

9 June 2021

Prepared by: RDGW/AHAI/COLR/AHFR/PGCL  
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BOARD APPROVAL  
Lapse-of-time Procedure

7 June 2021

FOR INFORMATION

## MEMORANDUM

**TO :** THE BOARDS OF DIRECTORS

**FROM :** Vincent O. NMEHIELLE  
Secretary General

**SUBJECT :** LIBERIA - SMALLHOLDER AGRICULTURE DEVELOPMENT FOR FOOD AND NUTRITION SECURITY (SADFONS)\*

GAFSP GRANT OF USD 8.2 MILLION  
ADF GRANT OF UA 0,3 MILLION

The **Grants Proposals** and the draft **Resolutions** relating to the above-mentioned project were submitted for **your consideration on a Lapse-of-time Basis** on 24 May 2021.

Since no objection was recorded by 5:00 p.m. on 7 June, the Proposals are considered **approved** and the Resolutions **adopted**.

Attach:

Cc.: The President

\*Questions on this document should be referred to:

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Mr. M. FREGENE	Director	AHAI	Extension 5586
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# AFRICAN DEVELOPMENT BANK GROUP



**PROJECT: SMALLHOLDER AGRICULTURE DEVELOPMENT FOR FOOD AND NUTRITION SECURITY(SADFONS) PROJECT**

**COUNTRY: REPUBLIC OF LIBERIA**

## PROJECT APPRAISAL REPORT

*January 2021*

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	Managers	Laouali GARBA	Sector Manager	AHAI.2
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# **AFRICAN DEVELOPMENT BANK GROUP**



## **LIBERIA**

### **SMALLHOLDER AGRICULTURE DEVELOPMENT FOR FOOD AND NUTRITION SECURITY (SADFONS)**

**RDGW/AHAI/COLR/AHFR/PGCL DEPARTMENTS**

**June 2021**

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## **Currency Equivalents**

*As of December 2020*

UA	=	LRD 225.285
UA	=	USD 1.43009
US\$	=	LRD 157.532

## **Fiscal Year**

01 July – 30 June

## **Weights and Measures**

1 metric tonne	=	2204 pounds (lbs)
1 kilogramme (kg)	=	2.200 lbs
1 metre (m)	=	3.28 feet (ft)
1 millimetre (mm)	=	0.03937 inch (“)
1 kilometre (km)	=	0.62 mile
1 hectare (ha)	=	2.471 acres

## **Acronyms and Abbreviations**

ADF	African Development Fund
AfDB	African Development Bank
ASRP	Agricultural Sector Rehabilitation Project
ASWG	Agricultural Sector Working Group
BPS	Borrower Procurement System
CARI	Central Agricultural Research Institute
CSA	Climate Smart Agriculture
CPIA	Country Policy and Institutional Assessment
CSP	Country Strategy Paper
DIME	Development Impact Evaluation
DP	Development Partners
ECOWAS	Economic Community of West African States
EPA	Environmental Protection Agency
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
ESSS	Environmental and Social Safeguards Specialist
FAO	Food and Agriculture Organization
FFS	Farmer Field Schools
FBO	Farmer Based Organization
FM	Financial Management
FSNS	National Food Security and Nutrition Strategy
FY	Financial Year
GAFFSP	Global Agriculture and Food Security Program
GDP	Gross Domestic Product

GAC	General Auditing Commission
GoL	Government of Liberia
GRM	Grievance Redress Mechanism
IFR	Interim Financial Reports
IMF	International Monetary Fund
IPM	Integrated Pest Management
ISFM	Integrated Soil Fertility Management
USAID	United States Agency for International Development
EU	European Union
EIB	European Investment Bank
GIZ	German Development
JICA	Japan International Cooperation Agency
JAS	Joint Assistance Strategy
SAP	System of Applications and Products
SIDA	Swedish International Development Cooperation Agency
IP	Implementation Progress
ISTS	Integrated Safeguards Tracking System
LASIP II	Liberian Agriculture Sector Investment Plan
LATA	Liberia's Agricultural Transformation Agenda
MoA	Ministry of Agriculture
NEPAD	New Partnership for African Development
NTF	Nigeria Trust Fund
ODA	Official Development Assistance
PAPD	Pro-poor Agenda for Prosperity and Development
PCN	Project Concept Note
PCR	Project Completion Report
PSC	Project Steering Committee
RMCs	Regional Member Countries
SAPEC	Smallholder Agricultural Productivity Enhancement & Commercialization
SNS	Department of Environmental and Social Safeguards and Compliance
TSF	Transition States Facility
TYS	Ten Year Strategy
UA	Unit of Account
UNCT	UN Country Team

## Grant Information

### Client's information

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<b>RECIPIENT:</b>	Republic of Liberia
<b>EXECUTING AGENCY:</b>	Ministry of Agriculture

### Financing plan

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Source	Amount (USD)	Instrument
GAFSP	8.2 Million	Grant
ADF 15	0.43 Million (UA 0.3 million)	Grant
Government Contribution	0.45 Million	In-kind
<b>TOTAL COST</b>	<b>9.08 million</b>	

### Key financing information

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Grant currency	US\$
Interest type*	Not Applicable
Interest rate spread*	Not Applicable
Commitment fee*	Not Applicable
Other fees*	Not Applicable
Tenor	Not Applicable
Grace period	Not Applicable
FIRR, NPV (base case)	US\$ 17.13 million
EIRR (base case)	23.7%

*\*if applicable*

### Timeframe – Main Milestones (expected)

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Concept Note approval	June, 2020
Project approval	June, 2021
Effectiveness	July, 2021
Completion	March, 2026
Last Disbursement	July, 2026

## Project Summary

**Project Overview:** The proposed Smallholder Agriculture Development for Food and Nutrition Security (SADFONS) project seeks to improve food and nutrition security and reduce poverty of targeted rural populations in Liberia. This will be achieved through (i) increased agricultural productivity and production of smallholder farmers (with a focus on food crops such as rice, cassava, and vegetables), (ii) improved smallholders' value addition, market access and income, and (iii) strengthening the capacity of the government institutions, farmers and producer organizations. The Project area will cover six counties over a five-year period. The project consists of three components, namely: (i) Support smallholder agricultural productivity and market access, (ii) Institutional Strengthening and Capacity building and (iii) Project management and coordination. The total project cost is estimated at US\$ 9.08 million, of which the Global Agriculture and Food Security Program (GAFSP) will finance US\$ 8.2 million, African Development Fund UA 300,000 (US\$ 429,027) and the Government of Liberia (GoL) US\$ 453,000.

**Needs Assessment:** The Smallholder Agriculture Development for Food and Nutrition Security (SADFONS) project is designed within the context of the Liberian Agriculture Sector Investment Plan (LASIP II). LASIP II has five main strategic objectives which are (1) to sustainably and reliably access adequate, nutritious, and needed food for utilization of a healthy living; (2) to develop and support competitive value chains and market linkages; (3) to strengthen agricultural extension, research and development for enhancing sustained productivity growth; (4) to adopt agricultural practices that maintain the ecological and biological integrity of natural resources and (5) to improve governance and institutional capacity to implement programs and projects. The project aligns and supports the LASIP II regarding its objective to mainstream nutrition considerations in agriculture and development programmes.

**Bank Added Value:** The Bank's comparative advantage and added value in this project are derived from its accumulated experience in financing the on-going Smallholder Agricultural Productivity Enhancement & Commercialization (SAPEC) project and past projects in Liberia, which includes a number of infrastructures- and capacity building-related interventions. The project will provide opportunities not only to leverage lessons learnt in enhancing the development of the proposed investments but will also provide the Bank, as the supervising entity of the GAFSP grant, an ideal platform for partnering with FAO which is the supervising entity for the Technical Assistance in the project. The Bank's partnership with other technical and development agencies such as the Consultative Group of International Agricultural Research (CGIAR) system, Food and Agriculture Organization (FAO), International Finance Corporation (IFC), World Bank (WB) and others is an asset that the Bank can draw upon.

**Knowledge Management:** The Project shall develop a Monitoring and Evaluation (M&E) System. Knowledge will be captured using analysis of the M&E database, supervision missions, mid-term reports, and periodic impact assessments and field exchange visits of the stakeholders within and outside the production areas. In addition, knowledge would be disseminated by showcasing the Project results using Bank's communication systems (Intranet, blog posts, short documentaries on the Bank's website, etc.). The Farmer Field Schools will serve as sources of innovative knowledge and information sharing learning tools empowering farmers and other actors of the value chain to train their peers, share knowledge and experiences, thus reducing their overdependence on the public extension agents.



## RESULTS-BASED LOGICAL FRAMEWORK

RESULTS FRAMEWORK					
A PROJECT INFORMATION					
PROJECT NAME AND SAP CODE: <b>SMALLHOLDER AGRICULTURE DEVELOPMENT FOR FOOD AND NUTRITION SECURITY (P-LR-AA0-010)</b>			COUNTRY/REGION: <b>Liberia / RDGW</b>		
PROJECT DEVELOPMENT OBJECTIVE: <b>To improve food and nutrition security and reduce poverty of targeted rural population in Liberia</b>					
ALIGNMENT INDICATOR (S): Improved food and nutrition security and reduced poverty of rural communities					
B RESULTS MATRIX					
RESULTS CHAIN AND INDICATOR DESCRIPTION	RMF/ADDA INDICATOR	UNIT OF MEASUREMENT	BASELINE (date)	TARGET AT COMPLETION (date)	MEANS OF VERIFICATION
<b>OUTCOME STATEMENT 1: Increased agricultural productivity</b>					
1.1: Yield of rice, cassava and vegetables	<input type="checkbox"/>	Mt/ha	Rice 2.48 Mt/ha Cassava 10.2 Mt/ha	3.5 Mt/ha 25 Mt/ha	Project Reports, MoA reports, Household surveys
<b>OUTCOME STATEMENT 2: Increase volume of agricultural production</b>					
2.1: Production volume of rice, cassava and vegetables	<input type="checkbox"/>	Mt	Rice - 0 Cassava - 0	29,050 Mt (40% by female); 91,800 Mt (40% by female)	Project Reports, MoA reports, Household surveys
<b>OUTCOME STATEMENT 3: Increased minimum diet diversity</b>					
3.1: Stunting amongst children under five	<input type="checkbox"/>	Percentage	32.1	28	Project Reports, MoA reports, Household surveys
<b>1. OUTPUT STATEMENT 1: Strengthening of sustainable crop production and intensification</b>					
1.1: Volume of breeder seeds multiplied	<input checked="" type="checkbox"/>	Mt	0	200	Project Reports, MoA reports, Household surveys
1.2 Volume of foundation seeds produced	<input checked="" type="checkbox"/>	Mt	0	1500	
1.3 Area of land under irrigation rehabilitated	<input checked="" type="checkbox"/>	Ha	0	208	
1.4 Area of land under cultivation	<input checked="" type="checkbox"/>	Ha	0	7,000	
1.5 Mechanization centres set up	<input checked="" type="checkbox"/>	Number	0	1	
1.6 Farmers receiving productivity enhancement support	<input checked="" type="checkbox"/>	Number	0	8,000 (40% female)	
<b>2. OUTPUT STATEMENT 2: Value Addition and Market Linkages</b>					
2.1 Beneficiaries of credit guarantee	<input checked="" type="checkbox"/>	Number	0	400 (40% female)	Project Reports, MoA reports, Household surveys reports
2.2 Post-harvest facilities, storage centres and market-related installations	<input checked="" type="checkbox"/>	Number	5	8	
2.3 Agricultural production processed	<input checked="" type="checkbox"/>	Percentage	0	80	
2.4 Farmer Based Organizations trained	<input checked="" type="checkbox"/>	Number	0	60	
2.5 Contracts signed by off takers	<input checked="" type="checkbox"/>	Number	0	24	

<b>3.   OUTPUT STATEMENT 3: Strengthening participatory farmer advisory services</b>					
3.1 Farmer field schools (FFS) established	<input checked="" type="checkbox"/>	Number	0	320	Project Reports, MoA reports, Household surveys
3.2 FFS Master Trainers trained	<input checked="" type="checkbox"/>	Number	0	10	
3.3 Lead farmers (ToF) trained as facilitators of FFSs on climate resilience Agricultural and sustainable land management Practices	<input checked="" type="checkbox"/>	Number	0	160	
3.4 Producer Organizations', including women farmer organizations capacity built	<input checked="" type="checkbox"/>	Number	0	60(40% women organizations)	
3.5 People reached with social behavior change communication (BCC) campaigns	<input type="checkbox"/>	Number	0	10,000	
3.6 Persons trained in nutrition enhancing activities, products and services	<input checked="" type="checkbox"/>	Number	0	13,000(60 % women)	
3.7 People receiving improved nutrition training	<input checked="" type="checkbox"/>	Number	0	30,000(school children) (50% women)	
3.8 Persons trained on SRI and other climate-smart agricultural practices	<input checked="" type="checkbox"/>	Number	0	200 (40% women)	
<b>4.   OUTPUT STATEMENT 4: Support to national food safety and security</b>					
4.1 National Standard laboratory refurbished	<input checked="" type="checkbox"/>	Number	0	1	Project Reports
4.2 Food safety policy frameworks developed/ updated	<input type="checkbox"/>	Number	0	1	Project Reports
<b>5.   OUTPUT STATEMENT 5: Strengthening the capacity of MoA in investment planning and implementation</b>					
5.1 Establishment of a unified M&E system at MoA	<input checked="" type="checkbox"/>	Number	0	1	Project Reports, MoA reports, Household surveys
5.2 Agribusiness and investment policy dialogues with private sector partners	<input type="checkbox"/>	Number	0	5	Project Reports, MoA reports
5.3 MoA staff receiving post-graduate training	<input checked="" type="checkbox"/>	Number	0	5	
<b>6.   OUTPUT STATEMENT 6: Capacity development of agricultural research institutions</b>					
6.1 Seed laboratory equipped	<input checked="" type="checkbox"/>	Set	0	1	Project Reports, MoA reports

## Project Timeframe

Task Name	2021				2022				2023				2024 - 2025				2026		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Negotiations																			
Board approval																			
Signing of Grant Agreement																			
Satisfaction of conditions for effectiveness and first disbursement for grant																			
Project launch																			
Technical coordination meetings																			
Project work plans and budgets																			
Technical Design Review/Baseline data update																			
Prepare bid documents and contract awards for works, goods and services																			
Contracts execution for works, goods and services																			
Quarterly reports submission																			
Bank's supervision missions																			
Financial audit																			
Annual E&S compliance Audit																			
Mid-term review																			
Impact assessment and technical audit																			
Project completion reporting																			

# **REPORT AND RECOMMENDATION OF THE MANAGEMENT TO THE BOARDS OF DIRECTORS ON A PROPOSED GRANT TO THE REPUBLIC OF LIBERIA FOR THE SMALLHOLDER AGRICULTURE DEVELOPMENT FOR FOOD AND NUTRITION SECURITY**

Management submits the following Report and Recommendation for approval of the proposed GAFSP grant of US\$ 8.2 million and ADF grant of UA 0.3 million to finance the Smallholder Agriculture Development for Food and Nutrition Security Project in Liberia.

## **I – STRATEGIC THRUST & RATIONALE**

### ***1.1. Project linkages with country strategy and objectives***

1.1.1. The Government unveiled a development strategy in 2018, the Pro-poor Agenda for Prosperity and Development (PAPD), which was further elaborated in the second edition of the Liberian Agriculture Sector Investment Plan (LASIP II) and the 2019 National Food Security and Nutrition Strategy (FSNS). The PAPD strongly emphasizes the role of a diversified and competitive agricultural sector for the economy and for improving food and nutrition security. Its stated main goals are for Liberia to achieve “a more competitive and diversified agricultural sector that promotes value chains for food self-sufficiency, increased exports, job creation, and livelihood opportunities” by 2023. The PAPD emphasizes the importance of the successful implementation of LASIP II and prioritizes the strengthening of production and processing of locally consumed food products (rice, cassava, vegetables) as well as main export agricultural products (oil palm, cocoa, rubber).

1.1.2. The PAPD responds to Liberia’s wide-ranging sources of societal, economic and environmental fragility in various ways. By increasing production and processing of rice, cassava and vegetables, food security and nutrition is being strengthened and the high incidence of undernourishment and stunting among children will be decreased. Moreover, the high import bill of rice (218 Million USD in 2017) would be reduced, decreasing fiscal deficits and local currency depreciation. As a major factor for integrating value chains, the Government of Liberia is committed to improving the road and electricity network, giving priority to road corridors for transporting agricultural produce. Upscaling production and processing would increase economic growth and strengthen the private sector. Further actions of addressing economic fragility are the reactivation of the Agriculture and Cooperative Development Bank to improve access to agricultural finance, and the implementation of the Land Rights Act to strengthen land rights in the agriculture sector. By emphasizing the importance of implementing LASIP II the GOL equally commits to strengthening the capacity of public administration and policy framework. Environmental and climate fragility will be addressed by the adoption of climate-resilient agriculture.

1.1.3. The Smallholder Agriculture Development for Food and Nutrition Security (SADFONS) project is designed within the context of LASIP II. LASIP II has five main strategic objectives which are (1) to sustainably and reliably access adequate, nutritious, and needed food for utilization of a healthy living; (2) to develop and support competitive value chains and market linkages; (3) to strengthen agricultural extension, research and development for enhancing sustained and climate-resilient productivity growth; (4) to adopt agricultural practices that are resilient to climate change and maintain the ecological and biological integrity of natural resources and (5) to improve governance and institutional capacity to implement programs and projects. The project aligns and supports the LASIP’s II objective to mainstream nutrition considerations in agriculture and development programs.

1.1.4. The project is aligned with the National Food Security and Nutrition Strategy (2015) which focuses on increasing availability, access and utilization of food and strengthening the institutional system to achieve these objectives. In addition, the project is aligned with the National Policy and Response Strategy on Climate Change (2018). It supports the implementation of the National Adaptation Program for Action (NAPA), by promoting climate-smart agricultural production techniques and supporting the conservation of forest areas.

1.1.5. The proposed project responds to the issues of food and nutrition security, and persistent poverty emphasized in the government's PAPD National Development Plan 2018-2023. The Plan prioritizes agriculture as central to economic transformation, supporting the development of priority value chains, including rice, cassava and horticulture, with specific focus on women and youth. This agenda is further elaborated in LASIP II 2018-22 that identifies food and nutrition security; development of competitive value chains and market linkages; agricultural extension and research; sustainable production and natural resource management; and governance and institutional strengthening as main areas for priority investments in the country.

## ***1.2. Rationale for Bank's involvement***

1.2.1 Food and nutrition security are a critical factors in preserving peace and stability in Liberia and can be achieved through inclusive agricultural development that accelerates productivity and income growth among smallholders and improves agriculture livelihoods. The proposed project will contribute to the implementation of the government's vision to improve food and nutrition security by investing in solutions that directly benefit smallholder farmers who are held back by the quality of inputs, machinery and infrastructure for irrigation, storage, processing and marketing. The project will expand access to improved inputs, promote technology transfer, improve food safety and facilitate the provision of research and climate-smart advisory services to farmers.

1.2.2 The Bank's Country Strategy Paper (CSP) 2019 – 2023 aims to support private sector driven economic diversification and strengthen economic governance. Accordingly, the CSP is articulated around the following two priority areas for Bank support: Priority Area 1 – Economic diversification through improved transport and energy infrastructure; and Priority Area 2 – Improving economic governance and enhancing private sector development. In addition, special emphasis will be placed on the following aspects: 1) strengthening resilience to fragility; 2) capacity development; 3) gender and women's empowerment; 4) youth economic empowerment 5) environment and climate change; and 6) regional integration and trade (especially within the Manu River Union). The proposed project is fully aligned with these strategic areas where the CSP places emphasis; building resilience of vulnerable population, supporting youth development and empowering women.

1.2.3 The proposed project contributes directly to objectives of the Feed Africa Strategy of the African Development Bank and the ADF-15 priorities. As part of the Bank's High 5 Agenda and the objectives of "Feed Africa," the Bank is elaborating a strategy for its support to the four specific goals of CAADP (i) contribute to eliminating extreme poverty in Africa by 2025; (ii) end hunger and malnutrition in Africa by 2025; (iii) make Africa a net food exporter; and (iv) move Africa to the top of export-orientated global value chains where it has comparative advantage. The project contributes to ADF-15 strategic pillar II: human, governance and institutional capacity development for inclusive growth and job creation.

1.2.4 The project is aligned with the Bank's Jobs for Youth Strategy (2016-2025), the ENABLE Youth Programme, and the Multi-Sectoral Nutrition Action Plan (2018-2025). The proposed operation is aligned with the Bank's Ten-Year Strategy (2013-2022) and supports its twin objectives of inclusive growth and transition to green growth. The Project is also aligned with the Bank's Strategy on "addressing Fragility and Building Resilience in Africa", which promotes inclusiveness and resilience building.

1.2.5 The project will leverage on prior Bank investment in Liberia through the Agriculture Sector Rehabilitation project (ASRP) and Smallholder Agricultural Productivity Enhancement & Commercialization (SAPEC) project. The SAPEC project has achieved substantial results in improving food security and increasing farmer household incomes. The proposed project will build upon approach, lessons and target groups of the SAPEC project, and aims at consolidating and sustaining its achieved results. The consolidation is especially required in lowland development sites where irrigation and roads development interventions will be coming into implementation towards the end of the SAPEC project.

### 1.3. Donors coordination

Sector or subsector*	Size		
	GDP	Exports	Labor Force
[Agriculture]	[36%]	[71.28%]	[70%]
Players - Public Annual Expenditure (average)**			
Government	Donors	[IFAD]	[46%]
[US\$ 2.4 million]	[US\$ 25.69 million]	[AfDB]	[27%]
[24%]	[76%]	[World Bank]	[14%]
		[FAO]	[13%]
Level of Donor Coordination			
Existence of Thematic Working Groups			Yes
Existence of SWAPs or Integrated Sector Approaches			No
ADB's Involvement in donors coordination***			Member

\* as most appropriate \*\* Years [yr1 to yr2] \*\*\* for this sector or sub-sector \*\*\*\* L: leader, M: member but not leader, none: no involvement

1.2.6 The Liberia National Aide and NGO Policy of 2020 provides a framework for donor coordination that ensures the advancement of the principles of the Paris Declaration (2005), the Accra Agenda for Action (2008) and Busan Partnership for Effective Development Corporation (2011). The policy is set to improve the effectiveness of aid, ensure aid mobilization in a coordinated way with a wider reach, produce more visible results and closer collaboration with NGOs. This Policy serves as a reference for the Government of Liberia and Development Partners in the management of official development assistance. Various donor coordination groups exist, and these include: Cooperating Partners Group (CPG), UN Country Team (UNCT), Budget Support Working Group, PFM Donor Coordination Group, Sector Working Groups on Energy, Transport, Agriculture, and Water, Sanitation, and Hygiene (WASH). These forums provide the Bank with a platform to engage in dialogue with development partners and the Government of Liberia (GoL) on a range of issues, including economic, financial, social development and sector-specific ones.

1.2.7 There are a number of Development Partners (DPs) active in Liberia and these include AfDB, World Bank, International Monetary Fund (IMF), USAID, EU, GIZ, JICA, China, Sweden and SIDA. Liberia remains highly donor-dependent. Estimates show the development partners' share of the total government expenditure rose from 64% in FY2012/2013 to 76% in FY2014/2015. The Ebola Virus Disease (EVD) crisis explains this increase. The increase in ODA placed Liberia among the top four recipient countries in the world. The post-EVD period has seen declining donor transfers and grants from 60% to 20% of GDP.

1.2.8 To help safeguard food systems that were being disrupted by COVID-19, the Bank prepared the Feed Africa Response to COVID-19 (FAREC) document to collaborate and partner with the different donors on the ground. This project will also seek close collaboration with the ongoing World Bank-funded STAR-P project and IFAD Tree Crop Extension Projects I and II that also focuses on food security, nutrition and income generation in Liberia. The project will also collaborate with the WFP the implementation of the Home-Grown School Feeding Program (HGSFP) in the areas where the proposed project will provide the basis for increased smallholder agricultural production, and where the increased food supply could be met by the demand from the HGSF program. A close collaboration is also foreseen with the ongoing UN Women and UNFPA projects in the target counties to ensure that women farmers receive the necessary support to effectively benefit from the proposed investments. The project will explore collaboration with IFC to engage with the private sector in strengthening the agricultural input distribution networks.

## II – PROJECT DESCRIPTION

### *2.1. Project components*

2.1.1 The project development objective is to improve food and nutrition security and reduce poverty of targeted rural populations in Liberia. This will be achieved through (i) increased agricultural productivity and production of smallholder farmers (with a focus on food crops such as rice, cassava, and vegetables), (ii) improved smallholders' value addition, market access and income, and (iii) strengthening the capacity of the government institutions, farmers and producer organizations.

#### **Component 1. Support to enhancing smallholder agricultural productivity and market access**

##### **2.1.2 Sub-Component 1.1. Strengthening of sustainable crop production and intensification:**

The project activities will be implemented in both upland and lowland areas, increasing the productivity of cassava, rice and vegetables production. The project will support the rehabilitation of irrigation schemes for rice cultivation in a total of 130 ha of lowland areas. The rehabilitation will include stabilization of existing irrigation infrastructures for rice and vegetable production for improved water availability in the rice-producing counties of lowland areas and will include earth and layout works, water control and small irrigation structures.

2.1.3 The project will establish a farm mechanization centre to provide equipment maintenance and repairs within the project area. The centre will be established under the Central Agricultural Research Institute (CARI) and concentrate technical skills and resources that can be supplied at request on a cost-recovery basis, to ensure continued repair and service of machinery. It will act as a Centre of Excellence for mechanics and repair persons, where they can learn new knowledge and skills for serving their communities. A cost recovery model will be applied at the outset of the project, to ensure the sustainability of the centres' operations beyond the project implementation period.

2.1.4 The project's activities on the development and strengthening of smallholder farmers' capacity will start with the development of training modules for master trainers and farmer field school facilitators (lead farmers). The training modules will be refined to supplement and build on existing farming knowledge and experiences while also reflecting modern farming techniques. These modules will build on the cumulative knowledge of farmers, using control groups and trial & error techniques to share and shape future sustainable and climate-resilient farming practices. Farmers will remain custodians of their own knowledge, embedded within communities, helping to perpetuate improved practices going forward.

2.1.5 The project will, in turn, support the implementation of an extension model based on the participatory, lead farmer approach. This approach utilizes the experience of the farmer field schools (FFS), for improved rice, cassava and vegetable production, and also improved access to inputs such as seeds, marketing opportunities and skills and nutritional status. The limited number of public field extension officers in the counties are not enough to reach out to all the farming households with the needed extension support, so the lead farmer approach helps to fill in voids. A total of 160 FFS facilitators working in pairs and trained by the project, will implement one FFS per year, for four years.

2.1.6 The project will build the capacity of lead farmers at the county level, through training of master trainers. Two master trainers/county extension officer (ideally one female and one male) are trained per county. The master trainers will train lead farmers as FFS facilitators and manage the needed extension support and backstopping support (including FFS activities) at the county level. Each master trainer goes through one cropping season (4-5 months long) training. While the training of 10-12 master trainers is envisaged under this project, up to 30 trainees can be trained per training, allowing for the project to accommodate other projects to join the TOMT (training of master trainers) on a cost-sharing basis. This would leverage the capacity building of the project and contribute to further embedding the lead-farmer FFS (farmer field schools) approach across more counties, within Liberia (refer to Annex C5 in volume II)

2.1.7 The Central Agricultural Research Institute (CARI) will support the development of the seed supply system to increase farmers' access to certified seeds, by training selected farmers on seed

multiplication techniques at their centre and by providing the needed support to set-up local seed /planting material multiplication farms in their communities. CARI will work with various seed grower groups and encourage and support the participation of private seed producer businesses and agro-input dealers to enable them fully to undertake the production and distribution of the certified seeds in Liberia.

2.1.8 FAO will provide technical assistance to the MOA for the execution of FFS activities. The MOA will lead the process by developing training manuals for the FFS to which the FAO through its national staff (an agronomist) will provide further technical backstopping by facilitating FFS activities. FAO will provide supervision, reporting and evaluation support services for the completion of the FFS activities.

2.1.9 **Sub-Component 1.2. Value Addition and Market Linkages:** The project will support interventions for the development and strengthening of smallholder market access and value chain linkages. The project will strengthen the linkages between smallholder farmers and six micro-hubs for primary processing of cassava and rice, with the help of four aggregation centres located near micro-hubs. The micro-hubs currently lack the management and operational capacities needed to consistently supply value addition services to smallholder farmers and to fully utilize the already installed processing machinery. The project will provide the additional financial support for a specified period during the lifetime of the project, on a declining basis, while concurrently building management and operational capacities to turnover independently.

2.1.10 The project will enhance access to agriculture finance through the establishment of a ringfenced facility dedicated to financing for various value chain actors. The World Bank financed project STAR-P is financing the establishment of innovative financial product to provide credit guarantee to medium scale value chain actors, applying a competitive rates and flexible payment plan that address the needs of each value chain actor. This project will complement the effort of the World Bank by contributing resources to the Credit Guarantee Fund to be established under STAR-P project. This “seed money” will be housed in a financial institution to be selected with guidance from the Central Bank of Liberia using a competitive process acceptable to the Bank. The credit guarantee will be operated to de-risk lending to the agriculture sector.

2.1.11 The project will expand and equip the standard lab for food quality and safety testing. This will improve the quality of food products for Liberians and the possibilities going forward – for import and export of quality produce. After the completion of the investment, the lab will have higher capacity for performing standard tests for food safety. The lab is hosted by the National Standards Laboratory, with ease of access all year round.

## **Component 2. Institutional Strengthening and Capacity building**

2.1.12 **Sub-Component 2.1: Strengthening participatory farmer advisory services:** This sub-component will support institutional strengthening of extension service delivery, by continuing to engage the trained lead farmers as change agents for knowledge sharing, while encouraging ownership of the process by the FBOs for sustainability, with support by the MoA. As a complement to the FFS, group strengthening training courses will be implemented to improve group cohesion and internal functions. Informal groups that begin to formalize their operations into a FMO, to organize formal (purchasing and sales) functions for the group members, and may qualify for equipment support, along with existing FMOs. Inter-regional exchange visits will remain a vehicle for cross-learning among groups.

2.1.13 The project will support communities in improving farmers awareness, production and consumption of diverse nutritious foods, especially among nutritionally vulnerable groups<sup>1</sup>. Enhanced access to input provision, such as seed provision to smallholder farmers, with the support of FFS lead farmers trained in nutrition enhancing activities, will facilitate production of vegetable food by smallholder farming families. In peri-urban areas, the provision of 5,000 kitchen garden demos and kits

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<sup>1</sup> Nutritionally vulnerable groups in the case of Liberia include: children under the age of five, children and adolescents between the age of five and 19 and women of reproductive age.



to peri-urban households will help to enhance consumption of nutritious foods, especially among nutritionally vulnerable groups, through nutrition education and by diversifying local food production. The close proximity of peri-urban households to food markets is considered an advantage that may allow some households to sell their produce at markets for enhanced income generation as a result of enhanced production. Sensitization sessions with recipients of kitchen garden kits will aim to communicate the importance of consumption of healthy diets, to reinforce the message and benefits of the vegetables, so that consumption benefits remain with the family and not only result in increased incomes.

2.1.14 In addition to the enhanced production and consumption of households in receipt of improved inputs and production knowledge, the project aims to cast a message among a wider net of women and children on basic nutrition, hygiene and health, and on the importance of consumption of healthy diets. To increase the scale of outreach, the project will develop, deploy strategy, deploy harmonization of messages and monitor a social behaviour change campaign. The project will provide nutrition training sessions for 30,000 school children enrolled in the National School Feeding Programme and facilitate sessions on nutrition enhancing activities at the UN Women trainings that will impact 5,000 women beneficiaries.

**2.1.15 Sub-Component 2.2: Strengthening the capacity of MoA in investment planning and implementation:** The project will support the capacity strengthening of the MoA in the planning of sustainable agricultural investments, including trainings on system of rice intensification (SRI), Climate Smart Agriculture (CSA) practices and Sustainable Water and Land Management, and on economic and financial analysis of agricultural investments. The project will support the mainstreaming of climate change adaptation in national agricultural M&E and in the extension and advisory system. It will also support the MoA to build its capacity to crowd in private investment to the agricultural sector by conducting agribusiness and investment policy dialogues with private sector partners, investment and commercial banks; and meetings with trade and financial specialists to share knowledge and interact on economic trends and events.

### **Component 3. Project management and coordination**

2.1.16 The component will focus on the planning, coordination and management, and delivery of project activities within the scope and of high quality cost-effectively and efficiently. Activities will include the procurement of services for design, supervision and construction works, purchasing of good and services, including mechanized agricultural and office equipment, and training, consultancy and non-consultancy services (workshops). Project management tasks also include recruitment or appointment of project staff, provision of office space, and preparation of office manuals, annual work plans and budgets (AWPB), quarterly progress reports, the mid-term reviews, thematic studies, procurement plans and audit reports. Others include on-the-job training, adoption of the monitoring and evaluation (M&E) system, provision of operational resources for project-related transportation and communication infrastructure, organization of stakeholder workshops, and coordination of baseline and impact assessment studies.

Table 2.1: project components

nr.	Component name	Est. cost (USD)	Component description
1	Support to enhancing smallholder agricultural productivity and market access	4.60 million	Sub-component 1.1. - Strengthening of sustainable crop production and intensification: <ul style="list-style-type: none"> <li>▪ Support the development of seed supply system for rice, cassava and vegetables through seed multiplication.</li> <li>▪ Rehabilitation and stabilization of irrigation infrastructures for rice cultivation in lowland areas</li> <li>▪ Establish an agricultural mechanization service centre</li> <li>▪ Training of farmers.</li> <li>▪ Training of FFS Master trainers</li> <li>▪ Training of lead farmers as FFS facilitators</li> </ul>
		1.24 million	Sub-component 1.2 - Value Addition and Market Linkages <ul style="list-style-type: none"> <li>▪ Strengthening linkages between farmers and micro-hubs for primary processing of cassava and rice;</li> <li>▪ Improving storage and reducing harvest and post-harvest losses (Aggregation centres)</li> <li>▪ Expand and equip a Standards Lab for food quality and safety testing</li> <li>▪ Establish Risk Sharing Facility to provide credit guarantee to value chain actors</li> </ul>
2	Institutional Strengthening and Capacity Building	1.22 million	Sub-component 2.1 – Strengthening participatory farmer advisory services <ul style="list-style-type: none"> <li>▪ Strengthening the capacity of farmer / agricultural producer organizations</li> <li>▪ Implementation of community-based nutrition promotion activities</li> <li>▪ Development of Peri Urban Agriculture</li> <li>▪ Expand and strengthen the community grain reserve concept to include rice and cassava food products.</li> </ul>
		0.68 million	Sub-component 2.2 – Strengthening the capacity of MoA in investment planning and implementation <ul style="list-style-type: none"> <li>▪ Strengthening the capacity of MoA staff</li> <li>▪ Mainstreaming climate change adaptation in national agricultural M&amp;E and extension system</li> <li>▪ Conduct agribusiness and investment policy dialogues with private sector partners</li> </ul>
3	Project management and coordination	1.34 million	Support the establishment of structures required for coordinating the implementation of project activities <ul style="list-style-type: none"> <li>▪ Strengthen NCO;</li> <li>▪ Project Monitoring and Evaluation, including Knowledge Management and communication</li> </ul>

## 2.2. Technical solutions retained and alternatives explored

2.2.1 The response to the ensuing COVID-19 crisis saw a redirection of country allocation funds away from agriculture, and a subsequent decrease in external sources of project funding. Under the new reality, the option of large ticket items was no longer a possibility. Large ticket items such as feeder roads, extended irrigation works, and a microcredit line were cut to bring the project within the confines of funds allocated by the GAFSP grant. The options ahead were also guided by the central premise to further enhance the engagement of smallholder farmers in monetizing their excess production at local markets, to ensure sustainable production from year-to-year, while encouraging improved productivity and consumption of nutritious diets. Three technical alternatives were considered and rejected for their weaknesses in generating the expected impact on a sustainable basis. Table 2.2 presents design options considered and reasons for their rejection.

**Table 2.2: project alternatives considered and reasons for rejection**

<b>Alternative name</b>	<b>Brief description</b>	<b>Reasons for rejection</b>
1. Infrastructure support	Construction of market centres and road infrastructure to link the farmers to market.	<ul style="list-style-type: none"> <li>•Difficulty in reaching effectiveness with limited project resources.</li> <li>•High maintenance cost in rural areas.</li> <li>•Problem to be addressed exceeds project resources.</li> </ul>
2. Procurement of imported seeds and supply to farmers	The project will procure imported seeds and distribute to farmers for planting.	<ul style="list-style-type: none"> <li>•This approach was thought to be highly unsustainable. There is the need to develop local seeds sector for the country to be self-sufficient in seed production;</li> <li>•With the passage of the seeds board law, there is the need to support local seed production.</li> </ul>
Credit line	Credit through MFIs or SACCOs	<ul style="list-style-type: none"> <li>•Seed - key input - a small proportion of production costs.</li> <li>•Fungibility of money - loan use for production competing with the need to smooth consumption.</li> </ul>

### **2.3. Project type**

The project is a standalone investment project with technical assistance (TA) and capacity building activities. It is to be financed by a grant under the Global Agriculture and Food Security Program (GAFSP) and the African Development Fund (ADF).

### **2.4. Project cost and financing arrangements**

2.4.1 The total cost of the project is estimated at US\$ 9.08 million, net of taxes, and based on 2020 prices, comprising of 38% of the total cost in foreign cost, and 62% in local costs. The project cost comprises of GAFSP Grant of US\$ 8.2 million (90.3%), ADF contribution of UA 300,000 (\$ 429,027) and GoL contribution of US\$ 0.45 million (5%) in kind. This cost is inclusive of physical and price contingencies estimated at average rates of 6% and 4% respectively. The price contingencies were estimated on the basis of actual and projected levels of local and foreign inflation rates of about 20.4% and 2% per annum, respectively. The physical contingencies are estimated from 0 to 15%, based on common practices. The ADF resources will finance mainly the credit risk guarantee scheme while Government contribution will be in kind contribution of project staff seconded to the National Coordinating Office (NCO). A summary of the project cost estimates by components and expenditure accounts is shown in Tables 3, 4, 5 and 6, while details are provided in the Technical Annexes – Volume II.

Table 1: Summary of Project Cost by Components

<b>COMPONENT</b>	<b>(LRD, million)</b>			<b>(US\$, 000)</b>			<b>% For</b>	<b>%. Base</b>
	<b>Local</b>	<b>Foreign</b>	<b>Total</b>	<b>Local</b>	<b>Foreign</b>	<b>Total</b>		
A. Support to enhancing smallholder agricultural productivity and market access	406.40	378.74	785.14	2,579.78	2,404.23	4,984.01	48	61
B. Institutional Strengthening and Capacity Building	210.63	88.54	299.17	1,337.05	562.08	1,899.13	30	23
C. Project Management, M&E and Knowledge Management	197.55	13.71	211.25	1,254.00	87.00	1,341.00	6	16
<b>Total Baseline Costs</b>	<b>814.57</b>	<b>480.99</b>	<b>1,295.56</b>	<b>5,170.83</b>	<b>3,053.31</b>	<b>8,224.14</b>	<b>37</b>	<b>100</b>
Physical Contingencies	23.21	54.15	77.36	147.32	343.74	491.05	70	6
Price Contingencies	47.88	9.90	57.79	303.97	62.87	366.84	17	4
<b>Total Project Cost</b>	<b>885.66</b>	<b>545.05</b>	<b>1,430.71</b>	<b>5,622.12</b>	<b>3,459.91</b>	<b>9,082.03</b>	<b>38</b>	<b>110</b>

Table 2: Summary of Program Cost by Category of Expenditure

Expenditure Category	(LRD, million)			(US\$, 000)			% For Exch	% Base
	Local	Foreign	Total	Local	Foreign	Total		
<b>A. Goods</b>	63.98	118.82	182.80	406.14	754.26	1160.39	65	14
<b>B. Services</b>	488.06	122.02	610.08	3098.20	774.55	3872.74	20	47
<b>C. Works</b>	100.90	235.43	336.33	640.50	1494.50	2135.00	70	26
<b>D. General Operating Expenses</b>	161.63	4.73	166.35	1026.00	30.00	1056.00	3	13
<b>Total Baseline Costs</b>	814.57	480.99	1295.56	5170.83	3053.31	8224.14	37	100
Physical Contingencies	23.21	54.15	77.36	147.32	343.74	491.05	70	6
Price Contingencies	47.88	9.90	57.79	303.97	62.87	366.84	17	4
<b>Total Project Costs</b>	<b>885.66</b>	<b>545.05</b>	<b>1430.71</b>	<b>5622.12</b>	<b>3459.91</b>	<b>9082.03</b>	<b>38</b>	<b>110</b>

Table 3: Financing arrangements by Local &amp; Foreign Distribution

Sources of finance	(US\$, 000)			% Total
	Foreign	Local	Total	
GAFFSP Grant	2,980,317	5,219,683	8,200,000	90.3
ADF	85,805	343,222	429,027	4.7
Government	-	453,000	453,000	5.0
<b>Total</b>	<b>3,066,122</b>	<b>6,015,905</b>	<b>9,082,027</b>	<b>100.0</b>

Table 4: Expenditure Schedule by Component

Component	2021	2022	2023	(US\$)		TOTAL
				2024	2025	
A. Support to enhancing smallholder agricultural productivity and market access	1,603,276	2,099,074	1,614,197	374,597	150,759	5,841,902
B. Institutional Strengthening and Capacity Building	650,375	537,875	460,875	150,000	100,000	1,899,125
C. Project Management, Coordination, M&E and Knowledge Management	286,200	266,200	266,200	266,200	256,200	1,341,000
<b>TOTAL</b>	<b>2,539,851</b>	<b>2,903,149</b>	<b>2,341,272</b>	<b>790,797</b>	<b>506,959</b>	<b>9,082,027</b>

## 2.5. Project's target area and population

2.5.1 The Project area will cover six counties out of a shortlist of 11 counties that include the rice-producing counties in the south-eastern areas of River Gee, Maryland and Grand Gedah, and the major cassava producing north-western areas of Bomi, Montserrado and Grand Bassa. The selection criteria for the counties is based on high incidences of poverty and malnutrition rates, ecology, infrastructure, labor, target group, crop history, market hubs, and also on the locations of GAFSP-funded processing facilities under SAPEC that require sustained and increased supply of raw materials for production (rice and cassava). The value chains prioritized under the project are rice, cassava and vegetables, and they are of particular importance for food and nutrition security in the country.

2.5.2 The estimated total number of project beneficiaries is 41,740, which includes direct beneficiaries of farming and nutrition activities including 30,000 children of school age. Of these, 11,740 participants are among smallholder farmers with a plot size in the range of 0.8-2 ha that will be targeted. During the field mission, a number of farmer groups were already identified. During implementation, additional groups will be identified and added to reach the target of 11,740 farming households. Preferably, these groups will be located in farming communities with at least 100 farming households, to enable optimal use of project resources for further outreach. Using the Farmer Field School (FFS) approach, lead farmers will be selected (preferably one female and one male) on the basis of their skill and knowledge as a farmer on the crop selected by the group for support. S/he will be respected by their farming group/community and have good communication skills in their local language of the community as well as a national language (for training purposes). To cover gender and nutrition issues it is important that each group selected one female and one male lead farmer.

The nutrition campaign focuses on women groups and school children, using 5,000 kitchen garden kits in peri-urban areas, 5,000 women of UN Women trainings and 30,000 children of school age enrolled in school.

## ***2.6. Participatory process for project identification, design and implementation***

2.6.1 The SADFONS project was formulated on the basis of GAFSP's special call for proposals for fragile and conflict-affected countries of 01 March 2019, after which the Government of Liberia requested the assistance of AfDB and UNFAO to develop the project proposal and document. In September 2019, a joint AfDB / UNFAO mission undertook a wide-ranging consultation process that culminated in a multi-stakeholder validation workshop with over 40 participants from within the NGO and donor community, including FBOs, the private sector, and relevant government offices and agencies of Liberia. The GAFSP proposal for SADFONS was endorsed by the ADWG, comprising of the EU, IFAD, USAID, WB and others. Initially, the project was narrowed down to 11 counties out of a nationwide total of 15 counties, when the proposal was cleared to go to appraisal. An appraisal mission in February 2020 was postponed indefinitely after the onset of Covid-19.

2.6.2 A remote-based mission, with in-country support from the FAO-Liberia office, allowed the design process to press ahead, with a field team, comprising of the Government Technical Team (GTT) and FAO-Liberia colleagues, visiting five counties in the southeast and northwest parts of the country. Despite restrictions to movement related to Covid-19, the field mission was able to meet with farming communities, FBOs, civil society groups, agro-dealers and private sector operators in all planned five counties. The field mission was concluded with an in-depth stakeholder meeting with CARI and a field report ensued. As a follow-up to the field visits, virtual meetings in Monrovia were conducted with a wide range of stakeholders that included the Treasury, the Ministry of Finance and Development Planning, the Ministry of Gender, Child & Social Protection, ADWG members, UN Women, USAID and INGOs. Throughout this process, the GTT was involved and consulted in the suggested features of the project to address concerns raised, with the Minister of Agriculture's participation on key occasions. Despite the distance of the core design team to the GTT due to Covid-19 restrictions, the SADFONS project was able to build strong country ownership of the project through a consultative process.

2.6.3 Implementation of the project will involve the MoA and a NCO to plan, direct and execute activities in a participatory manner with the local communities, private sector stakeholders and other related government and international agencies. The project takes a special interest in using a participatory, lead-farmer extension model that is set to ensure local ownership of knowledge and project outputs.

## ***2.7. Bank Group experience, lessons reflected in project design***

2.7.1 The Bank has 14 on-going and recently approved operations (all sovereign) in Liberia with a total commitment of UA 292 million, an equivalent of US\$ 403 million. Liberia is also supported by four Technical assistants and Trust fund operations, of which three are multi-nationals- see table in annex 1 for details. The Bank has completed four operations in the Agricultural sector and three ongoing projects, for a total approved amount of UA 38.24 million (equivalent of USD 53 million). These include: (i) Smallholder Agricultural Productivity and Commercialization (SAPEC); (ii) Study to identify areas of need in the Agricultural value chain; and (iii) Support to the Forestry Authority to Scale up the participation of SMEs in secondary wood processing. In this regard, the Bank is supporting the Government of Liberia's Agricultural Transformation Agenda (LATA) to increase productivity in the agriculture sector, especially rice and cassava production, particularly women farmers.

2.7.2 The overall active portfolio performance is rated satisfactory, a score of 3.0 on a scale of 1 – 4. This portfolio performance has been maintained over a year now by drastically reducing the percentage of flagged operations from 50% at the start of 2019 to 20% at the end of the year and maintaining it at that level. There is no outstanding Project Completion Report, as well as no potentially problematic or problematic operation in the active portfolio. As such, the Bank's portfolio at risk (PAR) and commitment at risk (CAR) is zero. The average age and approved amount of the ongoing portfolio is 3.8 years and UA 20.85 million, respectively. Overall disbursement improved from 32% to 40% from April 2019 to April 2020, albeit amidst a very challenging fiduciary environment. Key factors amongst the factors responsible for this overall poor performance in disbursement are: (i) non-compliance with the Bank's procurement and financial management procedures and guidelines; sometimes as a result of limited knowledge by the project staff, thereby unnecessarily delaying procurement and disbursement

lead times; (ii) Limited capacity to process Bank related documents at different levels of Government; (iii) excessive delay by contractors and consultants to deliver on the contracts; and (iv) sometimes, delay by the Bank to provide prompt feedback to requests submitted by the projects.

2.7.3 The lessons learnt from the Bank’s operations in Liberia has enhanced the design of this project for implementation efficiency and sustainability. The proposed operation takes into account the identified key lessons learned. These include: (i) the importance of quality at entry - as lack of detailed designs at project start-up results in implementation delay; (ii) ensuring adequate national stakeholders consultation to enhance project ownership and sustainability; and (iii) institutional capacity and implementation – there were challenges in the implementation of SAPEC due to inadequate staff capacity at the Project Implementing Unit.

## **2.8. Key performance indicators**

2.8.1 The Project’s key performance indicators are presented in the Results-Based Logical Framework. Regular implementation progress will be measured through bi-annual Bank supervision missions, quarterly project progress report and annual technical and financial audit reports. The Project Implementation Unit will collect and analyse data to monitor progress and submit to the Bank on agreed timeframes.

2.8.2 The main indicators defined for monitoring the project’s impact, including the Bank’s Core Sector Indicators and GAFSP core development indicators, were developed together with the Government of Liberia technical team and validated during project preparation. Impact indicators include: (i) Proportion of households who are categorized as food insecure [Food Insecurity Experience Scale (FIES)] and (ii) Household income. Outcome indicators include: (i) % increase in yield of cassava and rice and (ii) Stunting amongst children under five. Gender dis-aggregated indicators will inform decision-makers to guide project mid-term review and to facilitate project management outcomes after completion. The Liberia Country Office of the Bank and FAO will play an active role in coordination, capacity support, sector dialogue, project supervision and monitoring.

## **III – PROJECT FEASIBILITY**

### **3.1. Economic and financial performance**

3.1.1 Based on the objective and component structure, the Project is expected to generate benefits of different nature. Such benefits include: (i) increased yields; (ii) increased resilience to weather variability and shocks; (iii) reduced land degradation and soil rehabilitation; (iv) increased nutritional food availability at the household level from home-gardening activities; (v) additional income obtained from selling farm produce; and (vi) rural poverty reduction. Primary project beneficiaries are: (i) rural smallholder farmers in the selected counties producing rice and cassava, and involved in Farmer Field Schools (FFS); (ii) service providers and Small and Medium Enterprises (SMEs).

3.1.2 The target population was estimated to be around 11,740 households (HH). In order to avoid overlaps and double counting, this number has been disaggregated as follows for the use in the Economic and Financial Analysis: (i) 10,500 households from Component A “Support to enhancing smallholder agricultural productivity and market”; (ii) 1,240 households from Component B “Institutional Strengthening and Capacity Building”.

*Table C.1: Key economic and financial figures*

NPV (base case)	US\$ 17.13 million
EIRR (base case)	23.7%

NB: detailed calculations are available in Annex B6

### **Economic analysis**

3.1.3 The period of analysis is 20 years to account for the phasing and gestation of the proposed interventions. Economic benefits from the farm and enterprise models have been aggregated using average incremental net benefits and beneficiaries for each agricultural and agri-business activities

under the project interventions and assuming different adoption rates, extracted from the costing exercise. Economic benefits from enterprise models have been aggregated using an expected number of small enterprises to be supported by the project and for the agricultural models for the number of hectares. Benefits are phased-in progressively for all types of interventions.

3.1.4 Economic costs associated with improving productivity and agri-business and small and medium enterprises were estimated at US\$ 21.35 million. The economic costs have then been deducted from the overall economic benefit stream to obtain the project's net incremental benefit stream. The economic analysis shows satisfactory results, with a Net Present Value at US\$ 17.13 million and a 23.7% Economic Internal Rate of Return (EIRR), suggesting that the overall project is economically profitable.

3.1.5 **Sensitivity analysis.** Results were tested for sensitivity to variations in benefits and costs and for various lags in the realization of benefits. A delay of 2 years in the generation of benefits or a decline of 30% relative to the base scenario would reduce the EIRR to 18.5% and 18.8% respectively, substantially above the discount rate. Cost overruns would have very moderate impact, with EIRR falling to 20.2% with a 30% increase. An adoption rate of 70% would decrease the EIRR to 18.8%. All scenarios show robust results under all hypothetical scenarios.

## ***3.2. Environmental and Social impacts***

### **3.2.1 Environment**

3.2.1.1 The project is classified as Category 2 according to the AfDB Integrated Safeguard System (ISS) and as category B based on the Liberian EPA legislation (Environmental Protection and Management Law of the Republic of Liberia of 2003, and Environmental Protection Management agency procedural guidelines, 2006). This categorization is validated in ISTS2 and SAP3 by the Department of Environmental and Social Safeguards and Compliance (SNSC) on 20 May 2020, then confirmed in the approved PCN of 19 June 2020. The justification for categorization has been based on the medium E&S risk and the magnitude of the assessed negative impacts of the project. The project is not expected to involve land acquisition as the project will be executed on existing farms. Any likely impacts will be few, site-specific, largely reversible, and will readily be minimized by applying appropriate management and mitigation measures or incorporating internationally recognized design criteria and standards.

3.2.1.2 Given the specific locations of the subprojects being unknown the project prepared a budgeted Environmental and Social Management Framework (ESMF - \$419,000 reflected in the project costs) by the government of Liberia, reviewed and cleared by the AfDB and then disclosed by the Liberian Government on the website on January 15, 2021 and on January 21, 2021 by the AfDB on ISTS, with the authorization of the Liberian authorities. The Bank has ensured that the Borrower has carried out the public consultations in an adequate manner and the consultation minutes are annexed to the ESMF. The Borrower must prepare, submit for review to the Bank, and disclose Environmental and Social Impact Assessment (ESIA) reports for each physical investment sub-project once the locations are known. In addition, the Borrower must share with the Bank proof of the availability of funds for the implementation of the ESMFP and the ESMPs of the sub projects. The environmental permit that will be issued for each of these sub-projects will be shared with the Bank before the publication of each ESIA reports in ISTS. The NCO and the works contractors will have to implement the Grievance Redress Mechanism (GRM) proposed in the ESMF to ensure respect for the rights of populations and workers. The mid-term and final evaluation and an annual audit of the environmental and social performance of the project will be carried out by independent Consultants. Globally, the project is ready on the environmental and social aspects for its passage to the Board.

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<sup>2</sup> ISTS: Integrated Safeguards Tracking System

<sup>3</sup> SAP: System of Applications and Products

### **3.2.2 Climate Change**

The project has been screened for climate risks and categorized as a Category 2 operation, in line with Bank's Climate Safeguards System (CSS). This means that the project may be vulnerable to climate risks and requires a review of climate change risks and adaptation activities. Practical risk management and adaptation options could be integrated into the project design and implementation plans. Agricultural production in Liberia is vulnerable to the impacts of climate variability and change such as excessive rainfall in the coastal cities and high temperatures in the northern counties. Drought and floods are increasing in frequency and intensity, while average temperatures during the growing season are rising. Crop failures, reduction in productivity and outbreaks of pest and diseases are exacerbated by extreme climatic events. The project will also support technical and institutional capacity development for long-term climate resilience in agricultural sector in Liberia through various trainings on sustainable and climate smart agricultural practices and the mainstreaming of adaptation to climate change in national agricultural M&E and extension systems. This is not limited to government stakeholders, but also key private sector players, building community resilience to climate compatible agriculture and rural livelihoods, and research authorities to work in collaboration with project implementation team to carry out data collection and research to enhance policy and strategy on climate adaptation and low-carbon agricultural development practices. Overall, the project will facilitate climate resilience along the selected value chains by promoting climate smart agriculture including SRI, Sustainable land management, improved agriculture technologies

### **3.2.3 Gender**

Liberia has a Gender Inequality Index value of 0.651, ranking it 155 out of 162 countries in the 2018 index. In Liberia, 11.7 percent of parliamentary seats are held by women, and 18.5 percent of adult women have reached at least a secondary level of education compared to 39.6 percent of their male counterparts.

Women are central to the development of rural areas and to national economies: Women account for 60% of the agricultural labour force, contribute to 98% to food crop production and 76% of their work is directed at cash crop production (FAO, 2018). However, rural women and girls have restricted access to productive resources, such as land, agricultural inputs, finance and credit, extension services, and technology, which in turn limits agricultural output. They face more difficulty than men in gaining access to public services, social protection, employment opportunities, information, innovations and local and national markets and institutions, due to cultural norms and security issues.

Unpaid care work further and gender-based violence hamper rural women's ability to take advantage of on- and off-farm employment and new market opportunities in the agricultural sector. Their leadership and participation in producer organizations, decision making, and local governance remains low and rural and agricultural policies insufficiently address their needs and priorities.

In addressing the above constraints, the Project will impact both women and men through (i) sensitization campaigns targeting women's groups, especially in rural areas on training of women farmers on the elaboration of bankable proposals (ii) ensuring at least 50% representation of women in all capacity-building activities such as the Farmer Field Schools (FFS) and the improved nutrition capacity building activities (iii) Training of women as extension workers for the participatory farmer advisory system (iv) strengthen the capacity of Ministry of Agriculture to ensure that the functioning of a Gender based M&E system adequately captures sex disaggregated data (v) strengthen the capacity (training, equipment) of rural women's farmer associations in the processing of rice, cassava and vegetables; (vi) link women farmers to marketing networks, particularly the national Market Information System; (vii) Information, Education and Communication on gender issues (Gender and agriculture, women participation in local development, Gender-based violence (GBV) to reduce gender stereotypes and violence (viii) involvement of a gender specialist in the Project Implementation Unit (ix) involvement of the Ministry in charge of Gender in the Project Coordination Unit. For all the above reasons, the project is categorized 2, according to the AfDB Gender Marker System. The annexed gender context analysis and action plan is providing more information.



### **3.2.4 Fragility**

Liberia has experienced economic growth to some extent, but this growth has not always been shared equally across different groups of Liberians. Consequently, poverty is widespread and an estimated 51 per cent of the population lives in rural areas where poverty is heavily concentrated. Rural areas reported higher food shortage (58.8 percent) than urban areas 44.2 percent (AfDB 2020 AEO). Liberia was crafted as an extractive, not developmental state that evolved institutional structures and practices that exploited the country's natural wealth, initially around coastal areas and later into the interior, without providing public goods (social services and infrastructure) that benefit the indigenous majority. Economic diversification that focuses on agriculture that has the propensity to shift Liberia economy away from a single income source of extractive toward multiple sources from a growing range of sectors and markets is very limited. Many lack access to basic critical infrastructure and social services, and poor roads leave many areas inaccessible particularly during the wet season when the shortage of food becomes inevitable. Approximately 55 per cent of rural Liberian households is food insecure, (LISGIS 2018). The COVID-19 pandemic is already having devastating impacts on the Liberian economy. The impact is also being felt by the food and agriculture sector. According to the AfDB 2018 CRFA Report, an estimated 5.2% of Liberia's total land area being arable but there is significant pressure to improve access to food and nutrition.

The single greatest driver of fragility in Liberia is extensive and extreme poverty in a volatile post-war environment where expectations are high, as patience is waning amongst the youth who prefer to undertake quick-cash activities like artisanal mining, transportation and petty trade. Complicating this existing pressure and driver of fragility is the rapid urbanization of mainly the youth population migrating from rural to urban areas without requisite skills and education to seek gainful and sustainable employment. The youth perception of agriculture is "Something you do when you have nothing to do and is intended for older people." It is difficult enough to persuade youth to enter the farming or the agriculture sector. Without technical support, many understandably avoid the sector altogether. Once some youth have agreed to enter the sector and received some training, the issue then becomes how best to deliver on-going support to new young farmers to help them to succeed. It will take enormous education and incentives (access to finance and etc) to change this mindset and perception of the youth in Liberia and many countries in transition. Youth lack of interest in the agriculture sector is particularly risky given their potential recruitment and mobilization into organized crimes and illegal activities. This has adverse implication on the peace and stability of the country owing to its history of war and low resilience capacity. According to the Bank 2019 CRFA Assessment, Liberia capacity score for the Security Dimension is as low as 2.4 which is consistent with rapid youth urbanization and surge.

The Smallholder Agriculture Development for Food and Nutrition Security builds on the foundation on the ASRP, SAPEC and Fish Town- Harper Road Projects for sustainability. The Project aimed at addressing drivers of fragility through enhancing smallholder agricultural productivity and market access and linkages by supporting Smallholder farmers and producers with modern marketing skills, market information, and requisite organizational capacity to increase their market share and profitability. The Project is intended to alleviate pre-harvest and post-harvest losses, increase industrial processing as inadequate feeder roads and access to market further restrict the linkage between potential producers and buyers. It will be mainly implemented in the same region (Southwestern) as the two previous Agriculture Projects and will complement the Fish Town- Harper Road Project.

### **3.2.5 Involuntary resettlement**

There will be no involuntary resettlement or land acquisition as a result of the project. The major infrastructure related project activities are the rehabilitation of existing irrigation schemes, which will require the repair and stabilization of the water distribution canals. The interventions will be implemented on existing agricultural systems.

## IV – IMPLEMENTATION

### ***4.1. Implementation arrangements***

#### Implementation Arrangements

The implementation arrangements for the project will follow the implementation model for the on-going GAFSP funded SAPEC project in the agriculture sector. The MOA will be the executing agency with implementation mainstreamed within its National Coordinating Office (NCO) to consolidate sector manpower capacity building for project implementation. The NCO will include key officers as follows: (i) Project Coordinator, (ii) Procurement Officer, (iii) Finance Officer, (iv) Monitoring and Evaluation Officer, (v) Irrigation Specialist, (vi) Food and Nutrition Officer, (vii) Agronomist and (viii) Environmental & Social Development Expert to support the national project coordinator the effective coordination of the project.

The Government will provide full time staff to the NCO. These experts shall possess the experiences and qualifications acceptable by the Bank and will require the Bank’s prior approval. The appointment of project coordinator and accountant will be retained as a condition precedent to first disbursement. The day-to-day management of the project shall be the responsibility of the NCO under the technical guidance of MOA. At the county levels, the responsibility for delivery will rest with the County Agricultural Coordinators and District Agricultural coordinators. Planning, monitoring and evaluation will be done by the CACs working in conjunction with the NCO. The CAC will report to the Project Coordinator. The NCO will be assisted by Technical Assistance from FAO in the implementation of the Farmer Field Schools. For seed multiplication, quality control will be done by CARI with Technical Assistance from FAO.

A Project Steering Committee (PSC) will be established to provide policy guidance to the project. The PSC will be responsible to the Minister of Agriculture. The PSC will be chaired by the Minister of Agriculture and will comprise a representative (of not lower than the grade of Director) each from Ministry of Finance and Development Planning, Ministry of Public Works, Ministry of Local Government, Ministry of Commerce, Ministry of Gender, Social Protection & Children, Liberian Agriculture Commodity Regulatory Agency, Cooperative Development Agency, and Environmental Protection Agency. A representative from each Farmers Union of Liberia, Liberia Chamber of Commerce and National Civil Society Council of Liberia will also be in the PSC. The PSC shall ensure timely implementation and monitoring of audit recommendations and also be responsible for the overall strategic direction and oversight guidance of the project as well as approve key project documents (including annual work plans and budgets).

#### **Procurement Arrangements**

“Procurement of goods (including non-consultancy services), works and the acquisition of consulting services, financed by the Bank for the Project, will be carried out in accordance with the “Procurement Policy and Methodology for Bank Group Funded Operations” (BPM), dated October 2015 and following the provisions stated in the Financing Agreement. Specifically, Procurement would be carried out the following: (i) Borrower Procurement System (BPS): Procurement through National Competitive Bidding (NCB) and shopping procedures will be carried out using BPS comprising its Laws and Regulations (Public Procurement Concessions Act (PPCA) of 2005 which was amended and reinstated in year 2010 , using the national Standard Solicitation Documents (SSDs) agreed during project negotiations” for various group of transactions to be indicated under the project, detailed in annexes of this report and the provisions stipulated in the Financing Agreement; and (ii) Bank Procurement Policy and Methodology (BPM): Bank standard PMPs, using the relevant Bank Standard Solicitation Documents (SDDs), will be used for Open Competitive Bidding International (OCB-I) and Limited International Bidding (LIB) or Restricted Competitive Bidding contracts for both goods and works and Acquisition of Consulting Services as indicated in the relevant Annex of this document.

Procurement Risks and Capacity Assessment (PRCA): the assessment of procurement risks at the Country, Sector, and Project levels and of procurement capacity at the Executing Agency (EA), were undertaken for the project and the output have informed the decisions on the procurement regimes (BPS

and Banks PMP) being used for specific transactions or groups of similar transactions under the project. The appropriate risks mitigation measures have been factored in the entire procurement arrangements of the project.

## **Financial management**

The existing financial management system will be used to manage the fiduciary arrangements of the proposed project. The project FM system will be handled by an experienced chartered accountant (to be deployed or competitively recruited) who is proficient in the use of an accounting software with hands-on experience in donor funded projects accounting and financial reporting. The Project Accountant (PA) will report to the Project Coordinator and under the guidance of the overall NCO Financial Management Specialist report to the Comptroller at the MOA (for consolidation of the Ministry's financial reports). The PA will be assisted by an Accounts Assistant (deployed from the MOA) for capacity building and sustainability. The Accounts Assistant shall be partly qualified with a bachelor's degree in accounting (or higher) and practical experience on donor funded projects. The PA will use the existing Tompro accounting software to record, process project transactions and prepare financial reports. The Project will adopt International Public Sector Accounting Standards (IPSAS) Cash Basis in harmony with the accounting standards applied by the Government of Liberia (GoL) and other MOA NCO managed projects.

A bespoke Financial Management Manual (FMM) and Project Implementation Manual (PIM) shall be developed from the existing manuals to codify FM practices and guide project implementation, respectively. On a quarterly basis the PA will produce un-audited interim financial reports (IFRs) from Tompro, for the benefit of MOA and shared with the Bank within forty-five (45) days after the end of each quarter. The project financial statements at end of each financial year shall be audited and the audit reports submitted to the Bank no later than six (6) months after the end of each financial year. The content of the IFRs and annual financial statements have been agreed and shall be discussed in detail at project launching. The existing internal control and administrative procedures appear adequate and shall be implemented for the execution of the project. The internal auditor responsible for MOA-NCO projects in collaboration with the MOA internal audit function shall provide internal checks and periodically review project operations to strengthen the project control environment. The internal auditor will report to the PSC (in existence, chaired by the Minister of Agriculture) through the NCO Coordinator. The overall FM risk is assessed as moderate.

**4.1.2 Disbursement:** The following four (4) disbursement methods are used by the Bank in disbursing funds to projects: (i) Direct payments; (ii) Payments through Special Account (SA); (iii) Reimbursement method; (iv) and Reimbursement by guarantee. **Direct payments** will be used for the payments against larger contracts signed between project management and contractors/suppliers/service providers. The **Special Account (SA) method** will be used in paying for eligible recurrent expenses and smaller contracts only under GAFSP funding. This will require the opening of a dedicated USD denominated special account at a Commercial Bank in Liberia acceptable to the Bank. **Reimbursements** will be made for eligible expenses for goods, works, services and operating expenses already incurred and paid for by the GoL from its own resources. Under the **Reimbursement guarantee method**, the Bank shall provide an irrevocable undertaking to reimburse a commercial bank for payments made or to be made to a beneficiary against a letter of credit (for imported goods). *All disbursements will follow with the disbursement's procedures outlined in the Bank's Disbursement Handbook 2020.*

**4.1.3 Audit arrangements:** The Auditor General Auditing Commission (GAC) of Liberia will audit the annual financial statements of the project or outsource the audit (using its outsourcing guidelines) to a private independent audit firm through a competitive recruitment process, acceptable to the Bank. The audit will be conducted in accordance with audit terms of reference (TOR) acceptable to the Bank. The audit reports (comprising of the audited financial statements with the auditor's opinion and related management letter) must be submitted to the Bank no later than six (6) months after the end of each financial year. The audit cost shall be paid for from project resources. The assessment noted that Bank

funded projects managed under the MOA have consistently complied with the submission of their annual reports to the Bank.

## ***4.2. Monitoring***

4.2.1 The basic tool for monitoring and evaluation of this project is the logical framework that details the impact, effect and product measurement indicators aligned to GAFSP core indicators. The project monitoring and evaluation officer who will be recruited after approval by the Bank of his qualifications and experience will be placed under the authority of the coordinator. He/she will be responsible for the monitoring and evaluation of project activities and the implementation of the ESMP. He/she will also be responsible for establishing a diagnosis and baseline situation for the project as well as developing specific tools for planning and data collection.

4.2.2 The NCO will be required to provide the Bank with a quarterly report showing progress in implementing the approved program and annual budget. This report should include the following information for each activity: the physical objectives, the level of achievement and the explanation of any discrepancies, the expected costs and actual costs, and the explanations of any discrepancies, the financial data of the project. The Bank will carry out two (2) supervisory missions per year to assess progress in terms of realization of products and effects as well as administrative and financial performance. The mission will then make recommendations to improve project implementation. A performance status report will be written after each supervision mission.

## ***4.3. Governance***

The Government of Liberia has formulated a National Aid and NGO Policy in 2020 to improve the effectiveness of aid, mobilize aid in a coordinated way with a wider reach, produce more visible results, collaborate more closely with NGOs, and serve as a reference for the Government of Liberia and Development Partners in the management of official development assistance. This policy provides an enabling environment for implementation of the project.

This National Aid and NGO Policy will lead to better exploitation of the potential of the agriculture sector. With reference to sector-specific governance issues, policy, institutional and structural issues are also being addressed. For instance, the Government of Liberia recently passed the Seed Development and Certification Act. This is one of the major first steps in advancing the governance of seed sector in the country.

Based on Bank's experience in implementing projects in Liberia, the existing governance practices and controls have been deemed satisfactory. The implementation of the Project requires good governance at all levels from the national to County to District levels. This is in relation to better responsiveness, transparency, accountability and efficiency in the use of resources. Hence, the institutional arrangement has been designed to ensure good governance and will serve as an instrument for achieving Project objectives.

## ***4.4. Sustainability***

The ownership of the project is made manifest by the roles that various stakeholders played during formulation and preparation of the Project. The intense interest of the Minister of Agriculture in this project was made manifest during the design and preparation of the project. The irrigation schemes will be managed by farmers' organizations and technical sustainability will be assured since they will finance the recurrent costs based on generated funds. The group strengthening and capacity development will build the capacity of the farmers' organizations to be able to manage the facilities.

Farmers remain challenged when attempting to improve and adapt to productive farming methods, especially when access to improved inputs and markets remains a key issue. In this respect, the project benefits from lessons from past projects by aiming to instill a critical number of master trainer capacity within the selected counties, by training at least two FFS master trainers in each county. This would build a degree of momentum through the FFS approach, to propel farmers into becoming more productive in selected value chains, while becoming custodians of community acquired knowledge and

information developed within their groups. Community embedded facilitators will enable the knowledge to remain a perpetual force for learning and discovery among the farming communities, from generation to generation.

The sustainable multiplication of selected seeds will ensure continuity in farmer access to quality seeds for production. The project will fund capacity building of beneficiaries which will increase the knowledge base and guarantee sustainability.

#### **4.5. Risk management**

<b>SN</b>	<b>Identified Risks</b>	<b>Mitigation measures</b>
1	Project benefits captured by local elites due to weak participation / political influence	- Publish and publicize selection criteria for transparent beneficiary selection - Publish beneficiary lists in public places and online - Increase beneficiary sensitization on the project
2	Mechanization centres and irrigation systems are not well maintained or underutilized	.-Ownership of machinery will remain with FBOs with sufficient time for oversight of operations by the project team - Build capacity of FBOs in operation and maintenance. -WUAs will be formed to take responsibilities for irrigation infrastructure
3	Farmers discontinue using inputs after the initial farming cycle	Heightened awareness of the importance of nutrition FFS help farmers to become custodians of local farming knowledge
4	Difficulty in maintaining equipment.	Initiate a cost-recovery model to cover operational and maintenance cost
5	Implementing agencies limited by technical and operational capacities	- Train project staff on project objectives, activities and implementation arrangements among development partners
6	Climate risks: droughts, dry spells, floods, etc.	-Promote climate-resilient Agricultural and sustainable land management Practices -Mainstream adaptation to climate change in M&E and extension/advisory system

#### **4.6. Knowledge building**

Knowledge building will be vital to the success of the Project. Knowledge enhancement is foreseen on the evolving concept of decentralized implementation unit located in the Counties; the role of value chain actors including farmers and farmers' organization, women, youth, private sector, commercial and public sector. Knowledge will be captured using analysis of M&E database, supervision missions, mid-term reports, and periodic impact assessments and field exchange visits of the stakeholders within and outside the production areas. In addition, knowledge would be disseminated by showcasing the Project results using Bank's communication systems (Intranet, short documentaries on the Bank website, etc.). The Farmer Field Schools will serve as sources of innovative knowledge and information sharing learning tools empowering farmers and other actors of the value chain to train their peers, share knowledge and experiences, thus reducing their overdependence on the public extension agents. This will also expand significantly the number of value chain actors having access to the disseminated knowledge and information. The technical assistance supports from FAO will introduce and consolidate knowledge and skills and facilitate technology and skills transfer both at the community and national levels.

## V – LEGAL INSTRUMENTS AND AUTHORITY

### 5.1. *Legal instrument*

GAFSP Grant and ADF Grant to the Republic of Liberia.

### 5.2. *Conditions associated with Bank’s intervention*

- **Conditions Precedent to Entry into Force:** The Protocol of Agreement for the ADF Grant and the Grant Agreement for the GAFSP Grant shall enter into force on the date of signature by the Recipient, the Fund and the Bank respectively.
- **Conditions Precedent to First Disbursement:** The obligation of the Bank and the Fund to make the first disbursement of the Grant shall be conditional upon entry into force of the GAFSP and ADF Grant Financing Agreements and the following conditions, namely, the Recipient shall have provided evidence in form and substance acceptable to the Fund and the Bank:
  - (i) Submission of evidence for the recruitment of the Project Coordinator and the Project Accountant for the project implementation unit with qualifications and terms of reference acceptable to the Bank and the Fund.

**Conditions Precedent to Disbursements for Works.** Subject to the provisions of *Entry into Force*) and *Condition Precedent to First Disbursement*, the obligation of the Bank and Fund to disburse the Grant for works that involve the use of an Environmental Social Management Framework (ESMF) shall be subject to the satisfaction of the following additional conditions by the Recipient:

- (a) Submission of the site-specific Environmental and Social Impact Assessment (“ESIA”) and Environmental and Social Management Plan (“ESMP”) for each works prepared in accordance with the ESMF and the Bank’s Safeguards Policies, in form and substance satisfactory to the Bank; and
- (b) Submission of the evidence of approval of the site-specific ESIA and ESMP by the competent national authority of the Recipient.

#### **Undertakings:**

The Recipient shall, and shall cause the Executing Agency and any of its contractors or agents to provide:

- (a) Submission of evidence of the recruitment or designation or appointment of the relevant NCO staff with qualifications and terms of reference acceptable to the Fund and the Bank not later than six (6) months after entry into force of this Agreement; and
- (b) Submit evidence of the establishment of the Project Steering Committee with membership and composition acceptable to the Fund not later than six (6) months after the entry into force of this Agreement.

### 5.3. *Compliance with Bank Policies*

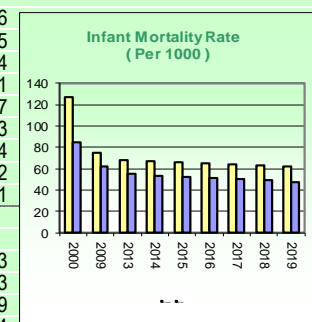
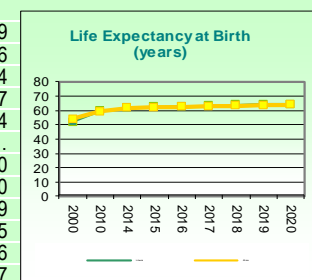
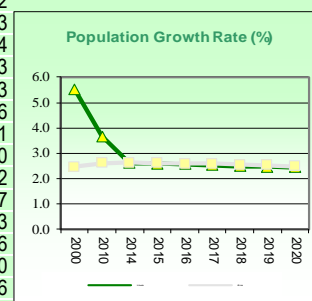
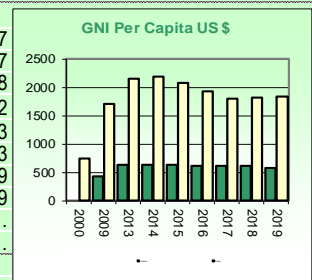
5.3.1 This project complies with all applicable Bank policies.

## VI – RECOMMENDATION

Management recommends that the Boards of Directors approve the proposed GAFSP grant of US\$ 8.2 million and ADF 15 grant of UA 0.3 million to the Government of Liberia for the purpose of implementing the project and subject to the conditions stipulated in this report.

## Appendix I. Liberia's comparative socio-economic indicators

	Year	Liberia	West Africa	Africa	Developing Countries
<b>Basic Indicators</b>					
Area ('000 Km <sup>2</sup> )	2020	96	5,115	30,067	94,557
Total Population (millions)	2020	5.1	397.2	1,338.8	6,437.7
Urban Population (% of Total)	2020	52.6	47.6	43.8	50.8
Population Density (per Km <sup>2</sup> )	2020	52.5	78.9	45.6	67.2
GNI per Capita (US \$)	2019	580	1 677	1 843	5 093
Labor Force Participation *- Total (%)	2020	72.7	57.7	61.3	58.3
Labor Force Participation ** - Female (%)	2019	72.0	57.1	55.8	45.9
Sex Ratio (per 100 female)	2020	101.1	101.4	99.9	106.9
Human Develop. Index (Rank among 189 countries)	2019	175	...	...	...
Popul. Living Below \$ 1.90 a Day (% of Population)	2007-18	44.4	36.0	34.4	...
<b>Demographic Indicators</b>					
Population Growth Rate - Total (%)	2020	2.4	2.7	2.5	1.2
Population Growth Rate - Urban (%)	2020	3.5	4.0	3.6	2.3
Population < 15 years (%)	2020	40.4	43.2	40.4	27.4
Population 15-24 years (%)	2020	20.1	19.7	19.3	16.3
Population >= 65 years (%)	2020	3.3	2.8	3.5	7.3
Dependency Ratio (%)	2020	77.6	85.1	78.1	54.6
Female Population 15-49 years (% of total population)	2020	24.2	23.4	24.2	25.1
Life Expectancy at Birth - Total (years)	2020	64.4	58.4	63.8	71.0
Life Expectancy at Birth - Female (years)	2020	65.8	59.5	65.6	73.2
Crude Birth Rate (per 1,000)	2020	32.4	36.4	32.6	19.7
Crude Death Rate (per 1,000)	2020	7.3	9.8	7.8	7.3
Infant Mortality Rate (per 1,000)	2019	62.2	63.3	47.9	30.6
Child Mortality Rate (per 1,000)	2019	84.6	98.2	69.5	41.0
Total Fertility Rate (per woman)	2020	4.2	5.0	4.3	2.6
Maternal Mortality Rate (per 100,000)	2017	661.0	704.7	432.3	231.0
Women Using Contraception (%)	2020	31.9	25.5	39.1	59.1
<b>Health &amp; Nutrition Indicators</b>					
Physicians (per 100,000 people)	2010-18	3.8	25.1	33.4	127.9
Nurses and midwives (per 100,000 people)	2010-18	53.2	98.7	107.8	247.6
Births attended by Trained Health Personnel (%)	2010-18	61.1	54.2	64.7	79.4
Peop. Using at least basic drinking water services (% of Pop.)	2017	72.9	69.8	66.3	87.7
Peop. Using at least basic sanitation services (% of Population)	2017	17.0	32.5	40.3	68.4
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2019	1.5	1.3	3.1	...
Incidence of Tuberculosis (per 100,000)	2019	308.0	170.2	198.2	152.0
Child Immunization Against Tuberculosis (%)	2019	84.0	76.8	81.0	88.0
Child Immunization Against Measles (%)	2019	85.0	65.9	71.9	84.9
Underweight Children (% of children under 5 years)	2010-19	10.5	25.6	18.1	14.5
Prevalence of stunting	2010-19	34.6	36.4	32.4	23.6
Prevalence of undernourishment (% of pop.)	2018	37.5	13.1	15.1	9.7
Current health expenditure (% of GDP)	2018	6.7	4.1	5.2	5.4
<b>Education Indicators</b>					
Gross Enrolment Ratio (%)					
Primary School - Total	2010-20	85.1	89.4	101.0	101.6
Primary School - Female	2010-20	84.7	87.3	98.8	100.5
Secondary School - Total	2010-20	37.9	50.3	53.5	72.4
Secondary School - Female	2010-20	32.9	42.9	50.5	72.1
Primary School Female Teaching Staff (% of Total)	2010-20	18.5	41.7	49.2	63.7
Adult literacy Rate - Total (%)	2010-18	48.3	51.9	67.9	84.3
Adult literacy Rate - Male (%)	2010-18	67.7	71.1	73.5	88.4
Adult literacy Rate - Female (%)	2010-18	34.1	42.1	61.7	80.2
Government expenditure on Education (% of GDP)	2010-19	2.6	3.9	4.8	4.1
<b>Environmental Indicators</b>					
Land Use (Arable Land as % of Total Land Area)	2016	5.2	17.0	8.0	11.3
Agricultural Land (as % of land area)	2016	28.0	48.9	38.2	38.3
Forest (As % of Land Area)	2016	43.1	9.2	13.2	31.9
Per Capita CO2 Emissions (metric tons)	2016	0.3	0.5	1.1	3.4



Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators;

last update :

March 2021

UNAIDS; UNSD; WHO, UNICEF, UNDP; Country Reports.

Note : n.a. : Not Applicable ; ... : Data Not Available. \* Labor force participation rate, total (% of total population ages 15+)

\*\* Labor force participation rate, female (% of female population ages 15+)

## Appendix II. Table of ADB's portfolio in the country

<b>Liberia: Approved &amp; ongoing Portfolio as at August 4, 2020</b>						
	<b>Project Name</b>	<b>Date Approved</b>	<b>Closing Date</b>	<b>Amount Approved (M UA)</b>	<b>Amount Disbursed (M UA)</b>	<b>Financing Source/Instru.</b>
<b>Agriculture and Rural Development</b>				<b>38.05</b>		
1	Smallholder Agriculture Productivity Enhancement and Commercialization Project (SAPEC)	02.05.2012	29.06.2021	37.33	32.80	ADF Loan GASFP Grant
2	Scaling up the Participation of SMEs in the Secondary Wood Processing Industry	14.09.2018	30.06.2021	0.72	0.15	FAPA Grant
<b>Power/Energy</b>				<b>80.38</b>		
3	CLSG-Rural Electrification -Liberia	06.11.2013	30.12.2021	17.96	0.50	ADF Loan TSF Grant
4	CLSG Electricity Interconnection Project	06.11.2013	31.12.2021	8.10	2.89	ADF Loan
5	Liberia Energy Efficiency and Access Project	13.12.2016	30.06.2022	30.72	4.30	ADF/NTF/TSF Loan EU-AITF/GEF Grant
6	Renewable Energy for the Electrification of Liberia	31.10.2019	30.06.2025	23.60	0	ADF/SREP
<b>Social</b>				<b>0.155</b>		
7	Technical Advisory Assistance and Capacity Building support to the Liberia Revenue Authority	05.11.2018	30.12.2020	0.155	0.02	TSF Grant
<b>Transport</b>				<b>164.38</b>		
8	Paving Fishtown - Harper Road Phase I	04.09.2013	31.12.2020	42.04	28.60	TSF Grant ADF/NTF Loan
9	MRU Road Development and Transport Facilitation Project – Phase I	18.12.2014	30.06.2022	52.08	35.30	ADF/TSF Loan
10	MRU Road Development and Transport Facilitation Project – Phase I- <i>additional Loan</i>	03.06.2015	30.06.2022	24.80	14.00	ADF Loan
11	MRU – Road Development and Transport Facilitation Project Phase II	19.09.2018	31.06.2023	45.46	4.20	ADF/TSF/ EIB Loan TSF/EU Grant
<b>Multisector- Governance, Technical Assistance and Capacity Building</b>				<b>19.13</b>		
12	Institutional Support for the Integrated Public Finance Management Project Phase II	30.01.2017	31.12.2020	6.26	2.10	ADF/TSF Grant
13	Technical and Capacity Building Assistance project to the Government of Liberia	13.09.2018	31.03.2021	1.0	0.40	TSF Grant
14	Liberia Youth Entrepreneurship and Employment Project	04.05.2016	30.03.2021	1.72	1.30	TSF/FAPA Grant
15	Multi-Country Covid-19 Crisis Response Programme- Liberia	24/07/2020		10.15	0	ADF/TSF Grant
<b>TOTAL (UA million)</b>				<b>302.95</b>	<b>126.56 (41.89%)</b>	
<b>TOTAL (USD million)</b>				<b>417</b>	<b>175</b>	





## Appendix IV. Progress Toward Achieving the SDGs

	2000 <sup>1</sup>	2010 <sup>2</sup>	2020 <sup>3</sup>	
<b>Goal 1: End poverty in all its forms everywhere</b>				
Proportion of population living below the international poverty line of US\$ 1.90 (PPP) per day	...	69.0	41.0	<p>Prevalence of undernourishment (%)</p>
Proportion of population living below the national poverty line (%)	...	...	50.9	
Employed population below the international poverty line of US\$1.90 per day, aged 15-24 (%)	...	73.1	47.6	
Employed population below the international poverty line of US\$1.90 per day, aged 25 and over (%)	...	67.8	39.9	
<b>Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture</b>				
Prevalence of undernourishment (%)	35.9	32.2	37.5	<p>Under-five mortality rate, (per 1000 live births)</p>
Proportion of children moderately or severely stunted (%)	45.3	39.0	30.1	
Agriculture orientation index for government expenditures	0.0	0.0	0.0	
Total official flows for agriculture (Millions of Constant 2018 US\$)	2	14	23	
<b>Goal 3: Ensure healthy lives and promote well-being for all at all ages</b>				
Maternal mortality ratio	816	708	661	<p>Proportion of seats held by women in national parliaments (% of total number of seats)</p>
Proportion of births attended by skilled health personnel (%)	50.9	46.3	61.1	
Under-five mortality rate (deaths per 1,000 live births)	129.1	100.8	84.6	
Malaria incidence (per 1,000 population)	404.6	345.8	361.5	
<b>Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</b>				
Proportion of children and young people at the end of primary achieving a minimum proficiency level in: Reading (%)	...	...	...	<p>Proportion of population with access to electricity (%)</p>
Proportion of children and young people at the end of primary achieving a minimum proficiency level in: Maths (%)	...	...	...	
Gender parity index of trained teachers, primary (ratio)	...	1.2	1.1	
Total official flows for scholarships (Millions of Constant 2018 US\$)	...	0	1	
<b>Goal 5: Achieve gender equality and empower all women and girls</b>				
Proportion of seats held by women in national parliaments (% of total number of seats)	5.3	12.5	12.3	<p>Annual growth rate of real GDP per capita (%)</p>
Proportion of women who make their own informed decisions regarding contraceptive use (% of women aged 15-49 years)	...	...	89.2	
Proportion of women who make their own informed decisions regarding reproductive health care (% of women aged 15-49 years)	...	...	82.6	
<b>Goal 6: Ensure availability and sustainable management of water and sanitation for all</b>				
Level of water stress: freshwater withdrawal as a proportion of available freshwater resources (%)	0.3	0.3	0.3	<p>Annual growth rate of real GDP per capita (%)</p>
Water body extent (permanent) (% of total land area)	0.20	0.20	0.19	
Total official development assistance for water supply and sanitation (Millions of Constant 2018 US\$)	0.9	7.7	47.0	
<b>Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all</b>				
Proportion of population with access to electricity (%)	...	5.1	21.5	<p>Annual growth rate of real GDP per capita (%)</p>
Proportion of population with primary reliance on clean fuels and technology (%)	5.0	5.0	5.0	
Renewable energy share in the total final energy consumption (%)	87.7	88.6	85.0	
<b>Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</b>				
Annual growth rate of real GDP per capita (%)	2.6	3.5	-1.2	<p>Annual growth rate of real GDP per capita (%)</p>
Unemployment rate, (aged 15-24) (%)	...	3.3	2.3	
Unemployment rate, (aged 25 & over) (%)	...	2.1	3.3	
Proportion of youth not in education, employment or training (%)	...	24	13	

Sources : ADB Statistics Department Database;

last update :

April 2021

United Nations Statistical Division, Online Database on Sustainable Development Goals (<https://unstats.un.org/sdgs/>).

Note : n.a. : Not Applicable ; ... : Data Not Available.

<sup>1</sup> Latest year available in the period 2000-2005; <sup>2</sup> Latest year available in the period 2006-2010; <sup>3</sup> Latest year available in the period 2011-2020

# ENVIRONMENTAL AND SOCIAL COMPLIANCE NOTE (ESCON)



AFRICAN DEVELOPPEMENT BANK GROUP

## A. Basic Information<sup>1</sup>

<b>Project Title:</b> Smallholder Agriculture Development for Food and Nutrition Security		<b>Project "SAP code":</b> P-LR-AA0-010	
<b>Country:</b> Liberia	<b>Lending Instrument<sup>2</sup>:</b> DI <input checked="" type="checkbox"/> FI <input type="checkbox"/> CL <input type="checkbox"/> BS <input type="checkbox"/> GU <input type="checkbox"/> RPA <input type="checkbox"/> EF <input type="checkbox"/> RBF <input type="checkbox"/>		
<b>Project Sector:</b> AGRICULTURE		<b>Task Team Leader:</b> Mark EGHAN	
<b>Appraisal date:</b> July 2020		<b>Estimated Approval Date:</b> 26.02.2021	
<b>Environmental Safeguards Officer:</b> Cheumani Noudjieu Charlotte			
<b>Social Safeguards Officer:</b> /			
<b>Environmental and Social Category:</b> 2	<b>Categorization date:</b> May 20, 2020	<b>Operation type:</b> SO <input checked="" type="checkbox"/> NSO <input type="checkbox"/> PBO <input type="checkbox"/>	
<b>Is this project processed under rapid responses to crises and emergencies?</b>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
<b>Is this project processed under a waiver to the Integrated Safeguards System?</b>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	

## B. Disclosure and Compliance Monitoring

### B.1 Mandatory disclosure


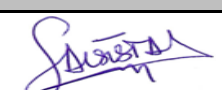
<b>Environmental Assessment/Audit/System/Others (specify: Environmental and Social Safeguard Management - ESMF)</b>	
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	January 15, 2021
Date of receipt, by the Bank, of the authorization to disclose	January 7, 2021
Date of disclosure by the Bank	January 21, 2021
<b>Resettlement Action Plan/Framework/Others (specify: .....)</b>	
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	[Date]
Date of receipt, by the Bank, of the authorization to disclose	[Date]
Date of disclosure by the Bank	[Date]
<b>Vulnerable Peoples Plan/Framework/Others (specify: .....)</b>	
Was the document disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	[Date]
Date of receipt, by the Bank, of the authorization to disclose	[Date]
Date of disclosure by the Bank	[Date]
<b>If in-country disclosure of any of the above documents is not expected, as per the country's legislation, please explain why: NA.</b>	

### B.2. Compliance monitoring indicators

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>
Have costs related to environmental and social measures, including for the running of the grievance redress mechanism, been included in the project cost?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>
Is the total amount for the full implementation for the Resettlement of affected people, as integrated in the project costs, effectively mobilized and secured?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>

## C. Clearance

Is the project compliant to the Bank's environmental and social safeguards requirements, and to be submitted to the Board?  
Yes  No

<i>Prepared by:</i>	<i>Name</i>	<i>Signature</i>	<i>Date</i>
Environmental Safeguards Officer:	Cheumani Noudjieu Charlotte		February 2, 2021
Social Safeguards Officer:	/		/
Task Team Leader:	Mark EGHAN		03 February 2021
<b>Submitted by:</b>			
Sector Director:	Martin FREGENE		16.02.2021
<b>Cleared by:</b>			
Director SNSC:	Maman-Sani ISSA		19.02.2021

<sup>1</sup> **Note:** This ESCON shall be appended to project appraisal reports/documents before Senior Management and/or Board approvals.

<sup>2</sup> **DI**=Direct Investment; **FI**=Financial Intermediary; **CL**=Corporate Loan; **BS**=Budget Support; **GU**=Guarantee; **RPA**=Risk Purchase Agreement; **EF**=Equity Financing; **RBF**=Results Based Financing.

**AFRICAN DEVELOPMENT FUND**

**BOARD OF DIRECTORS**

**Resolution N° F/LR/2021/16**

Adopted by the Board of Directors on a lapse of time basis, on 7 June 2021

**Grant to the Republic of Liberia to finance part of the costs of the Smallholder Agriculture Development for Food and Nutrition Security (SADFONS) Project**

**THE BOARD OF DIRECTORS,**

**HAVING REGARD** to: (i) Articles 1, 2, 11, 12, 14, 15, 16, 26 and 30 of the Agreement Establishing the African Development Fund (the “Fund” or “ADF”); (ii) the Report on the Fifteenth General Replenishment of the Resources of the Fund (the “ADF-15”); (iii) the applicable ADF-15 Country Resource Allocation; and (iv) the appraisal report contained in Document ADB/BD/WP/2021/79/Approval-ADF/BD/WP/2021/56/Approval (the “Appraisal Report”);

**NOTING** the availability of sufficient resources to enable the Fund to commit the amount of the Grant;

**DECIDES** as follows:

1. To award to the Republic of Liberia (the “Recipient”), from the resources of the Fund, a grant of an amount not exceeding the equivalent of Three Hundred Thousand Units of Account (UA 300,000) (the “Grant”) to finance part of the costs of the Smallholder Agriculture Development for Food and Nutrition Security (SADFONS) Project;
2. To authorize the President to conclude a protocol of agreement between the Fund and the Recipient (the “Protocol of Agreement”) on the terms and conditions specified in the General Conditions Applicable to Protocols of Agreement for Grants of the African Development Fund and the Appraisal Report;
3. The President may cancel the Grant if the Protocol of Agreement is not signed within ninety (90) days from the date of approval of the Grant by this Board; and
4. This Resolution shall become effective on the date above-mentioned.

**AFRICAN DEVELOPMENT BANK**

**BOARD OF DIRECTORS**

**Resolution N° : B/LR/2021/14**

Adopted by the Board of Directors on a lapse-of-time basis, on 7 June 2021

**Grant to the Republic of Liberia from the approved resources of the Global Agriculture and Food Security Program (GAFSP) Trust Fund to finance part of the costs of the Smallholder Agriculture Development for Food and Nutrition Security (SADFONS) Project**

**THE BOARD OF DIRECTORS,**

**HAVING REGARD TO:** (i) Articles 1, 2, 10, 12, 13, 17, 32 and 37 of the Agreement Establishing the African Development Bank (the “Bank”); (ii) the Transfer Agreement under the Global Agriculture and Food Security Program (GAFSP) Trust Fund between the Bank and the International Bank for Reconstruction and Development (IBRD) as Trustee of the GAFSP Trust Fund effective 26 October 2010 (the “Transfer Agreement”); and (iii) the Appraisal Report contained in document ADB/BD/WP/2021/79/Approval-ADF/BD/WP/2021/56/Approval (the “Appraisal Report”);

**RECALLING THAT:**

- (i) GAFSP Trust Fund was established to provide funding for projects supporting national and regional strategies targeting agriculture and food security in developing countries; and
- (ii) Pursuant to the Transfer Agreement, the Bank has been designated as one of the Supervising Entities of the GAFSP Trust Fund;

**HAVING CONSIDERED:**

- (i) That on 12 December 2019, the GAFSP Steering Committee approved a grant of an amount not exceeding Eight Million, Two Hundred Thousand United States Dollars (USD 8,200,000) out of the resources of the GAFSP Trust Fund, to the Republic of Liberia to finance part of the costs of the Smallholder Agriculture Development for Food and Nutrition Security (SADFONS) Project (the “Project”); and
- (ii) The letter of commitment issued by IBRD as Trustee of the GAFSP Trust Fund on 14 May 2021, for an amount not exceeding Eight Million, Two Hundred Thousand United States Dollars (USD 8,200,000) in favor of the Bank for the implementation of the Project;

**DECIDES** as follows:

1. To award to the Republic of Liberia (the “Recipient”), from the approved resources of the GAFSP Trust Fund, a grant of an amount not exceeding Eight Million, Two Hundred Thousand United States Dollars (USD 8,200,000) (the “Grant”) to finance part of the costs of the Project;
2. To authorize the President to conclude a grant agreement between the Bank, as Supervising Entity for the GAFSP Trust Fund and the Recipient (the “Grant Agreement”), on the terms and conditions specified in the Standard Conditions Applicable to Grants made by the African Development Bank and the African Development Fund from the Resources of Various Funds, the Transfer Agreement and the Appraisal Report;
3. The President may cancel the Grant if the Grant Agreement is not signed within ninety (90) days from the date of approval of the Grant by this Board; and
4. This Resolution shall become effective on the date above-mentioned.