DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
DEM REP CONGO - WESTERN GROWTH POLES
APPROVED ON JUNE 11, 2013
TO
DEMOCRATIC REPUBLIC OF CONGO

AGRICULTURE AND FOOD
AFRICA

REGIONAL VICE PRESIDENT: Hafez M. H. Ghanem
COUNTRY DIRECTOR: Jean-Christophe Carret
REGIONAL DIRECTOR: Ede Jorge Ijjasz-Vasquez
PRACTICE MANAGER/MANAGER: Shobha Shetty
TASK TEAM LEADER(S): Milaine Rossanaly
## I. BASIC DATA

### Product Information

<table>
<thead>
<tr>
<th>Product Information</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Project ID</td>
<td>P124720</td>
</tr>
<tr>
<td>Financing Instrument</td>
<td>Investment Project Financing</td>
</tr>
<tr>
<td>Original EA Category</td>
<td></td>
</tr>
<tr>
<td>Current EA Category</td>
<td>Full Assessment (A)</td>
</tr>
<tr>
<td>Approval Date</td>
<td>11-Jun-2013</td>
</tr>
<tr>
<td>Current Closing Date</td>
<td>30-Apr-2020</td>
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### Organizations

<table>
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<tr>
<th>Organizations</th>
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</thead>
<tbody>
<tr>
<td>Borrower</td>
<td>Democratic Republic of Congo</td>
</tr>
<tr>
<td>Responsible Agency</td>
<td>CFEF</td>
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</table>

### Project Development Objective (PDO)

#### Original PDO
The proposed Project Development Objective (PDO) is to increase productivity and employment in selected value chains in target zones.

### Summary Status of Financing

<table>
<thead>
<tr>
<th>Ln/Cr/Tf</th>
<th>Approval</th>
<th>Signing</th>
<th>Effectiveness</th>
<th>Closing</th>
<th>Net Commitment</th>
<th>Disbursed</th>
<th>Undisbursed</th>
</tr>
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</table>

### Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?
No
This Restructuring Paper proposes the following changes to the Western Growth Poles Project (P124720, $110 million IDA) financed by the IDA Grant H860-ZR: (i) an extension of the closing date of the Project by six months, from April 30, 2020 to October 30, 2020, and (ii) a minor reallocation of funds between the categories of eligible expenditures and components to ensure sufficient funding for select project activities, which are necessary to achieve project development objectives. These revisions do not require a change in the PDO or the safeguard category; therefore, the proposed changes constitute a Level II Restructuring. This is the fourth restructuring of this project as requested by the Government of the Democratic Republic of Congo (DRC) in the letter dated March 26, 2020 (attached).

The proposed extension of the closing date and subsequent reallocation of funds was requested on an exceptional basis mainly to allow the completion of critical activities under Component 1 of the project that have been affected by travel bans imposed due to the COVID-19 pandemic.

Project status:

(a) On June 11, 2013, the World Bank approved an IDA Grant of US$110 million (SDR 72.9 million) for the DRC Western Growth Poles Project with a closing date of August 30, 2019. The Grant agreement was signed on July 22, 2013 and declared effective on October 16, 2013. The Project Coordination Unit (PCU) is anchored in the Cellule d'exécution des financements en faveur des états fragiles or CFEF, within the Ministry of Finance.

(b) The Project Development Objective (PDO) is “to increase productivity and employment in selected value chains in target zones in the DRC”. The project has four components, including - Component 1: Agriculture Value Chains Development in Kongo Central; Component 2: Special Economic Zone of Maluku; Component 3: Proactive Business Development; and Component 4: Coordination, Monitoring, Communication and Impact.

(c) Overall, progress has been made on all project’s activities despite the delays, particularly under Component 1 and 2. Disbursement has increased slowly but steadily, from 38 percent at MTR in May 2017 to almost full disbursement (98 percent) to date.

(d) Regarding Component 1: The main results achieved under this component are, in particular, to increase the availability of improved cassava cuttings and improved rice seed, as well as the distribution of better performing oil palm seedlings. In addition, the project has also shown significant results with regards to the rehabilitation of rural access roads. A total of 515 km of rural roads along 21 axes have been completed. The impact of these roads on the populations is considerable by the reduction of the travel time (from 129 hours before rehabilitation to 15 hours currently), and concomitant reduction on the price of the transport of people and goods. The related works on the electricity line was completed in 2019. The agro-industrial platform of Lukula is almost completed with the delivery of the five rice, cassava and palm oil processing factories, which remain to be installed. With the deployment of local service providers at the six nodal poles, the strengthening of producer organizations into cooperatives has continued apace, and the project has made it possible to organize and capacitate 301 agricultural cooperatives, including 170 in cassava, 39 in rice and 92 in palm oil.

(e) Regarding Component 2, the project financed advisory services that helped the Government select an international developer for the pilot Maluku Special Economic Zone (SEZ) through a Public-Private Partnership (PPP). The international selection process was carried out over two years and led to the selection of an internationally reputed developer who has worked on similar projects across the world in collaboration with international partners including IFC. The PPP contract was signed in February 2020. Both IFC and MIGA have started discussions with the selected developer to support the operationalization of the zone. On the setting up of the Agency in charge of SEZ regulation...
(called AZES), the project will utilize the extension period to deploy additional TA to operationalize the unit. On infrastructure, a fence securing the cleared ZES area of 211 ha was constructed in July 2019. Additional infrastructure works will be carried out by the developer outside of the project.

(f) Component 3 has financed studies to support business climate reforms. As of now, all studies have been completed. The Client is implementing key recommendations from these studies, particularly on streamlining the process for obtaining construction permits to facilitate investments. A US$ 300,000 IFC Trust Fund has been mobilized to support the deployment of the construction permit software in the DRC. The project has financed the deployment of the software at the Ministry of Urban Planning and two urban divisions of Kinshasa, the acquisition of computers, installation of the network infrastructure as well as the adaptation of the software by a local firm.

(g) Progress towards achievement of the Project Development Objective and Implementation Progress are both rated Moderately Satisfactory since May 2017. The Project complies with the following conditions for project restructuring and reallocation of proceeds as outlined in OP / BP 10.00 (paragraphs 23 and 42 respectively) on Investment Project Financing (IPF): (a) a request from the borrower; (b) the Project Development Objectives remain achievable under the proposed restructuring; (c) there are no outstanding audit reports nor audit reports that are not satisfactory to the Bank; and (d) the Bank and the borrower agree on actions that will be undertaken by the borrower to complete the Project.

(h) Financial management: The overall project’s financial management performance is Moderately Satisfactory and the risk associated is Substantial. Quarterly Interim Financial Reports have been submitted on time and their quality has been found acceptable to the Bank. The external audit of the fiscal year 2018 has been conducted in line with International Audit Standards and the report was submitted on time as indicated in the Financing Agreement. The opinion was unmodified and the report was found acceptable to the Bank. The audit report of 2019 fiscal year is expected as at June 30th, 2020. Thereby, there is no outstanding audit report to date.

(i) Procurement: The overall project procurement system has been rated moderately satisfactory.

Extension of the closing date:

A project extension would allow to reach full achievement of project development objectives, as follows:
- Completion of critical activities under Component 1 of the project that have been affected by travels bans imposed due to the COVID-19 pandemic. These relate to the installation of five rice, cassava and palm oil processing factories in Lukula in the province of Kongo Central. These factories were delivered early 2020 by the five selected equipment manufacturers (Italian firms Pedrotti, Turatti, Scolari, Mingazzini and Chinese firm Huatai) in accordance with their contract. It was subsequently expected that their technicians would travel to the project location to assemble the equipment, which would take a minimum time of 45 days. In view of the current travel bans, these technicians were not able to travel to the DRC to operationalize the factories. The extension period would allow for satisfactory installation of all equipment, the requisite testing period, and finetuning of the installations and avoid the risk of leaving this investment half-finished and an unsatisfactory outcome of this project.

In terms of impact, the agro-processing platform of Lukula will directly benefit nearly 21,733 rural households in the Lukula and Tshela centers in the three value chains (cassava, rice and palm oil), in terms of increased income for agricultural households, access to market for local rural producers, professionalization of rural processing structures and the development of resilient farmers communities.
- Operationalizing the agency in charge of ZES regulation (AZES or Agence de Régulation des Zones Économiques Spéciales) within the Ministry of Industry: The AZES has a critical role to play in the regulation of ZES activities and needs additional capacity building to learn best international practices on ZES regulations and development. This will be done during the remaining project timeframe.

II. DETAILED CHANGES

LOAN CLOSING DATE(S)

<table>
<thead>
<tr>
<th>Ln/Cr/Tf</th>
<th>Status</th>
<th>Original Closing</th>
<th>Revised Closing(s)</th>
<th>Proposed Closing</th>
<th>Proposed Deadline for Withdrawal Applications</th>
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</table>

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

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<tr>
<th>Ln/Cr/TF</th>
<th>Current Expenditure Category</th>
<th>Current Allocation</th>
<th>Actuals + Committed</th>
<th>Proposed Allocation</th>
<th>Disbursement % (Type Total)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
<td>Current</td>
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</tbody>
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- IDA-H8600-001
  - Currency: XDR
  - G/W/NCS/CS/T/OC 1,2.1-2,3,2-3,4.1-2
    - 68,845,173.00
    - 68,589,170.59
    - 68,589,170.59
    - 100.00
    - 100
  - WORKS UNDER PART 2.3
    - 2,346,211.00
    - 440,227.06
    - 2,473,754.70
    - 100.00
    - 100.00
  - PDF GRANT GD/WK/NCS/OC/CS PT 3.1
    - 1,365,644.00
    - 0.00
    - 1,494,102.71
    - 100.00
    - 100.00
  - PPF REFINANCING
    - 342,972.00
    - 342,971.34
    - 342,972.00
  - UNALLOCATED
    - 0.00
    - 0.00
    - 0.00

- Total
  - 72,900,000.00
  - 69,372,368.99
  - 72,900,000.00