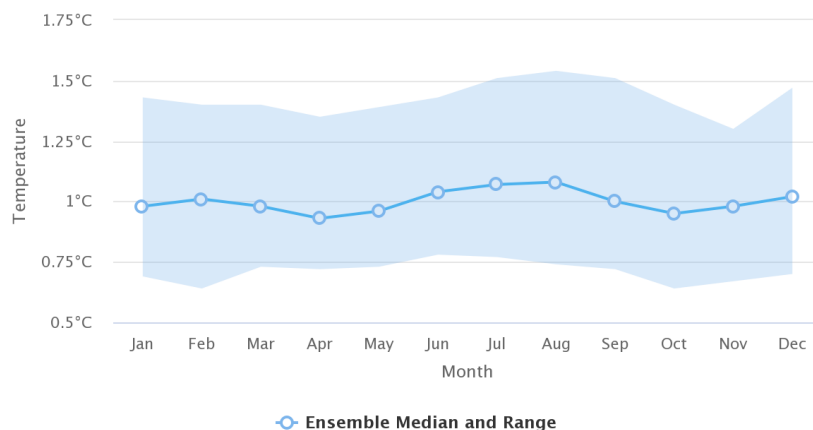


Figure 4: Projected Change in Monthly Temperature of Congo (Republic of the) for 2020-2039 (Compared to 1986-2005) (Source: WB Climate Change Knowledge Portal)

24. **Adaptation.** Floods are a recurring natural hazard in the Republic of Congo and many areas are seasonally flooded due to exceptional rainfall that affect human settlements, agriculture, public health, and biological diversity. Coastal protection, early warning systems, improved water management, and urban planning are ways in which to reduce the vulnerability of risks posed by flooding in the future.
25. The Republic of Congo is vulnerable to diseases that are influenced by climatic factors. The leading and second leading causes of mortality within the country are from vector borne and waterborne diseases, respectively. Most notably, malaria is a large concern for the country as it's the leading cause of child and adolescent mortality, and absorbs on average 40 per cent of health expenditures. Priority

- adaptation measures concerning public health aim for the development of early warning systems, improved water basin management for potable water, urban planning, and environmental management. Additionally, improved training of health workers, better sanitation policies, expanded public education, and greater disease and epidemic monitoring will further reduce the risks to public health.
26. Over the past 25 years, surface water flows have been very low impacting biodiversity, fisheries, agriculture, and navigation. Further, access to drinking water is at 75 per cent in urban areas and only at 10 per cent in rural areas. Treatment facilities infrastructure and distribution networks are outdated and have not kept pace with the growing urban population. Protection of water resources, improved rainwater harvesting in the Bateke plateau, research on seasonal rainfall, coastal protection, and urban planning are adaptation strategies that have been identified by the Republic of Congo.
 27. **Vulnerable regions and sectors.** Three zones and four sectors of the country have been identified as sensitive or vulnerable to the impacts of climate change by the country's National Communication (NC) to the UNFCCC. The main criterion for identifying these areas and sectors was the high level of their exposure to climate change and local climatic variations between 1961 and 1990.
 28. The coastal or littoral zone, the Cataractes plateau and the Niari valley, and the alluvial plain of the Congo River basin are the three most vulnerable zones of the country. The sectors identified are hydrology and water resources, agriculture, forestry and energy.
 29. **Impacts on agriculture.** Climate change is disrupting the development of agricultural systems and livelihoods in the country, particularly those dependent on rainfed agriculture and natural resources. Temperatures are increasing and crop production declines during dry years. Less frequent but more intense precipitation increases the risk of flooding, affects agricultural production cycles and contributes to soil degradation.⁶⁰ The limited availability of climate and weather information also impedes smallholder farmers' adoption of sustainable agricultural practices. Consultations with communities identified the drying up of main river arteries and small streams near villages as a major negative effect of climate change, reducing fishing and limiting access to markets.
 30. **Climate change impacts on yields.** Using IFAD's Climate Adaptation in Rural Development (CARD) tool, we note that due to future climate change, the yields of several crops are subject to declines in the Republic of Congo according to the ISIMIP model simulations for the RCP8.5 greenhouse gas emission scenario. The most impacted rainfed crops would be groundnuts and cassava that could have yield decreases of around 8 per cent by 2040. The choice of sectors to be targeted under IFAD interventions in Cameroon must take into account these projections and adaptation measures should be considered in order to ensure the resilience of these crops to the impacts of climate change.

⁶⁰ Climate Service Center. 2013. Climate Change Scenarios for the Congo Basin. https://www.climate-servicecenter.de/imperia/md/content/csc/csc-report11_optimized.pdf.

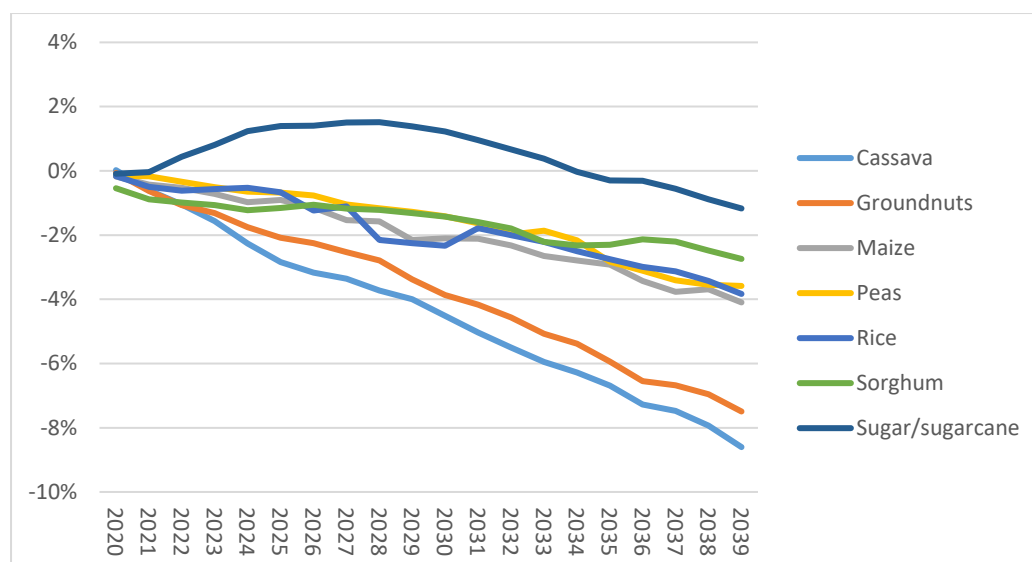


Figure 5: Climate Change impacts on rainfed crop yields in Congo (CARD)

Part 2 - Institutions and legal framework

Institutions

31. The Ministry of Forest Economy and Sustainable Development (MEFDD) is the body in charge of climate change policy, forest management and management of the REDD+ process in the Republic of Congo.
32. The Ministry of Justice, Human Rights and Promotion of Indigenous Peoples is in charge of Indigenous Peoples issues.
33. The Ministry for the Promotion of Women and Women's Integration into Development is in charge of gender equality.
34. The Ministry of Youth and Civic Education is in charge of youth issues.

Policy and regulatory frameworks

Environment and Climate

35. The Republic of Congo signed the United Nations Framework Convention on Climate Change (UNFCCC) on June 12, 1992 and ratified it on June 25, 1996. Since then, the country has not remained on the sidelines of negotiations and other initiatives on regional and global issues of climate change. In 2006, the Congo ratified the Kyoto Protocol. In line with UNFCCC commitments, the country has produced a number of official documents and commissioned several studies that address the issue of climate change. These are mainly the following documents and studies:
 - The initial National Communication (2001);
 - The second National Communication (2009);
 - The inventory of greenhouse gases in the Republic of Congo (2000, 2002, 2007);
 - The initial national strategy and implementation plan of the UNFCCC (2002);
 - Studies on climate change vulnerability and adaptation assessment in the Republic of Congo (2002, 2008);
 - Studies on technology transfer needs and know-how in the field of climate change (2004, 2009).

36. **Nationally Determined Contribution (NDC).** Congo announced its contributions to the global climate change mitigation effort on September 29, 2015 and ratified the Paris Agreement on April 21, 2017. In a conditional, low-carbon scenario, the contribution of the Republic of Congo should reduce GHG emissions by about 48 per cent in 2025 (or 8 MtCO₂e) and by 54 per cent in 2035 (or 19 MtCO₂e) compared to the baseline scenario and depending on the support of the international community.
37. Concerning adaptation, The Republic of Congo's climate change adaptation vision is based on the integration of this component into a coherent investment plan based on the country's development strategy. Among the objectives of the Republic of Congo in terms of adaptation to climate change, we note:
- The protection of populations: through a preventive approach to risk management, particularly in the most endangered areas, which relies on a system of observation and research to better understand current and future climate risks.
 - The protection of natural heritage, biodiversity, forests and fisheries resources, through an adaptation approach rooted in the protection of ecosystems.
 - The Protection of productive systems that are vulnerable to climate change, such as agriculture.
38. **The National Action Plan for the Environment (PNAE)**, which focuses on: (i) reducing the degradation of natural ecosystems; (ii) improvement of the living environment; (iii) ensuring the sustainable and rational use of natural resources; (iv) improving the health status of the populations; and (v) the reduction of urban and marine pollution.
39. **The National REDD Strategy.** The National Strategy for REDD + of the Republic of Congo, approved by decree of June 15, 2018, commits the country and stakeholders to: (i) reduce emissions linked to deforestation and forest degradation, (ii) sustainably manage their forests, (iii) conserve their biodiversity and (iv) increase their forest carbon stocks through afforestation, reforestation and agroforestry.
40. The Republic of Congo's vision for REDD + is consistent with the country's sectoral visions for sustainable development, agriculture and forests. It also takes into account the principles that the Republic of Congo has set itself to ensure that the REDD + approach responds to all elements of sustainable development.
41. **The COMIFAC Convergence Plan**, which aims to improve the management of biodiversity, the environment and protected areas. The following priority axes were selected in Congo:
- Intensification and systematization of environmental impact assessments, including environmental assessments and audits. These include the implementation of the Cartagena Protocol on Biosafety and development of environmental awareness programs in urban and rural areas.
 - Development of environmental standards.
 - Establishment of sustainable and rational water management mechanisms.
 - Establishment of an observatory of the marine and coastal environment to prevent pollution and intensive harvesting of fishery resources.
 - Support for marine turtle protection programs.
 - Rehabilitation and restoration of protected areas of Léfini, Tsoulou and Mont Fouari.
 - Support for the reintegration of large primates into the natural environment.

42. **The National Action Program to Combat Desertification**, whose specific objectives are to:
- Improve knowledge about land degradation.
 - Develop and build capacity (monitoring and evaluation system).
 - Improve the institutional and legislative framework for the fight against land degradation.
 - Rehabilitate areas affected by land degradation.
43. **The National Strategy for Sustainable Development**, which aims to move away from centralized decision-making towards rational resource management mechanisms focused on transparency, coherence, integrity and applicability of results convincing.

Indigenous Peoples

44. **Law No. 5-2011.** The Law No. 5-2011 of 25 February 2011 on the Promotion and Protection of Indigenous Populations is the first of its kind in Central Africa and elsewhere in Africa to target specifically "pygmy" peoples. Article 1 forbids the use of the term "Pygmies", which is seen as "derogatory and discriminating". The term "population autochthone" should be used instead. All its 47 subsequent articles covers a wide range of indigenous rights, including rights to land, health, employment, education, culture and participation in public affairs. The state will ensure that indigenous peoples are consulted in a proper manner, and implement culturally appropriate mechanisms to facilitate such consultations before the formulation or implementation of legislative or administrative measures or programs/or development projects likely to affect them directly or indirectly.
45. The Republic of Congo has signed and ratified a wide range of international and regional human rights instruments including a number of international environmental conventions. In 2007, the country voted for the adoption of the UN Declaration on the Rights of Indigenous Peoples (UNDRIP). The Republic of Congo has not ratified ILO Convention No.169 on Indigenous and Tribal Peoples in Independent Countries.

Gender and human rights

46. The Republic of Congo is party to seven of the nine core international human rights treaties:
- The Convention on the Elimination of All Forms of Racial Discrimination (CERD).
 - The International Covenant on Civil and Political Rights (CCPR) and its Optional Protocol CCPR-OP-1.
 - The International Covenant on Economic, Social and Cultural Rights (CESCR).
 - The Convention on the Elimination of All Forms of Discrimination against Women (CEDAW).
 - The Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT) and its optional protocol (signed only).
 - The Convention on the Rights of the Child (CRC) and OP-CRC-AC.
 - The Convention on the Rights of Persons with Disabilities (CRPD) and its Optional Protocol OP-CRPD.
47. The Republic of Congo is member of the African Union and has ratified or signed the following regional human rights instruments:
- The Constitutive Act of the African Union.
 - The African Charter on Human and Peoples' Rights (ACHPR).
 - The African Charter on Rights and Welfare of the Child.
 - The Protocol to the ACHPR on the Rights of Women in Africa.

- The Protocol to the ACHPR on the Establishment of an African Court on Human and Peoples' Rights.

Part 3 - Strategic recommendations

Lessons learned

48. Despite past management challenges, the projects funded by IFAD have had significant positive impacts on agricultural productivity, food security, household income and human and social capital. However, one consistent finding is that a focus on agricultural output alone will have limited impact unless measures are taken to improve processing and access to markets. The following principles will be applied in the 2020-2024 COSOP to reflect this finding, along with additional lessons learned from activities financed by IFAD and others.
49. IFAD's comparative advantage with respect to other agriculture development partners such as the WB or the AfDB, is that IFAD has 36 years of experience in Congo, working directly with producers and micro and small enterprises on the ground, focusing on creating producer organisations, micro-financing groups and addressing the needs of emerging rural entrepreneurs.

Strategic orientation

50. IFAD operations under this COSOP will be aligned with the government priorities and strategies with regards to the mainstreaming areas. The overall goal of the COSOP is to help the Government in its effort to reach Sustainable Development Goals (SDGs) 1, 2, 3 and 8 through the sustainable and inclusive development of agricultural production and agribusiness (SDGs 5, 9, 13, 16 and 17) as part of the economy diversification effort.

Strategic actions and targeting

51. IFAD intervention will take into account the mainstreaming themes IFAD11. Measures to address **climate change** will be built into project activities, such as: (i) the development of sustainable and climate-resilient value chains; (ii) promotion of renewable energy and water management; (iii) capacity-building for sustainable management of natural resources and climate risks; and (iv) support for more climate-resilient agroforestry systems, including shade cocoa. These measures are aligned with the country's NDC and strategies on climate and environment.
52. **Gender mainstreaming** will be undertaken through operational mechanisms developed during project design that improve the access of women and girls to the resources and economic opportunities offered by projects, and support women's leadership in rural organizations.
53. The development of value chains and associated activities for the creation of modern agricultural enterprises and rural micro and small enterprises in the new projects under this COSOP **will help reduce rural youth unemployment**.
54. The **food and nutrition security** will be improved through: (i) increased production and productivity of basic foods; (ii) marketing of nutritionally enriched and diversified food products; (iii) provision of nutrition education at the household level; and (iv) training to enhance women's skills and knowledge relative to nutrition in agriculture and food security, which will contribute to a more balanced diet for children.

55. **Opportunities to mobilize environment and climate financing.** Through the new project, IFAD has an important role to play in the agricultural sector to make agriculture more resilient to climate change and thus help the country to achieve the objectives of the Paris Agreement and the Sustainable Development Goals. To this end, IFAD can mobilize international funds available to the country, such as the Green Climate Fund (GCF), the Global Environment Facility (GEF) and the Adaptation Fund (AF).

Fragility assessment note

1. Like other International financial institutions (IFIs) and United Nations partners, IFAD is increasing its support to promote the transition from fragility, which is an important contributor to persistent poverty, to resilience.
2. The IFAD-specific understanding of fragility contained in its 2016 strategy for engagement in countries with fragile situations⁶¹ is as follows: "Fragility is a condition of high vulnerability to natural and man-made shocks, often associated with an elevated risk of violence and conflict. Weak governance structures along with low-capacity institutions are a common driver and consequence of fragile situations. Fragile situations typically provide a weaker enabling environment for inclusive and sustainable rural transformation and are characterized by protracted and/or periodic crises, often with implications for smallholder agriculture and food security."
3. According to the harmonized list⁶² of fragile situations used by IFAD to assess fragility, Congo has a Country and Policy Institutional Assessment (CPIA) score of 2.99, which puts the country well below the 3.20 cut-off point above which countries are no longer considered "fragile" countries.
4. According to IFAD's new (2019) Special Programme⁶³ on the topic, the four main entry points for addressing fragility and building resilience are: (i) gender empowerment; (ii) institution-building; (iii) food security; and (iv) natural resource management (NRM). The first three of these entry points are particularly prevalent in the RB-COSOP and in the proposed Inclusive Value Chains Development Project.
5. IFAD's above-mentioned 2019 Special Programme identifies four stages of fragility in the transition from fragility to resilience that require different operational responses:
 - (i) *High vulnerability to shocks*. The country is highly vulnerable to political, economic, environmental and other shocks that can lead to social and institutional disruption and conflict;
 - (ii) *Crisis*. The country is in a crisis, due to conflict or natural disaster;
 - (iii) *Post-crisis and recovery*. The country is in the immediate aftermath of a crisis, either a conflict or a disaster;
 - (iv) *Transition to resilience*. The country is in the early stages of the transition to resilience, or when the transition is prolonged.
6. Congo is currently in the fourth stage, which is typically supported through IFAD's standard business model, but with particular attention to promoting resilience in the RB-COSOP and a fragility lens applied to the project cycle.

The Nature of Congo's fragility

7. In Congo, after years of conflict, the Pool region ("Département") is gradually regaining peace and security. As a result of the ceasefire agreement reached in November 2017 between government officials and representatives of the former rebel leader, Frédéric Bintsamou (aka Pastor Ntumi), the free movement of goods and people is improving, and displaced populations are gradually returning to their localities of origin.
8. A disarmament, demobilization, and reintegration (DDR) process started in August 2018 under the supervision of the United Nations, and was accelerated with the support of Pastor Ntumi, whose first public appearance in two years took place in August 2018. Members of the government and international community are working to consolidate the Pool region's still fragile context. A significant share of the agro-industry investments in Congo were in the Pool.

⁶¹ IFAD Strategy for Engagement in Countries with Fragile Situations, EB 2016/119/R.4.

⁶² This list combines WB and AfDB fragility ratings for African countries. It can be accessed on <http://pubdocs.worldbank.org/en/892921532529834051/FCSList-FY19-Final.pdf>.

⁶³ Special Programme for Countries with Fragile Situations: Operationalizing IFAD's Fragility Strategy, <https://webapps.ifad.org/members/wgtf/TFWG8/docs/TFWG-2019-8-W-P-3-Rev-1.pdf>.

9. However, governance structures remain weak. The Decentralization Law No 10-2003 of 6 February 2003 calls on Local Governments⁶⁴ to take on important responsibilities concerning water & sanitation, management and maintenance and rural roads, among others. Local governments, however, have not been able to fulfil these tasks, due to a number of constraints: (i) the suspension of the decentralization effort, limited so far to regional councils and urban municipalities⁶⁵; (ii) poor human capacity and lack of equipment rendering the formulation of global and sectoral development plans impossible at local level; (iii) lack of financial resources of Local Governments; and (iv) insufficient support and training for Local Governments to take on the responsibilities foreseen under the above-mentioned Decentralization Law.⁶⁶

Fragility in the agriculture Sector of the Congo

10. These governance weaknesses are an important reason why the enabling environment for agricultural investment continues to be unfavourable – which significantly hampers the agribusiness potential for creating jobs for poor people, especially youth and women, both in farming and in peri-urban food industries. Therefore, the COSOP puts a specific emphasis on policy and institutional reform and on strengthening private sector presence and the investment climate, as well as on building the capacity of vulnerable smallholder producers and processors, and their organizations. As noted in the above-mentioned 2019 Special Programme, activities promoting the economic empowerment of the rural poor, particularly women and youth, are key to further Congo's transition from fragility to resilience.

Risk mitigation for the Congo fragile situation

11. The main fragility risks posed to the IFAD portfolio in the Congo are the following:
- Low capacity of institutions and government
 - Low capacity of project teams
 - Lack of women and youth empowerment and inclusion
12. The mitigating strategy for this COSOP has a few key elements. The first is to build capacity not just in the government, but also in the relevant agricultural value chains and smallholder organizations – which is likely to give rise to more sustainable results in the long term, as the benefits of better value chain structuring provide incentives for all actors to continue to invest in value chain institutions.
13. The second element is to help the Ministry of Agriculture, Livestock and Fisheries (MEAP) create an IFAD Country Programme Management Unit that manages all IFAD projects in the country portfolio, thus guaranteeing continued availability of experienced fiduciary capacity and prevent project delays and ineligible expenditure.
14. The third element is to keep project design simple, focusing on fewer value chains and fewer regions, facilitating project logistics and oversight and guaranteeing the visibility of project impact – and making it easier to adjust the project, e.g. when certain activities are unsuccessful.
15. The fourth element of the fragility risk mitigation strategy is to be as inclusive as possible with regards to women and youth participation in IFAD's project. This can be done by building on local partnerships established by previous IFAD projects, and by mobilizing RBA collaboration, particularly IFAD's partnership with FAO, which is already animating private sector, women and youth forums on agriculture that could help IFAD further local partnerships and innovation to empower women and youth and thus reduce fragility.

⁶⁴ « Les collectivités locales».

⁶⁵ «Conseils départementaux et Communes Urbaines».

⁶⁶ Cette analyse est tirée de FAO 2019, Développement des Infrastructures structurantes, Document de travail pour le Projet de Développement Intégré des Chaines de Valeur Agricoles au Congo (PRODIVAC) de la BAD.

COSOP preparation process

1. The COSOP preparation process was led by the IFAD Country Programme Team for Congo in collaboration with FAO's Investment Centre Division (DPI). The Country Programme Management Team (CPMT), established by the Country Director (CD), both at IFAD headquarters and in Congo, participated in and contributed to the entire process.
2. The following consultations were undertaken at national level (i) meetings with the key government agencies involved in the proposed RB-COSOP thematic areas; (ii) meetings with key private and non-government stakeholders, including farmer organisations, farmers' apex organisations, civil society and international financial and technical partners; (iii) regular meetings, including wrap-up meetings with CPMT at IFAD and country level to reach agreement on the RB-COSOP and (iv) consultation meetings with the Acting UN Resident Coordinator on the key elements of the new COSOP and their alignment with the UNSDCF 2020-2024. In-country, the Government of Congo led the discussion on the future IFAD support to the country and a new project/programme pipeline, subject to the PBAS of IFAD. This participatory process aimed to ensure that strategic public and non-public stakeholders provided substantive and prioritised inputs and engagement, at various stages of the COSOP formulation.
3. The RB COSOP identification and formulation mission took place from 9th to 19th July. This included a four-day field visit to consult with agribusiness actors, including producer organizations and MSMEs, in the Departments of Pool, Bouenza, Niari and Kouilou. The mission also met with agribusiness industry representatives in the cities of Brazzaville and Pointe-Noire.
4. The final draft RB-COSOP was submitted for in-house review at IFAD Headquarters in Rome, together with observations and suggestions from external peer reviewers. This process involved a peer review, an OSC review, and a Quality Assurance process managed by Operational Strategy and Policy Guidance Committee Secretariat (OSC). West and Central Africa Division (WCA) addressed the comments emerging from the in-house review process in a revised RB-COSOP draft.

Composition of the Core Country Programme Management Team (CPMT)

5. The in-house component of the CPMT consisted of the below IFAD and FAO staff members (Table 1). Table 2 presents the composition of the extended in-country CPMT, which includes representatives from key government agencies involved in the IFAD country programme, coordinators of IFAD supported projects in the country, key external development agencies, civil society organisations, farmer organisations, and resource persons.

Table 1 In-house Congo COSOP team

| Technical Division | Name | Title |
|---|-----------------------|------------------------------------|
| West and Central Africa - HQ | Lisandro Martin | Regional Director |
| WCA-HQ | John Hurley | Lead Regional Economist |
| PMI, Inclusive Rural Financial Services | Jonathan Agwe | Project Team Leader (PTL) |
| Office of General Council (LEG) | Clos Paul Edouard | Counsel |
| Financial Management Division | Virginia Cameron | Senior Finance Officer |
| WCA-Kinshasa | Abdelhaq Hanafi | Country Director |
| WCA-Kinshasa | Ephraim B. Gubandja | Country Programme Officer |
| ECG | Amath Pathe Sene | Climate & Environmental Specialist |
| FAO Investment Centre / DPIA | Simon Rietbergen | Senior Forestry Expert |
| FAO Investment Centre / DPIA | Rouja Johnstone | Agribusiness Expert |
| FAO Forestry / FOA | Jean-Claude Nguingiri | Forestry Officer, Targeting Expert |

RB-COSOP formulation

6. The RB-COSOP 2019-2024 builds on previous results and achievements, especially those achieved under the PADEF and PRODER projects. Strategic Objectives (SOs) have been reformulated to reflect the new emphasis on food processing and marketing, and the MSMEs involved in this, in addition to the traditional focus on assisting farmer organizations to increasing productivity. Greater emphasis will be placed on policy dialogue and institutional support, through both lending and non-lending activities. The RB-COSOP also proposes a new approach to increase smallholder farmer and MSME access to finance, by engaging directly with the formal financial sector on agriculture and by leveraging value chain financing.
7. In accordance with the Transition Framework, IFAD is diversifying its financing products, and is exploring opportunities to pilot results-based lending in Congo. Regarding targeting and poverty monitoring mechanisms, operations to be financed under the new RB-COSOP will take into account the results of the ongoing General Agriculture Census (RGA), which should be available in late 2019.

RB-COSOP approval

8. The RB-COSOP draft as amended through the IFAD review process was shared with the COSOP formulation team and the Government for their formal endorsement. The meeting consisted of a presentation of the final draft RB-COSOP by the Country Programme Manager, a brief discussion and an endorsement of the strategy by the participants. Subsequently it was shared with the IFAD Economists Network for review and endorsement. Comments have been addressed and included in the RB-COSOP prior to submission to the OSC. The final document will be submitted to the IFAD Executive Board for review in its session of December 2019.

Strategic partnerships

| Strategic Area | Expected Outcome | Partner | Strategic Objective | Related Outcomes |
|--------------------------|--|---|---------------------|---|
| Policy engagement | Support to the implementation of the Government's National Development Plan (PND 2018-2022) for Economic Diversification, focusing on private-sector driven Agricultural Development | MAEP, Ministry of Planning, Ministry of SME, AfDB, EU, WB | All | Results-based lending (possible pilot); increased policy focus on enabling small holder farmer integration in agribusiness value chains; evidence based policy making; and coordination with development partners |
| | Increase engagement in policy dialogue to facilitate achievement of PNIASAN goals and Agricultural sector objectives of UNSDCF 2020-2024 | UNSDCF Agriculture Sector Working Group (co-chaired by FAO and MAEP, members include WFP and WHO) | All | Increased coordination and knowledge sharing with Ministries and development partners |
| | Multi-stakeholder dialogue to promote improved agribusiness investment climate | MAEP, Ministry of Planning, civil society (UNICONGO, Chamber of Commerce, CAPPED), development partners | SO3 | Increased coordination and knowledge sharing with Ministries, civil society and development partners |
| | Women economic empowerment focusing on a gender responsive policy environment. | Ministry of Promotion of Women, RBA (FAO and WFP) | All | Women economic empowerment focusing also on food security, nutrition, income-generating opportunities, and leadership |
| Scaling up | Synergies and scaling up of best practices through capacity development and institutional strengthening for sustainable crop intensification, storage and marketing, value addition, access to finance and infrastructure for agriculture development. | PDAC and PADEC (WB), PRODIVAC (AfDB), FAO (providing technical assistance) | All | Knowledge sharing and alignment of approaches in particular on capacity development of FOs and MSMEs, access to finance, business plan development and value chain structuring (cf IFAD 4Ps approach) |
| | Scaling up of inclusive value chain arrangements (4P) and of leveraging agribusiness purchase guarantees to enable smallholder access to formal financial services | Chamber of Commerce, UNICONGO, Banks and MFIs | All | Coordination in strengthening market linkages (4P) |
| Coordination | Promote the commercialisation of agriculture and improved functioning of agricultural market systems. | EU – Commercial and Entrepreneurial Capacity Development Project | SO1 | Knowledge sharing on capacity building for engaging in inclusive market linkages, in particular 3P and 4P arrangements |

| | | | | |
|-----------------------------|---|--|-----|---|
| | Promote private sector investments and connect smallholders to markets; and improve nutrition and increase resilience of the agriculture and food systems to climate change | WB – Enterprise Development Support Project (PADEC) | All | Knowledge sharing and synergies in aggregation, market linkages, access to finance, nutrition, and resilience |
| | Technical assistance on Farmer Field Schools and Farming as a Business. | FAO, WB | All | Technical assistance on post-harvest losses, RuralInvest and possible use of mobile apps |
| | Fighting Cassava Mosaic Disease | FAO, IRA | SO1 | Sustainable commercial production of resistant germplasm (“boutures saines”) by farmer organizations |
| Knowledge Management | Mainstreaming lessons from IFAD experience for evidence-based policy-making | MAEP, Ministry of Planning, Ministry of SME, Ministry of Commerce, civil society | All | See also under Policy Engagement, Scaling up and Coordination |
| Co-financing | Reach a co-financing ratio of at least 1:2.4 (average) for the two IFAD projects under the new COSOP | AfDB, BDEAC, WB, beneficiaries | All | Increase scale and enhance project ownership by beneficiaries |
| | Mobilize parallel co-financing in support of smallholder farmers and MSMEs from agribusiness off-takers and – through leveraging of purchase guarantees – from banks and Micro-Finance Institutions (MFI) | Bayo, COFCOA and other large-scale off-takers (after completion of IFAD due diligence); MUCODEC, Congolese Banks | All | Social capital enhancement, production and productivity improvements, mainstreaming of agricultural sector lending with Congolese Banks and MFI |
| SSTC | Share lessons from experience gained with IFAD implementation SPIU modality. | Other IFAD Country Programmes | All | Improve effectiveness and ownership of IFAD country programmes |
| | Promoting learning and exchange (e.g. with Cameroon) on value chain structuring and leveraging of value chain arrangements for smallholder access to financial services. | IFAD Funds for SSTC | All | See also Knowledge Management |

South-South and Triangular Cooperation strategy

South-South and Triangular Cooperation Strategy

1. The Government of the RC realizes the potential interest of the SSTC included in the IFAD Strategic Framework 2016-2025. To enhance the visibility of IFAD's comparative advantages and expand its work in this area, IFAD will engage with the Government of Congo on ongoing partnerships relevant to the SSTC to learn, consolidate and diversify. In the context of the SSTC, IFAD will play a catalytic role and share knowledge between Congo and other countries in the sub-region.
2. Collaboration among the Rome-based agencies (RBAs) in the framework of SSTC is expected to intensify during the COSOP period thanks to a major new initiative in the Department of Bouenza to support a public-private partnership to build a cassava mill that will make affordable fortified cassava products available to the public while supporting smallholder cassava growers that supply the mill. The project will involve IFAD (South-South Cooperation Fund), FAO, WFP, Power China (a Chinese engineering company), the Agricultural Company of Congo (SACO) and the Chinese Academy of Tropical Agricultural Sciences.
3. Given the fragility context in the RC, it is a good candidate to integrate many lessons from neighbouring countries and build on linkages from the sub-region. SSTC can be envisaged in integrating RC projects into learning that is happening in neighbouring Cameroon, DRC, and Gabon as has been done in the past. This is particularly relevant to ease tensions between the countries and is a good opportunity to partner with countries that have very similar agro ecological conditions. SSTC can also be envisaged with DRC for cassava production and processing, an area where they are at the forefront. Exchanges can be sought with Cameroon through the regional hubs so as to learn from its successful model of exporting produce to many countries in West and Central Africa. Congo's agricultural growing seasons are distinct from Cameroon's, so that even fruits that are already being produced in Cameroon, such as mango and safou, could be exported from Congo during the Cameroonian off-season, if value chain structuring improved and private sector investments materialize. Success stories for institution building and reinforcement of governance should be sought and exchanges considered to help the RC further its transition into good governance and transparency. Finally, SSTC should be considered along the Delivery units to exchange with other countries who have had success use of this approach to improve the experience in the RC.
4. For future investment programs under this COSOP, IFAD will develop a programmatic approach to SSTC and mobilize grant-based funding to facilitate learning and scaling up. Potential areas of concern will be indicative of: (i) sharing of experience with countries where private extension services are well established and where the government has taken supportive measures; (ii) knowledge transfer related to the development of food commodity chains in the RC, particularly cassava and maize; (iii) sharing of successful experiences and good practices related to IFAD-supported agribusiness partnership initiatives in countries that have successfully transformed their agrifood sector, and (iv) the establishment of rural financial services.

Country at a glance⁶⁷

| COUNTRY PROFILE | 1990 | 2000 | 2010 | 2018 |
|---|-------------|-------------|-------------|-------------|
| World view | | | | |
| Population, total (millions) | 2.36 | 3.13 | 4.27 | 5.24 |
| Population growth (annual %) | 2.7 | 2.9 | 3 | 2.6 |
| Surface area (sq. km) (thousands) | 342 | 342 | 342 | 342 |
| Population density (people per sq. km of land area) | 6.9 | 9.2 | 12.5 | 15.4 |
| Poverty headcount ratio at national poverty lines (% of population) | .. | .. | 46.5 | .. |
| Poverty headcount ratio at \$1.90 a day (2011 PPP) (% of population) | .. | .. | 37 | .. |
| GNI, Atlas method (current US\$) (billions) | 2.18 | 1.77 | 9.07 | 8.61 |
| GNI per capita, Atlas method (current US\$) | 930 | 560 | 2,120 | 1,640 |
| GNI, PPP (current international \$) (billions) | 6.76 | 8.13 | 16.75 | 26.49 |
| GNI per capita, PPP (current international \$) | 2,870 | 2,600 | 3,920 | 5,050 |
| People | | | | |
| Income share held by lowest 20% | .. | .. | 4.2 | .. |
| Life expectancy at birth, total (years) | 56 | 51 | 60 | 65 |
| Fertility rate, total (births per woman) | 5.3 | 5.1 | 4.9 | 4.6 |
| Adolescent fertility rate (births per 1,000 women ages 15-19) | 132 | 135 | 125 | 112 |
| Contraceptive prevalence, any methods (% of women ages 15-49) | .. | .. | 45 | 30 |
| Births attended by skilled health staff (% of total) | .. | .. | 93 | 94 |
| Mortality rate, under-5 (per 1,000 live births) | 90 | 114 | 63 | 48 |
| Prevalence of underweight, weight for age (% of children under 5) | 16.4 | .. | 11.8 | 12.3 |
| Immunization, measles (% of children ages 12-23 months) | 75 | 34 | 75 | 70 |
| Primary completion rate, total (% of relevant age group) | 59 | 56 | 67 | .. |
| School enrollment, primary (% gross) | 123.1 | 85.9 | 106.9 | .. |
| School enrollment, secondary (% gross) | 47 | 38 | 52 | .. |
| School enrollment, primary and secondary (gross), gender parity index (GPI) | 1 | 1 | 1 | .. |
| Prevalence of HIV, total (% of population ages 15-49) | 3.2 | 4.3 | 3.2 | 3.1 |
| Environment | | | | |
| Forest area (sq. km) (thousands) | 227.3 | 225.6 | 224.1 | 223.2 |
| Terrestrial and marine protected areas (% of total territorial area) | .. | .. | .. | 36.8 |
| Annual freshwater withdrawals, total (% of internal resources) | 0 | 0 | .. | .. |
| Urban population growth (annual %) | 3.5 | 3.7 | 3.8 | 3.3 |
| Energy use (kg of oil equivalent per capita) | 334 | 227 | 392 | .. |
| CO2 emissions (metric tons per capita) | 0.5 | 0.34 | 0.46 | .. |
| Electric power consumption (kWh per capita) | 174 | 96 | 140 | .. |
| Economy | | | | |

⁶⁷ World Development Indicators, 10/07/2019.

| | | | | |
|---|-------|-------|----------|-------|
| GDP (current US\$) (billions) | 2.8 | 3.22 | 12.01 | 11.26 |
| GDP growth (annual %) | 1 | 7.6 | 8.8 | 1 |
| Inflation, GDP deflator (annual %) | -1 | 47 | 20.7 | 22.2 |
| Agriculture, forestry, and fishing, value added (% of GDP) | 13 | 5 | 4 | 7 |
| Industry (including construction), value added (% of GDP) | 41 | 72 | 75 | 53 |
| Exports of goods and services (% of GDP) | 52 | 80 | 85 | 99 |
| Imports of goods and services (% of GDP) | 19 | 44 | 55 | 56 |
| Gross capital formation (% of GDP) | 16 | 23 | 21 | 18 |
| Revenue, excluding grants (% of GDP) | .. | 30.6 | 37.8 | 23.3 |
| Net lending (+) / net borrowing (-) (% of GDP) | .. | -0.8 | 39.8 | -6.8 |
| States and markets | | | | |
| Time required to start a business (days) | .. | 38 | 159 | 50 |
| Domestic credit provided by financial sector (% of GDP) | 29.1 | 8.7 | -14.3 | 28.8 |
| Tax revenue (% of GDP) | .. | 9.1 | 7.6 | 15.1 |
| Military expenditure (% of GDP) | 4.3 | 1.9 | 1.8 | 2.5 |
| Mobile cellular subscriptions (per 100 people) | 0 | 2.2 | 84.8 | 96.1 |
| Individuals using the Internet (% of population) | 0 | 0 | 5 | 8.7 |
| High-technology exports (% of manufactured exports) | 5 | .. | 4 | 2 |
| Statistical Capacity score (Overall average) | .. | .. | 54 | 56 |
| Global links | | | | |
| Merchandise trade (% of GDP) | 57 | 92 | 112 | 120 |
| Net barter terms of trade index (2000 = 100) | 63 | 100 | 174 | 162 |
| External debt stocks, total (DOD, current US\$) (millions) | 4,916 | 4,676 | 2,410 | 4,456 |
| Total debt service (% of exports of goods, services and primary income) | 34.6 | 1.7 | 1.6 | 3.2 |
| Net migration (thousands) | 23 | 50 | -60 | -20 |
| Personal remittances, received (current US\$) (millions) | 4 | 10 | 33 | 8 |
| Foreign direct investment, net inflows (BoP, current US\$) (millions) | 23 | -98 | 1,521 | 1,159 |
| Net official development assistance received (current US\$) (millions) | 217.2 | 32.2 | 1,315.10 | 108 |

Financial management issues summary

| COUNTRY--Fiduciary-KPIs: | | |
|--|---|---|
| <i>Inherent Risk</i> | High | <p>The inherent risk is high. The Republic of Congo ranked 165th out of 180 countries in the Transparency International Corruption Perception Index, with a deteriorating score of 19 in 2018, compared to 21 in 2017. Congo has one ongoing project-- PD-PAC-- which entered into force in 2016. Start-up was delayed by the portfolio falling under suspension in January 2018 for loan arrears and ineligible expenditure pertaining to another project implementing at the time. With the payment of the outstanding obligations in January 2019, the suspension was lifted. Implementation of PD-PAC resumed. Closure processes were stepped up for PADEF whose completion date had expired. PD-PAC's first supervision was held at the end of September 2019 and its findings are under review. Based on preliminary information and on the draft audit report for 2018, some ineligible expenditure has been incurred, in particular funding of expenditure attributable to Government with IFAD's resources, due to counterpart funds not having been made available. As at 1 October 2019, Congo has loan arrears amounting to EUR 315,928.98. These are payable by 15 November 2019 to avoid the country falling into suspension.</p> <p>IMF reported that Congo's debt in 2018 represented 100.681 percent of GDP. The economic recovery that began in 2018 was projected to gain momentum in 2019 with real GDP growth of 3.7%, driven by higher oil production and higher global oil prices. However, a drop in oil prices could increase pressure on the fiscal and external accounts as well as on the financial sector, which depends heavily on oil revenue.</p> <p>In 2012, the Government adopted a Public Financial Management Organic Law, which establishes a harmonized framework of public finances, focused on strengthening of the budgetary discipline and several innovations like the improvement of efficiency of public spending, orientation of budget program mode towards results and introduction of multi-annularity to ensure greater transparency. Even though there is progress in reforming PFM systems in the country, the broader public sector modernization efforts are lagging behind. The recent economic update outlines PFM challenges as follows: (a) lack of sufficient fiscal space due to low oil prices; (b) over-complex taxation system, with a high effective tax rate and limited capacity of Congolese revenue administration in generating substantial non-oil revenues; (c) noncompliance with budgetary rules and procedures; (d) substantial delays observed in the country procurement system; and (e) stalled reforms in PFM coupled with poor computerization leading to budget credibility issues. Based on PEFA findings (2014), Congo's PFM has strong deficiencies in all the indicators, with scores between B and D+.</p> <p>The CFA franc is pegged to the Euro, which is likely to be the country's currency of choice for IFAD11 lending. According to the Economic Intelligent (EIU), the inflation rate will raise slightly, from an estimated 1.6% in 2018 to 1.8% in 2019. With global food prices on average set to rise by 5.3% in 2020, after being relatively stable in 2019, inflation is expected to rise to 2.2% in Congo in 2020, i.e. below the 3% Central African Economic and Monetary Community (CEMAC) convergence criteria.</p> |
| <i>Pending Obligations</i> | Some ineligible expenditure has been reported for ongoing PD-PAC in the 2018 audit and September 2019 supervision mission. Confirmatory information is being obtained for follow-up | |
| <i>Expected IFAD lending terms for IFAD-11</i> | Blended | |
| <i>Country Contribution in IFAD Replenishments</i> | IFAD10: no contribution IFAD11: no contribution | |
| <i>PBAS-- Programme's cycle coverage</i> | IFAD-11 allocation: US\$ 7.99 million | |
| <i>Disbursement-- Profile</i> | PD-PAC (on-going): Unsatisfactory [live value] Undisbursed: US\$ 7.35 (7) | |
| <i>Counterpart Funding-- Profile</i> | Ongoing project (PD-PAC): Unsatisfactory Poor record of counterpart funding in project closed in 2019 (PADEF) | |
| <i>Loan arrears</i> | As at 1 October 2019, loan arrears amounting to EUR 315,928.98, payable by 15 November 2019 | |

| APPROVED AMOUNTS (PBAS) | | | |
|----------------------------|--------------------------------------|---------------------------------------|---------------------------------------|
| USD million ⁽⁴⁾ | 2013--2015 ⁽⁵⁾ (IFAD9) | 2016--2018 ⁽⁵⁾ (IFAD10) | 2019--2021 ⁽⁵⁾ (IFAD11) |
| PBAS allocation | 8.29 | 0.00 | 7.99 |
| Amount approved | 7.70 | 0.00 | 0.00 |

(4) Source = GRIPS

| DISBURSEMENTS BY FINANCING SOURCE | | | | |
|---|--------------------------------------|---------------------------------------|---------------------------------------|---|
| USD million equivalent ⁽⁵⁾ disbursed during the period | 2013--2015 ⁽⁶⁾ (IFAD9) | 2016--2018 ⁽⁶⁾ (IFAD10) | 2019--2021 ⁽⁶⁾ (IFAD11) | Cumulative undisbursed balance ⁽⁶⁾ |
| IFAD financing | 5.71 | 5.03 | 1.37 | 7.32 ⁽⁷⁾ |

(5) Historical total disbursed, in USD. Source = Oracle Business Intelligence
 (6) At 6/10/2019 IMF exchange rate. Includes financing instruments in approved, effective, signed and disbursable status
 (7) Includes SDR 1,021,191.67 balance of PADEF project (closing date 31/3/19), which will be cancelled as part of ongoing closure processes

Concept note -- Key Fiduciary Observations:

The project is expected to be implemented in six departments in the Southern part of the country. A single Programme Management Unit (PMU) in the Ministry of Agriculture/Brazzaville will be responsible for the core functions of the project, including fiduciary. Activities will be implemented in collaboration with a combination of national and international partners, including the Ministry for Small and Medium Enterprises and the private sector. The projected total budget is estimated at around 38 Million USD, of which IFAD would contribute around 12 Million USD over two PBAS periods (IFAD11 and IFAD12), while the rest would be covered by other co-financiers such as AfDB and BDEAC. Congo is a high risk, low capacity environment and organizational arrangements involving different spending units and multiple financiers will require robust, automated, FM systems and a strong internal control framework. During design, IFAD will assess internal control, fund-flow, oversight and financial reporting requirements between the central PMU and the departments. Taking into consideration the high inherent risk and building on lessons learnt from past projects, robust financial management and oversight will be critical, to ensure that funds are used for intended purposes. The accountancy profession is under-developed in Congo, and the availability of suitably qualified personnel to manage multi-million dollar projects with multiple funding sources is limited, which poses a high risk. Recourse to technical assistance, continuous capacity building, performance-based contracts for staff, formal periodic implementation follow-up meetings, enhanced oversight through special audit verifications, and close monitoring of contracts with service providers are some of the measures that will be adopted to mitigate fiduciary risk during the COSOP period.

Poor quality of audit reports and submission delays have had a detrimental effect on the implementation of ongoing projects in Congo in the past. Some improvements have been noted in terms of audit timeliness, the PADEF and PD-PAC 2018 audits were submitted within the deadline. However for PD-PAC the report is to be re-submitted as the opinions were incomplete. Close follow-up and continued dialogue with Government will be essential to avoid the recurrence of fiduciary problems, and best practices in the selection of audit firms will continue to be drawn from the experience of other IFIs, including World Bank and AfDB.

Foreseen international co-financing planned to be mobilised for the COSOP exceeds the corporate target of 1:0.6. Given projects' difficulties in mobilising counterpart funds in the past, domestic co-financing is expected to be limited to in-kind contributions, including tax exemption. Based on PADEF and PD-PAC projects, Government's track record in making counterpart funds available for project implementation is very poor.

The mobilization of FIPS financing to support the project under design is to be confirmed as a request from Government would be required.

On-going Portfolio:

| FINANCING INSTRUMENTS | | | | | | |
|-----------------------|----------------------|---------------------------|----------------------------------|----------|------------------|-----------------|
| Project | Financing instrument | FLX Status ⁽¹⁾ | Lending Terms | Currency | Amount (million) | Completion date |
| PADEF ⁽²⁾ | L-851 | EXPD | HIGHLY CONCESSIONAL TERMS 0.75pc | XDR | 6.20 | 30/09/2018 |
| PD-PAC | 200000123900 | DSBL | BLENDED TERMS | XDR | 5.49 | 29/09/2022 |

(1) → APPR – SIGN – ENTF – DISB – EXPD – SPND
 (2) → The closure of PADEF project is pending on the submission of the final audit.

| FM RISK & PERFORMANCE -- ONGOING PORTFOLIO | | | | | | | | |
|--|----------------------|-------|------------------|---------------------|---------------------------|---------------------------|--------------------------|-----------------------|
| Project | Financing instrument | Curr. | Amount (million) | Project risk rating | ORMS quality of FM | ORMS audit rating | ORMS disbursement rating | Disbursed to approved |
| PD-PAC | 200000123900 | XDR | 5.49 | High | Moderately unsatisfactory | Moderately unsatisfactory | Unsatisfactory | 13% |

Rome-based agency (RBA) collaboration

I Past or current collaboration experiences

1. In the Republic of Congo, the three Rome-based agencies, the Food and Agriculture Organization of the United Nations (FAO), the International Fund for Agricultural Development (IFAD) and the World Food Program (WFP), have in recent years, developed a synergy and consultation around a certain number of operational actions.
2. The actions concern joint participation in the political dialogue with the authorities, joint actions both in the area of strengthening the resilience of small producers, the reduction of post-harvest losses, the improved integration of small-scale producers into agricultural value chains and food markets. FAO has played a key role in assisting the government of Congo in the design and implementation of IFAD-funded loans, under Unilateral Trust Funds (UTF) concluded by FAO and the Government, with IFAD's approval. For example, FAO has helped smallholder producer groups to produce millions of cassava cuttings free of mosaic virus, which have been used not only by IFAD's PADEF project but also by the WB's PDARP and PDAC projects. A UTF for FAO to assist with the implementation of IFAD's inland fisheries and aquaculture project (PDPAC) is currently under discussion.
3. IFAD and WFP are both active members of the Food and Nutrition Security Results Group under the UNDAF 2014-2019, which has been co-chaired by the Ministry of Agriculture, Livestock and Fisheries (MAEP) and FAO to ensure the harmonization of United Nations assistance in the country.
4. The EU-funded RBA collaboration supporting smallholder bean producers in the Department of Bouenza will also continue. Under this project, IFAD provides monitoring and evaluation support, FAO furnishes equipment and training to boost production, and WFP provides organizational support and purchases beans produced by local smallholders for its food assistance operations, thus improving market access (see appendix VIII).
5. Under the leadership of WFP, the RBA are preparing a common industrial project to produce vitamins and minerals enriched cassava flour in the Bouenza department. The project is to be funded by the IFAD SSTC Facility, and will link small cassava producers once supported by PADEF (IFAD-funded-Project) with Chinese and Congolese associated enterprises which are developing the plant. WFP will be the main off-taker for around 50 per cent of the flour output.
6. In recent years, IFAD has also worked closely with the FAO Investment Centre, which led the preparation of the above-mentioned PDPAC project, as well as the preparation of the current COSOP.

II. Possible strategic axes of partnership

7. Agriculture is one of the strategic pillars of the new United Nations Sustainable Development Cooperation Framework (UNSDCF) 2020 – 2024, so collaboration with other UN partners such as FAO and WFP will play an important role in the IFAD's new COSOP.
8. Collaboration among the Rome-based agencies (RBAs) is expected to intensify during the COSOP period thanks to a major new initiative in the Department of Bouenza to support a public-private partnership to build a cassava mill that will make affordable fortified cassava products available to the public while supporting smallholder cassava growers that supply the mill. The project will involve IFAD (South-South Cooperation Fund), FAO, WFP, Power China (a Chinese engineering company), the Agricultural Company of Congo (SACO) and the Chinese Academy of Tropical Agricultural Sciences.

9. IFAD expects to continue to work closely with the FAO Investment Centre, which led the preparation of the above-mentioned PDPAC project, as well as the preparation of the current COSOP, for example on the preparation of the proposed Inclusive Smallholder Value Chain Development Project.
10. However, this strategic collaboration among the RBA remains to be improved and constitutes a potential which deserves a better capitalization. The IFAD Country Office has devoted most of its efforts over the past two years to fulfilling the conditions for lifting the suspension of the portfolio, and then getting projects going again. Now that this has been achieved, there will be renewed opportunities to deepen collaboration with the sister agencies and make it more strategic to enhance impact.

III. Main challenges to improve collaboration between agencies

11. The major challenges that the agencies will have to face in order to strengthen their collaboration in the country is to succeed in driving the various joint initiatives, to learn from them and to successfully set up joint funding. The three agencies are following the same path that puts agriculture, food security and small producers at the heart of the policy and strategy debate to rebuild the areas affected by long humanitarian crises on the one hand, and to help diversify the Congolese economy.
12. However, the roles and the competitive advantages of this collaboration, as well as the modalities of the partnership remain to be deepened. While IFAD channels almost all of its resources through Government-led projects, the two sister agencies have direct project implementation roles – though FAO has recently started to experiment with government-led implementation (OPIM) in a number of countries.
13. In this context, any structured collaboration with FAO on an IFAD-financed project would either take the form of: (a) a UTF signed between the two partners and the Government for use by FAO of a part of the allocated resources by the UTF project in exchange for a number of value-added technical services; (b) the development of a UTC technical assistance project by FAO whereby it mobilizes internal resources to support the implementation of the IFAD-financed project. Another form of less structured collaboration also allows the expertise available within FAO to be mobilized on an ad hoc basis through contracts for training activities or time-limited missions by IFAD-funded projects.
14. The framework and outlines of collaboration with WFP still merit consideration with proposals that meet the administrative and financial procedures of both institutions. WFP in the Congo is increasingly focusing on supporting rural food-producing economies, gradually moving away from simply distributing food.

IV. Perspectives for collaboration and synergy of possible interventions

15. In the Congolese context, it seems obvious that each of the agencies has a specific role to play: FAO has a unique capacity in support of research, development and testing of innovations, and technical advice to the Government. IFAD would integrate the technologies and methodologies successfully tested by FAO by scaling them up into ongoing projects to improve the productivity, production and quality of agrifood products by smallholder farmers. WFP would then be able to recover some of the food produced by small-scale producers for its humanitarian assistance projects and school canteens.

UNSDCF Results Framework and IFAD contributions

1. The National Development Plan (PND 2018-2022) revolves around three strategic axes summarized as follows:
 - Strengthening governance
 - The valuation of human capital
 - The diversification of the economy
2. To respond to Congo's challenges and meet these three strategic priorities the United Nations system adopts two paths of sustainable development:
 - Strengthen the female and male human capital to guarantee the economic development of the Republic of Congo; and
 - Create an environment conducive to economic diversification through better governance of the country and the consolidation effort of the country peace.
3. In that regard the 2020-2024 United Nations Sustainable Development Cooperation Framework (UNSDCF), as agreed between the UN system Family and the Government of Congo, is designed to achieve changes in four expected outcomes aligned with the three strategic PND objectives as shown in the following table:

| Strategic Objectives/Components | Outcomes | IFAD contribution |
|--|--|---|
| Strengthening governance | Outcome 1: By 2024, people benefit from an improved governance system at the institutional level, democratic, human rights, administrative and economic rights for inclusive and participatory development, the consolidation of peace and the humanitarian effort. | COSOP SO 3 contributes to Output 1.1 COSOP mainstreams inclusion of women and youth, thus contributing to output 1.2 . |
| Output 1.1 | State institutions and non-state actors at the national and decentralized level have their capacities strengthened and improved operational and regulatory frameworks to effectively apply the standards of institutional, administrative, economic, legal and judicial governance, including human rights ; | |
| Output 1.2 | The mobilization of civil society and communities is strengthened in fight against sociocultural norms that are responsible for discrimination of vulnerable persons (young men and women), indigenous peoples, living people disabled people and people living with HIV). | |
| Output 1.3 | The country has mechanisms and strengthened tools for prevention and management of and humanitarian response to conflicts including DDR, that take into account issues of peaceful coexistence between IDPs (refugees, returnees, IDPs) and host populations. | |
| Output 1.4 | The capabilities of the statistical system are strengthened for production of quality data in a systematic way and regular monitoring of the NDP. | |
| Output 1.5 | Judicial authority is restored and reinforced criminal chain through capacity building and advocacy to fight against human rights violations and other forms of criminality. | |
| Valorization of human capital (1) | Outcome 2: By 2024, children (girls and boys), children young people and adults (men and women), people disabled people in targeted areas have increased access inclusive and quality education services in the formal and non-formal systems, and in particular complete sexuality education (ODD4). | COSOP SO 1 aims at reinforcing capacities and skills of small producers, mainly the young men and women, and thus contributes to Output 2.3 |
| Output 2.1 | The education system has improved performance and offers better services including sexual complete education | |
| Output 2.2 | The education system has a quality environment that is healthy and free from harassment presents girls with an egalitarian welcome. | |
| Output 2.3 | The education system provides training professional and technical quality. | |
| Valorization of human capital (2) | Outcome 3: By 2024, people have equitable access health care packages and essential health services quality (including nutrition, HIV, water, hygiene and sanitation), health security, social protection to enhance human capital and guarantee demographic dividend (SDG3). | Minor contribution from COSOP |
| Output 3.1 | Technical and operational capabilities of local structures (departmental directorates, health districts, etc.) are significantly strengthened, with a view to enhancing health-promoting behaviours regarding HIV / AIDS, nutrition, water, hygiene and sanitation | |
| Output 3.2 | Health facilities offer comprehensive packages of integrated essential care and services health / nutrition, including family planning and equitable and non-discriminatory access services to combat HIV / AIDS, particularly for more vulnerable groups | |
| Output 3.3 | National capacities in management of epidemics and other health emergencies are strengthened. | |

| | | |
|---------------------------------------|---|---|
| Output 3.4 | The supply of safe water and sanitation services, managed safely and equitably, is increased by taking into account the needs sometimes different from women and men. | |
| Output 3.5 | National capacities to provide for social protection services are significantly strengthened. | |
| Diversification of the economy | Outcome 4: By 2024, the most disadvantaged populations in the targeted areas implement sustainable diversified economic activities resilient to climate change, creating diverse jobs and income in the fields of sustainable agriculture, food security, ecotourism while respecting environmental standards (SDG8, SDG2 and SDG13) | COSOP's SO 1, 2 and 3 will make a major contribution to this outcome. IFAD is an active member of the Result Group "food and nutrition security". |
| Output 4.1 | The production capacities (tools and infrastructures) of SMEs, MPEME and producer organizations, for women as well as men, are increased by diversifying their livelihoods and the creation of decent and sustainable jobs for women and men. | |
| Output 4.2 | The skills and employability of young men and women are increased for their positioning in the new growth sectors of diversification through training and awareness to achieve the demographic dividend. | |
| Output 4.3 | The capacities of institutions and communities are strengthened, enabling them to lead economic activities compatible with conservation of nature and the fight against the harmful effects of climate changes. | |

4. The COSOP results framework is aligned with the UNSDCF Results and Resources Framework (RRF). Through project level monitoring and data generated by external partners, IFAD will monitor and report on its results in the COSOP. The overall M&E framework of IFAD support will be reported in the Operational Results Measurement System (ORMS) for real-time monitoring, decision making and programming.
5. During the COSOP period, the M&E capacity of the Ministry of Agriculture at national and decentralized levels will be strengthened. Using instruments such as AVANTI and PRIME, IFAD will liaise with other partners including relevant UN Agencies to develop and implement the Ag-Scan action plan to enhance monitoring and reporting of the SDGs that relate to the rural sector.
6. IFAD, in its capacity as a member of the Result Group "Food and Nutrition Security" will liaise with other involved UN Agencies (WFP, FAO, UNICEF), and will take active part in workshops and common projects on these issues. IFAD will continue to develop particular relationships and common projects with WFP and FAO as Rome Based agencies
7. IFAD will collaborate with relevant UN agencies, including RBAs to align evidence generation activities and enhance availability of quality and reliable data for reporting on program results and other SDGs. This will include efforts to harmonize data collection methods and standards; monitoring, evaluation and reporting tools. IFAD will participate in joint UN reviews, evaluations, workshops, training, studies, knowledge management, and consultations to promote rural development and reduce poverty for beneficiaries.

COSOP 2010 - 2014 completion report
(see separate document)

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